



Value through values

## SANGAM (INDIA) LIMITED

CIN : L17118 RJ 1984 PLC 003173

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Ref: SIL/SEC/2019

Date: 6<sup>th</sup> September, 2019

The Manager  
Department of Corporate Services  
**The National Stock Exchange of India Ltd.**  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400051  
**Scrip Code: 5251**

The Manager,  
Department of Corporate Services,  
**Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers  
25th Floor, Dalal Street,  
MUMBAI - 400 001  
**Scrip Code: 514234**

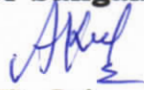
**Sub: Submission of Annual Report for the F.Y. 2018-19**

Dear Sir,

Pursuant to Regulation 34 of SEBI (Listing obligation and Disclosure Requirements) Regulation, 2015, please find attached herewith the Annual Report for F.Y. 2018-19. Kindly take the same on record.

Thanking You.

**Yours faithfully**  
**For Sangam (India) Limited**

  
**A.K. Jain**  
**Company Secretary**  
**FCS - 7842**





Value through values

**SANGAM (INDIA) LIMITED**  
**ANNUAL REPORT 2018-19**



# VALUES AND VERSATILITY





# In the course of creating value

## Corporate Overview

- ▶ Sangam (India) Limited: A value-driven entity 02
- ▶ Vision, Mission, Values and Product Portfolio 04
- ▶ Our Value-Creation Business Model 06 ▶ Chairman's Message 08 ▶ Financial capital: Prudent investment for a sustainable tomorrow 10 ▶ Manufactured capital: Ensuring greater scale through robust capacities 12
- ▶ Intellectual capital: Focused to bring the best know-how and quality 14 ▶ Brand capital: A combination of style, comfort and aspiration 17 ▶ Social capital: Effective value-creation for the stakeholders 20
- ▶ Human capital: Fostering a talent-driven culture 22
- ▶ Board of Directors 24 ▶ Management Team 25

## Statutory Reports

- ▶ Management Discussions and Analysis 26
- ▶ Board's Report 43 ▶ Corporate Governance Report 69

## Financial Section

- ▶ Standalone Financial Statements 85
- ▶ Consolidated Financial Statements 132

## Investor information


- ▶ Market Capitalisation as at : ₹ 258.61 Crores  
31<sup>st</sup> March, 2019
- ▶ BSE Code : 514234
- ▶ NSE Symbol : SANGAMIND
- ▶ AGM Date : Monday,  
30<sup>th</sup> September, 2019
- ▶ AGM Venue : ATUN, Chittorgarh Road,  
BHILWARA-311001  
Rajasthan

Please find our online version at  
<http://www.sangamgroup.com/financials.php>

Or simply scan to download




**Disclaimer :** This document contains statements about expected future events and financials of Sangam (India) Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of this Annual Report.




The world is changing at an unprecedented pace. Evolving lifestyle and technological innovation continue to transform how people shop.

We, at Sangam (India) Limited, have built our business with the flexibility to respond to this constant evolution. Our ability to continuously add value through our offerings has helped us grow and sustain in this competitive environment.

Strong foundation built over three decades and customer-focused strategies are the cornerstone of Sangam's growing mark in the textile landscape. With our versatile fabrics, unmatched capabilities and shared ambition, we are passionate to create consistent value for everyone in a sustainable way.



With opportunities that are unfolding around us in various product segments, we aspire to deliver unique value-added designs, comfort and experiences that enable people across the world to express their individual style. We remain focused to deliver the best-in-class products across the textile value chain, from yarn and fabrics to readymade garments, supported by innovative styles, cutting-edge technology and wide distribution network. Through all of this, Sangam aims to be a frontrunner in the textile league, enhancing value continuously through its committed endeavours.





# Sangam (India) Limited: *a value-driven entity*

Starting its deep-rooted journey in 1985, Sangam (India) Limited (referred to as 'Sangam' or 'the Company' in the Report) has marched quite ahead on the future-centric path. Established under the mentorship of Mr. R.P. Soni, it has emerged as the flagship Company of the Sangam Group. The entire Group business is spread across steel, real estate, power and energy sector with strong foothold in the textile landscape. Over its long journey of 34 years of operations, the Company has embarked a strong footprint as one of the largest manufacturers of PV dyed yarn across the Asian region.

Drawing its strength from a brilliant workforce, Sangam is poised to take the next big leap and evolve as a dominant player in the textile industry. Sangam is also known as one of the renowned denim fabric manufacturers in the country. On the back of its integrated reach across the value chain from spinning, weaving, processing up to garmenting, it is all set to create value for each of its stakeholder.

Sangam has well-established manufacturing capacities located at Bhilwara and Chittorgarh in Rajasthan. It really takes pride for being the first company in the textile space in India to install a captive Thermal Power Plant.



**34 years**

of presence in the industry

**About 25%**

Indian market share in the  
PV dyed yarn segment

**82,000 MTPA**

Yarn production capacity

**78 MMPA**

Fabric production capacity



# ₹ 1,874 Crores

Revenue of FY19

# ₹ 168 Crores

EBIDTA of FY19

# 9,000+

Employees

# 50+ Countries

Export presence

MTPA: Metric ton per annum

EBIDTA: Earnings before interest, depreciation, taxes and amortisation





## Vision

At Sangam, we strive to build enterprises driven by excellence which maximises customer satisfaction and create value for all stakeholders.

## Mission

To maximise customer value and expand customer base with focus on consumer business segment while keeping pace with changes in external environment.

## Our Values

### Commitment

We are committed to foster trusted client relationships and to enhance stakeholders' value. We enable others to trust us by delivering on our accountabilities and stand by decisions when they are made. We expect to follow ethical business practices with complete transparency and open communication.

### Integrity

We carry our responsibilities in honest and trustworthy manner. We expect to uphold high standard of conduct and to have integrity in all our thoughts and actions.

### Professionalism

We expect to conduct ourselves in professional manner even in the most challenging circumstances.

### Quality

Our endeavour is to provide high quality products and adhere to world-class standards.

### Adaptability

We remain steadfastly adaptable to changing dynamic environment.

## Our extensive product portfolio

With a rich legacy of 34 years, the Company has a large variety of product offerings for its customers.

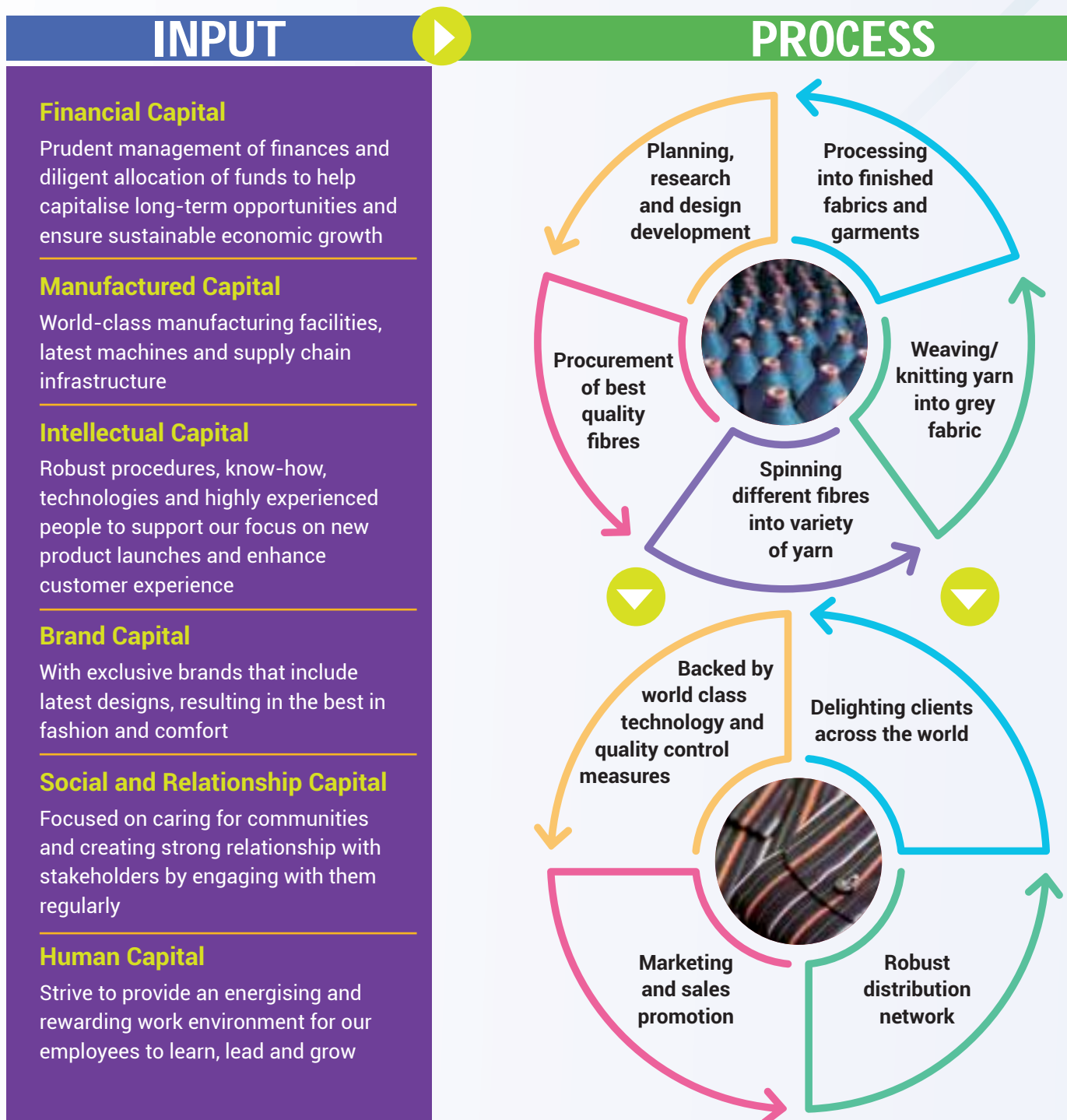
- ▶ PV blended dyed/grey yarn
- ▶ Cotton spun yarn
- ▶ Cotton open end yarn
- ▶ Texturised yarn
- ▶ Indigo rope dyed yarn
- ▶ Synthetic blended fabric
- ▶ Cotton knitted fabric
- ▶ Denim fabric
- ▶ Seamless garments
- ▶ Readymade garments
- ▶ Fabric processing
- ▶ Garment processing





# Our value-creation Business Model

At Sangam, we are focused on delivering sustainable value to our stakeholders despite volatile industry environment. Our long-term vision and strategic roadmap have reinforced the core fundamentals of the business. Each of these multiple types of capital form inputs that go into the business process and are transformed through principal activities into outputs – the products manufactured by the Company. A simplified overview of each capital used in the value creation process is given below:





## OUTPUT

### Financial Capital

- Revenue: ₹ 1,874 Crores
- EBIDTA : ₹ 168 Crores

### Manufactured Capital

Manufacturer of yarn, fabrics and seamless garments

### Intellectual Capital

- Entry into manufacturing of seamless garments and launching our brand 'C9'
- Innovative products and efficient quality control

### Brand Capital

Growing reach in seamless garments for women including air wear, leisure wear, casual wear, active wear, inner wear and shape wear, among others

### Social and Relationship Capital

- Trust, transparency and value creation for stakeholders
- Positive impact on community

### Human Capital

- Generating value from employee skills
- Low attrition rate





## Chairman's *message*



With firm capabilities and a wide variety of products across the textile value chain we aim to be at the forefront of the textile industry. Our passionate commitment to excel at every step, results in maximum value for our customers every time. We aspire to reach and tap the requirement of this industry with our expertise, wide presence, continuous modernisation initiatives and upgradation.





## Dear shareholders,

It is yet another year that brings me this opportunity of connecting with you through our 33<sup>rd</sup> Annual Report. Despite challenges, the year under review was a year of diverse offerings, innovative designs, deeper reach and customer-centric approach – all with a solid base of a robust fundamentals, geared to maximise the value for our customers.

Amidst the slowdown across the global economies, India managed to retain its status as one of the fastest growing economies in the world. With a GDP of 6.8%, it is a leading economy in Asia. As far as the textile sector is concerned, the Confederation of Indian Textile Industries (CITI) states that the worst is over for the Textile & Clothing Industry and is expected to be on the verge of a turnaround. Also, the Indian textile sector being the largest industrial employment provider employing more than 10 crore people directly and indirectly, it is certainly a major industry for the economic growth of our country.

A continuous support from the Government will put the industry back on track and we anticipate good days for the textile and apparel sector in the years to come. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

During the year under review, the net revenue increased from ₹ 1,649 Crores in 2017-18 to ₹ 1,874 Crores in 2018-19. EBIDTA changed from ₹ 134 Crores in 2017-18 to ₹ 168 Crores in 2018-19. The Net Profit stood at ₹ 16 Crores in 2018-19. Challenging industry circumstances impacted margins of the Company to some extent.

We, at Sangam, continued to be agile by exploring the evolving trends in the market. Our country is

getting younger with the growing volume of the young population. There exists a huge scope beyond the urban lands as well which are growing in all aspects of life including the textile and clothing. The affordability is increasing, the aspirations for spending are growing and the expectations of comfort and better experience are on rise. All this leads to the need of quality products across various product segments. Leveraging on the rising demand, we focused more on expanding our seamless garment segment through our fast growing brand C9.

With firm manufacturing capabilities and a wide variety of products across the textile value chain, such as dyed yarns, fabrics and readymade garments, we aim to be at the forefront of the textile industry. Our passionate commitment to excel at every step, results in maximum value for our customers every time. We aspire to reach and tap the requirement of this industry with our expertise, wide presence, continuous modernisation initiatives and upgradation. We, through our focus on rich values and versatile business approach, are confident of benefiting from the opportunities in the years to come. I take pride in the efforts and perseverance of the entire Sangam family for their contribution in our journey. I would like to thank the investors and stakeholders for their rock-solid support. We hope to have ever-lasting relationship with them that will allow us to create consistent value for all in the future.

Best Wishes,

**R. P. Soni**  
Chairman

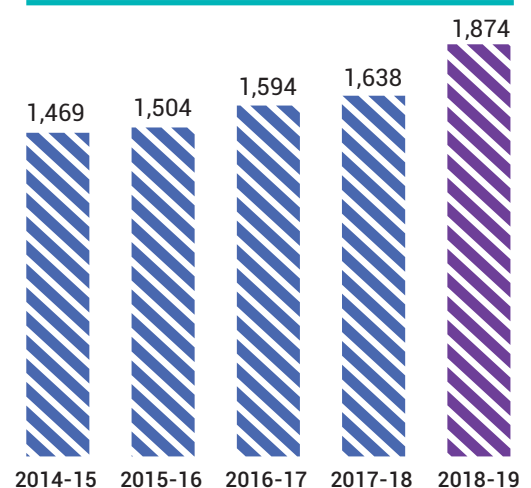


# Financial capital: *prudent investment for a sustainable tomorrow*

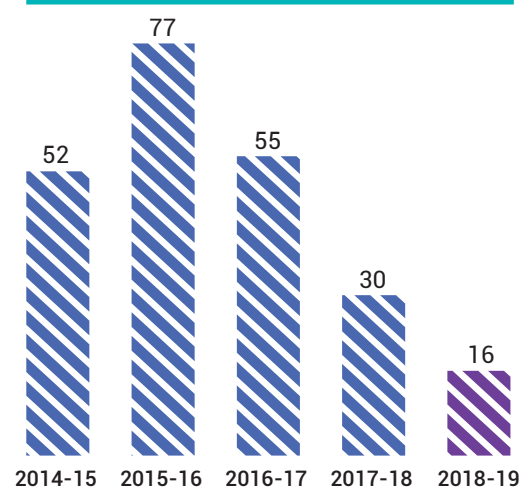
At Sangam, we manage our financial capital in a prudent, optimum and diligent manner to create sustainable value for all stakeholders, thereby harnessing opportunities for long-term value creation.

Our **strategic focus** has been to enable growth without increasing leverage and achieving cost-rationalisation through operational efficiency. We delivered satisfactory performance in FY 2018-19 with strengthening brand presence across the country.

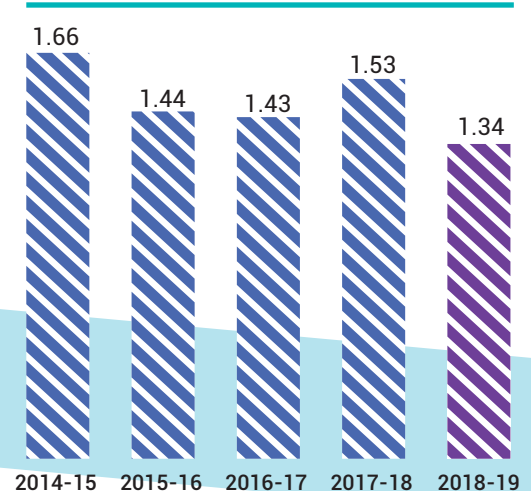
## Net Turnover (₹ Crores)



## Net Profit (₹ Crores)

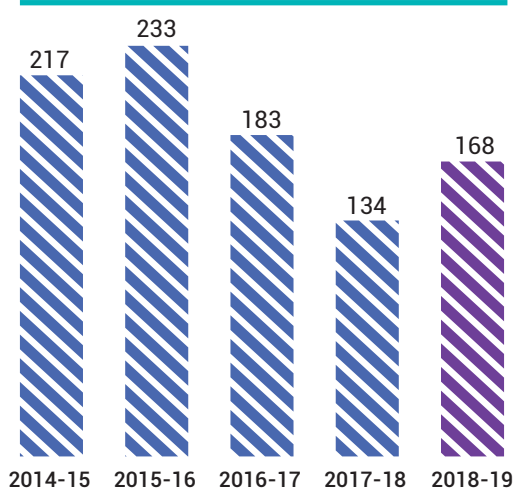


## Debt to Equity Ratio

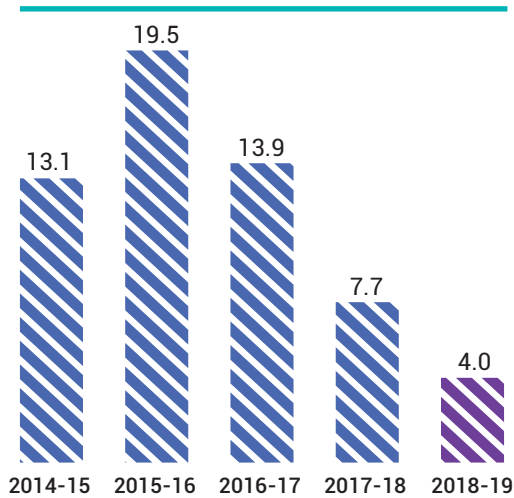


## Key performance indicators

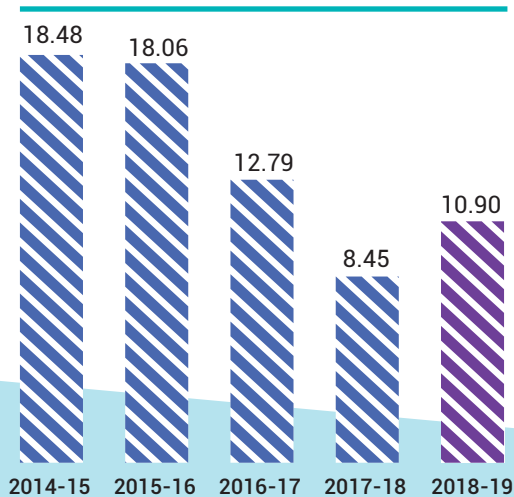
### EBIDTA (₹ Crores)



### EPS (₹)

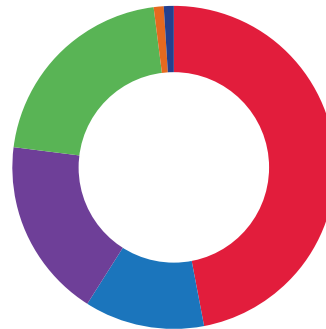


### Return on Capital Employed (%)



### Product-wise Revenue

#### 2017-18



47% PV Yarn

12% Cotton Yarn

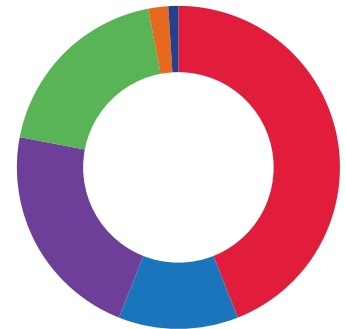
18% Denim Fabric

21% Woven Fabric  
with Processing

1% Garment

1% Other

#### 2018-19



44% PV Yarn

12% Cotton Yarn

22% Denim Fabric

19% Woven Fabric  
with Processing

2% Garment

1% Other

### Geography-wise Revenue

#### 2017-18



73% Domestic

27% Export

#### 2018-19



74% Domestic

26% Export





# Manufactured capital: ensuring greater scale through robust capacities

Manufacturing world-class products is at the heart of what Sangam does. Our manufactured capital comprising plants, machinery and equipment, as well as other physical infrastructure, enables us to deliver textile solutions to suit our customers' requirements.

Our manufacturing plants are equipped with the best equipment for spinning, weaving and processing activities. In the last five years, we have invested in large capacity expansions that generated attractive economies of scale, selected advanced technologies with optimal plant utilisation.

We have an integrated business model with products across the value chain from yarn to finished fabric and to seamless garment segments. This has led to effective utilisation of our in-house yarn and fabrics with increased focus on high margin segments.

## Our well-established manufacturing units

Location	Facilities
Atun, Bhilwara	Weaving, Processing & Garment Plant
Biliya Kalan, Bhilwara	Denim Weaving & Processing Plant
Biliya Kalan, Bhilwara	Spinning Plant Unit-I
Sareri, Bhilwara	Spinning Plant Unit-II
Soniyana, Chittorgarh	Spinning Plant Unit-III







## Intellectual capital: focused to bring the best know-how and quality

We believe that innovation is the key to drive value creation. Our intellectual capital underpins our vision to continuously enhance value for our customers. We consistently strive to innovate with new trends, textures and technologies to bring superior customer experience in an evolving textile industry.

Our focus on innovation and R&D reinforces our commitment to develop the best design and quality for our customers. Our team of experts actively incorporates customer requirements in product development, while adhering to the international quality standard and cost control measures.

Sangam is committed to develop solutions and leverage technology that improves processes, reduces wastages and brings more efficiencies across product segments. Our finishing standards are of international quality and we assure that our products have reliable quality.

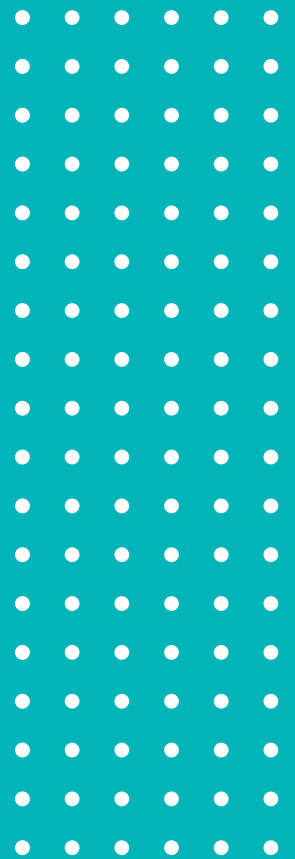








SANGAM (INDIA) LIMITED



# Brand capital: a combination of style, comfort and aspiration

Through our brand capital, we capitalise on the rising opportunity landscape in the textile and clothing market. Our innovative offering and growing brand presence allow us to stay ahead in the competitive environment. We aim to provide the best of style, comfort and maximum value to our customers through our unique brands.

The year 2015 witnessed Sangam taking a strategic decision to foray into the active wear and seamless garment segment for women under the brand 'C9'. The Company focussed on the modern women's need and preference by offering them quality and satisfaction at the same time. With extensive research in the market and prioritizing customer's need, we categorised the entire range of seamless garments at C9 with unique features in each category. C9 offers products such as air wear, intimate wear, shape wear, active wear, leisure wear, yoga wear and casual wear, among others.

## 3.6 Mn pieces

Seamless garment manufacturing  
capacity per annum

### Renowned Brands



Sangam Denims



Sangam Suitings



Sangam Yarns



C9 Airwear







SANGAM (INDIA) LIMITED



## Conquer the world with the best of *style and comfort!*

Women are unbelievably multi-faceted. They are powerful, beautiful, strong, kind and intelligent all at the same time. The liberating experience of our seamless wear 'C9' echoes the sentiments of new age women who want to lead their life on their own terms. C9 promises the flexibility, performance and comfort through its range of products in various colour and fabrics. The brand and each of its products truly bring alive the philosophy of 'Born Free', with fabric and design that makes it a fashion statement and a personal statement.

## The Airwear technology factor

C9 uses the Airwear technology which has revolutionized women's fashion to a great extent. Airwear is basically an innovative concept where all the clothes are directly crafted with the latest knitting technology that converts yarn straight into garments.



**Seamless technology:** All the clothes at C9 are engineered with seamless technology leading compression for slimming over a period of time.



**4-way stretch:** C9's 4-directional stretch technology allows the perfect flexibility and comfort while working out at the gym.



**Breathable fabric:** All the clothes are light in weight and designed with easy breathe-through technology, giving you the 'all day fresh' feeling.



**Anti-chafing:** Soft bands are used in garments to minimize the friction between your skin and the elastics.



**Rapid dry:** The breathable fabric allows clothes to dry off the moisture quickly and protect from rashes and chafing.



## Offering exclusive shopping experience

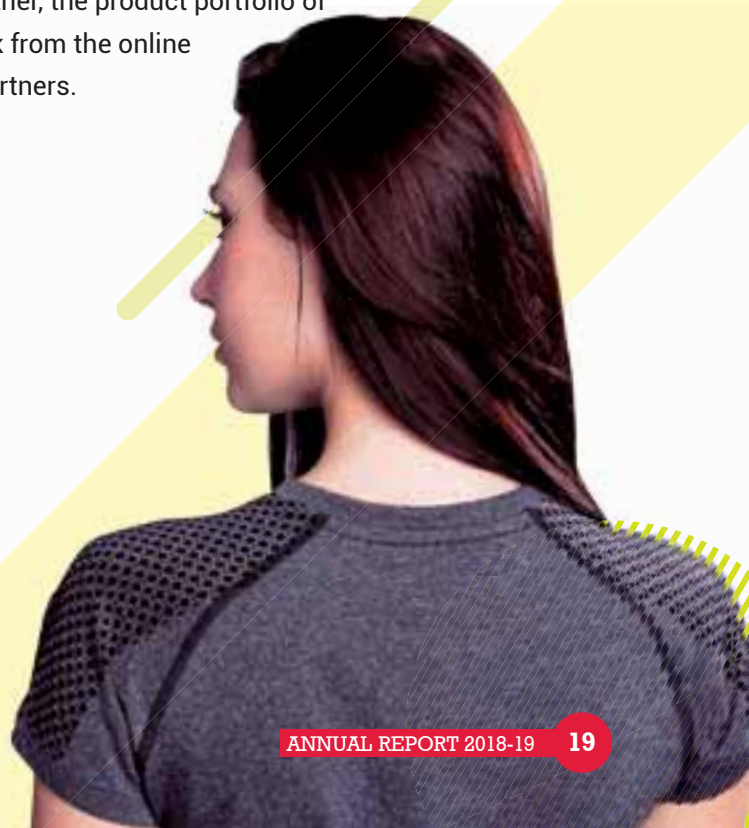
With extensive promotion and marketing strategies, the brand C9 has emerged as the fastest growing proposition by the Company in recent years.

C9 has a large-scale presence across the country through various multi-brand outlets.

The result is a strong trust and brand loyalty from its growing customer base. The Company has an exclusive store of C9 garment at Bathinda, Punjab. Further, the product portfolio of the Company is improvised through the real time feedback from the online customers and recommendations from the distribution partners.

## The digital channel

Internet revolution and changing consumption patterns are fuelling the growth of online shopping channels. Today, consumers prefer shopping in just a click which allows them to have convenience and the best choices. With digitisation, businesses now aspire to sell online. In tune with the evolving trends and to market its products aggressively, Sangam entered the digital channels. Our brand C9 is present on the e-commerce portal i.e. **www.c9airwear.com**. The brand is also available on various portals such as Flipkart, Amazon, Myntra, Jabong, Snapdeal.





# Social capital: effective value-creation for the stakeholders

Our long-term relationship with our customers is what helps us sustain and retain our position in the market. The quality of our relationships with local communities in which our business operate, determines our relevance, operations, reputation, and protects our commercial and social licences to operate.

## Caring for communities

At Sangam, our CSR programs are focused towards environmental sustainability, education and health. Our CSR initiatives aim to create a positive impact within communities through deeper engagements.

### Education

- ▶ With an objective of providing accessible world-class education to all, Sangam had started 'Sangam University' in the year 2012-13 as per Rajasthan State Legislative Assembly Act No. 12 of 2012, recognised by UGC under the UGC Act, 1956
- ▶ The Company has set up Institute of Technology and Management for Engineering and MBA

students which is approved by the AICTE and the Government of Rajasthan

- ▶ Sangam School of Excellence, an ISO 9001:2008 Certified School, having ultra-modern education facilities and is also affiliated with CBSE and IB (IGCSE)

### Healthcare

- ▶ The Company has set up Smt. Kesar Bai Soni Memorial Hospital & Research Centre in collaboration with Apollo Hospitals; the hospital is equipped with all the latest healthcare and tele-medicine facilities

### Environment

- ▶ The Company has placed effluent treatment plant and water conservation facility at the place where its manufacturing plants have been located
- ▶ The Company also has its focus on conserving environment. For this, the Company has also placed 5 MW wind energy and 6.7 MW solar energy plant



Smt. Kesar Bai Soni Memorial Hospital & Research Centre



Sangam School of Excellence



## Building sound stakeholder relationship

Our long-term relationships with customers, suppliers and stakeholders are key to our business sustainability. Nurturing these relationships for the long term is integral to our strategy.

We focus on creating long-term relations with a range of stakeholders which help us to deliver to our clients' expectations and to continuously improve the alignment of interests between the Group and its key stakeholders.

Stakeholder Group	Engagement Methods
Employees	▶ Training programs ▶ Regular performance reviews ▶ Focused group discussions and seminars ▶ Employee engagement initiatives
Shareholders and Investors	▶ Communication through various forums
Customers	▶ Regular feedback ▶ Customer meets ▶ Exhibitions, trade fair and events ▶ Surveys calls ▶ Direct visits ▶ Media interaction
Business Partners (Distributors and Vendors)	▶ Corporate brochure, advertisements ▶ Meetings and conferences ▶ On-site surveys ▶ Contract renewal mechanism
Government Authorities	▶ Regulatory assessment ▶ Meetings in Industry forums ▶ Submission of relevant documents
Communities	▶ Various social initiatives ▶ Training programs



Sangam University





# Human capital: fostering a talent-driven culture

Human resources represent the most important management capital in achieving growth through the business management model. Sangam's approach is to continuously develop highly skilled management professionals capable of excelling in different fields, and to foster mutual growth between the Company and its employees. To achieve this, Company must accelerate the development of future management professionals through varied experience, be more precise to ensure that the right people are assigned the right positions and utilise their management talent more broadly throughout the Sangam Group.

## Fostering management professionals

Sangam works to foster future management professionals who have a combination of conceptualisation skills, execution skills, and high moral and ethical standards, as well as a passion for increasing business value with a management-focused mindset. We provide employees with a wide range of experience through gradual and stematic on-the-job training (OJT).

## Diversity management

Sangam's mission is to achieve sustainable growth by simultaneously generating economic, societal and environmental value. As we pursue this mission, we believe it is important to create vibrant workplace where individual employees can embrace diversity and make meaningful use of their talents.

## Employee engagement

We regularly engage with our employees to keep them aligned with the organisation's growth strategy and their role in achieving it. We constantly work to create more growth and progression opportunities for the employees.











# Board of Directors



**R. P. SONI**  
Chairman



**S. N. MODANI**  
Managing Director & CEO



**V. K. SODANI**  
Executive Director



**ACHINTYA KARATI**  
Independent Director



**RAMAWATAR JAJU**  
Independent Director



**DR. T. K. MUKHOPADHYAY**  
Independent Director



**SEEMA SRIVASTAVA**  
Independent Director

# Management *team*



**ANURAG SONI**  
Chief Business Strategist



**PRANAL MODANI**  
Chief Business Development



**ANIL JAIN**  
Chief Financial Officer



**L. L. SONI**  
President (Corporate Affairs)



**ANIL SHARMA**  
President (Works)



**S. K. CHANDNA**  
President (Works)



**S. K. PANDEY**  
President (Works)



**S. K. BAGHELA**  
President (Works)



**LALIT JAIN**  
Jt. President  
(Finance & Accounts)



**M. BHANU PRATAP**  
Jt. President  
(Thermal Power Plant)



# management Discussion and Analysis

## Global Economic Overview

The global economy witnessed strong growth in 2017. However, the momentum softened in 2018 with a growth rate of 3.6%. The slowdown was owing to weakening global financial market sentiment, trade policy uncertainty, volatile crude prices and tepid growth in some systemically important economies. The year also witnessed disruptions in the auto sector in Germany and moderate industrial production.

Financial year 2018-19 experienced increased economic activities in the US economy backed by a fiscal stimulus and firm consumption growth. Growth in the Eurozone slowed down due to the high deficit concerns in Italy, disruptions in the German auto sector and political uncertainties around Brexit. Regulatory tightening of the property sector and

non-bank financial intermediation led to sluggish growth in China. Among the developing economies, the South-east Asian region remained on a relatively strong growth trajectory, amid robust domestic demand conditions.

According to the World Economic Outlook by the International Monetary fund (IMF), global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. However, softer commodity prices, geo-political uncertainties and weakening demand across geographies may affect the growth outlook.

## World Economic Outlook

### Growth Projections (%)



Source: World Economic Outlook by International Monetary Fund (IMF)



## Indian Economic Overview

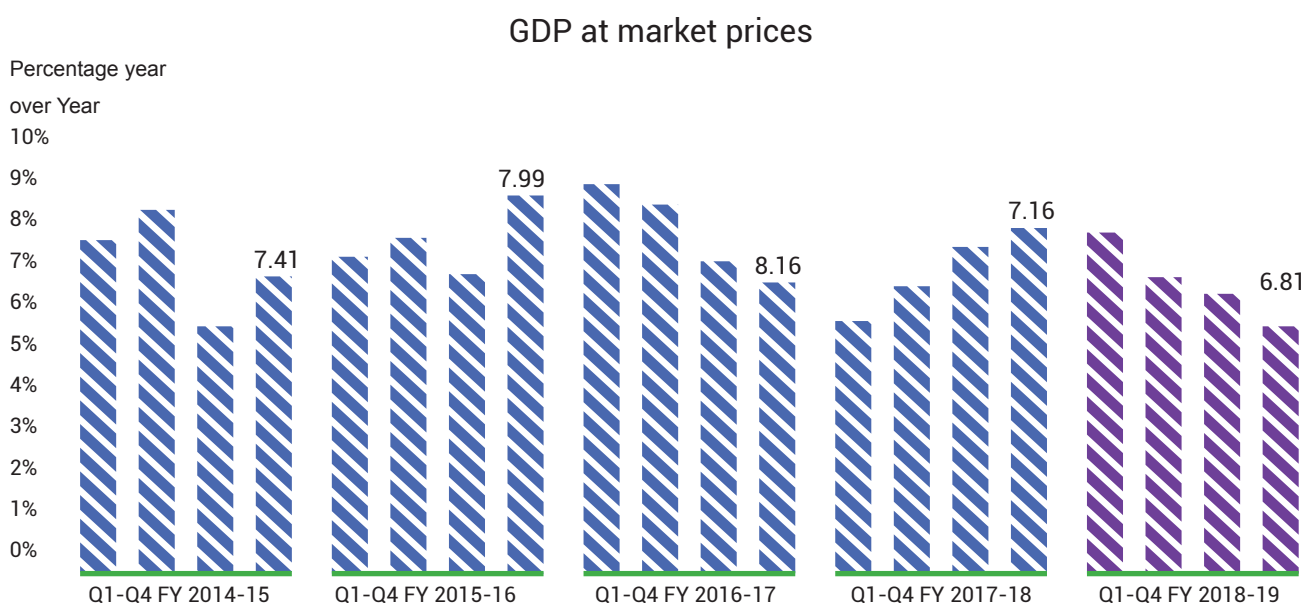
India's economy has been one of the largest contributors to the global growth over the last decade. The economy registered a growth rate of 6.8% in 2018-19 as compared to 7.2% in the previous fiscal year, mainly owing to weak performance of the agriculture and manufacturing sector. First half of the year 2018 witnessed recovery of investment and private consumption, however, growth moderated during the remaining period owing to softer consumption demand, volatile crude prices, stagnant exports and investments amid tighter financial conditions.

Furthermore, rationalisation of GST rates and facilitating ease of tax compliance have led to improvement in the flow of tax receipts. In 2018, the country attracted ~US\$ 42 Bn FDI inflow as per the World Investment Report 2019. Driven by strong policy reforms in the recent years, India

recorded a 23-notch jump to the 77th position in the World Bank's latest report on the 'Ease of Doing Business' that captured the performance of 190 countries. With the improvement in the economic scenario and investments in various sectors of the economy, India is expected to become a 5 trillion dollar economy by 2024-25.

Overall, the Indian economy is well poised for the next leg of growth riding on the back of structural reforms, increasing consumption and investment and Government spending on infrastructure and rural economy. Slowdown in the global economy amid declining international trade volumes and escalating trade tension poses threat to the growth outlook of the Indian economy as well. However, range bound crude prices, appreciating rupee and easing liquidity conditions predict well for the economy.

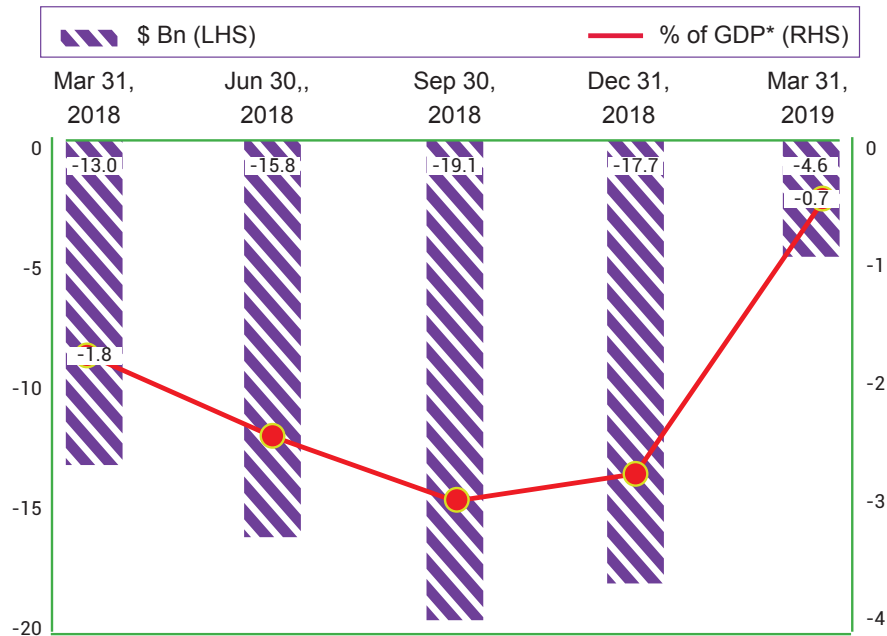
### GDP Growth over the years (%)



Source : Deloitte.com

## Narrowing Current Account Deficit (As % of GDP)

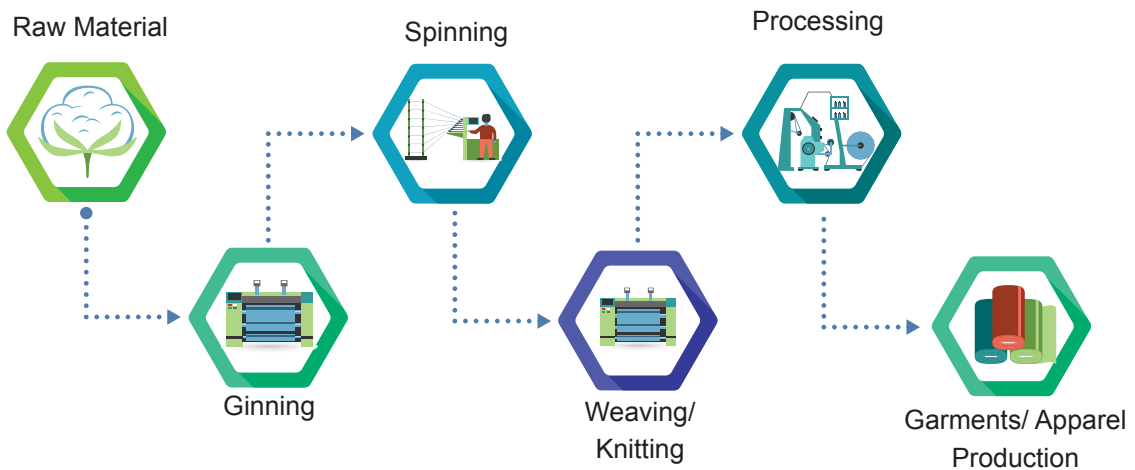
### TRADE BOOST



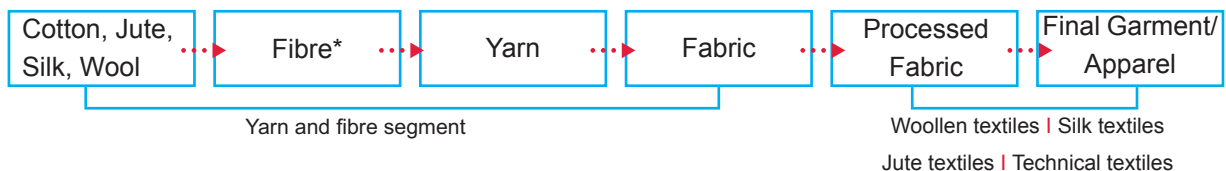
Source : Business Standard, RBI, Bloomberg

## Key Segments of the Textile Industry

### Process



### Output



Source: IBEF, Note: \* Including Cotton, Jute, Silk Wool and Manmade Fibres

## Global Textile and Apparel Industry

The global textile market was valued at approximately US\$ 858 Bn in 2018 and is expected to generate around US\$ 1,207 Bn by 2025, at a CAGR of around 5%. This growth is attributed to the high demand for apparels, particularly in the developing economies including India, China, Bangladesh and Mexico as a result of growing population. Moreover, rising disposable income levels and rapid urbanisation in these countries have led to the increased number of retail outlets and supermarkets; thereby supporting the overall market growth.

Global apparel consumption is estimated to be approximately US\$1.8 trillion, which accounts for 2.3% of the global GDP of US\$ 79.9 Bn. Even though apparel industry is largely dominated by developed markets of EU and the US, the emerging markets led by countries such as India, China, Russia and Brazil are becoming major consumption markets. Simultaneously, India and China have strong textile manufacturing base, and thus are emerging as both sourcing and consuming nations.

The global trade in textiles and apparel is projected to reach US\$ 1,000 Bn in 2025 from the current market value of US\$ 764 Bn, witnessing a CAGR of 3.9%. China is the largest exporter in the world, accounting for 36% of total global exports, closely followed by India, Bangladesh and Germany with trade worth US\$ 37 Bn, US\$ 35 Bn and US\$ 34 Bn respectively (Source: Wazir). The Asia Pacific region emerged as the largest market and is projected to expand further due to the increasing apparel consumption and the sale of clothing goods through e-commerce portals. The global apparel demand is expected to witness a CAGR of 5% from the current US\$ 1.8 trillion to reach US\$ 2.6 trillion by the year 2025.

Source : Ministry of Textile, Zion Market Research

## Indian Textile Industry

India's textile sector is one of the mainstays of the economy. The country continues to be the only country other than China to have the full textile chain i.e. from fibre to clothing.

The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, weaving, apparels and garments segment which applies modern machineries and techniques to enhance productivity and achieve economies of scale. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country, make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments in India and across the world.

For the entire textile industry, the year 2018-19 was one of the most challenging year due to very heavy fluctuations in raw material rates, volatile crude oil prices and foreign exchange rates. The Industry has gone through major taxation reform in recent years, in the form of Goods and Services Tax (GST). The GST implementation had short term impact in 2019 and will boost the organised sector, going ahead.

Textiles industry contributes more than 15% to the total Indian export earnings. India's textile and apparel exports are estimated at US\$ 39 Bn in the 2018-19 and are expected to expand to US\$ 80 Bn by the year 2025, witnessing a CAGR of 13%.

Source: Ministry of Textile, Indian Textile and Apparel Market







## Advantage India

### Robust Demand

- ▶ Increased penetration of organised retail, favourable demographics & rising income levels to drive textile demand
- ▶ Growth in building & construction will continue to drive demand for non-clothing textiles

### Increasing Investments

- ▶ Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP)- (US\$ 184.98 Mn) and Technology Upgradation Fund Scheme (TUFS)-(US\$ 216.25 Mn released in 2017) to encourage more private equity and to train workforce

### ADVANTAGE INDIA

### Competitive Advantage

- ▶ Abundant availability of raw materials such as cotton, wool, silk and jute
- ▶ India enjoys a comparative advantage in terms of skilled manpower & in cost of production relative to major textile producers

### Policy Support

- ▶ 100 % FDI (automatic route) is allowed in the Indian textile sector
- ▶ Under Union Budget 2018-19, the government has allocated ₹ 30 crore (US\$ 4.63 Mn) for the Scheme for Integrated Textile Parks, under which there are 47 ongoing Projects
- ▶ Free trade with ASEAN countries and proposed agreement with European Union will boost export

Note: SITP - Scheme for Integrated Textile Park; FDI - Foreign Direct Investment, ASEAN - Association of Southeast Asian Nations

Source: PHD Camber of Commerce; Federation of Indian Chambers of Commerce and Industry, India Ratings and Research



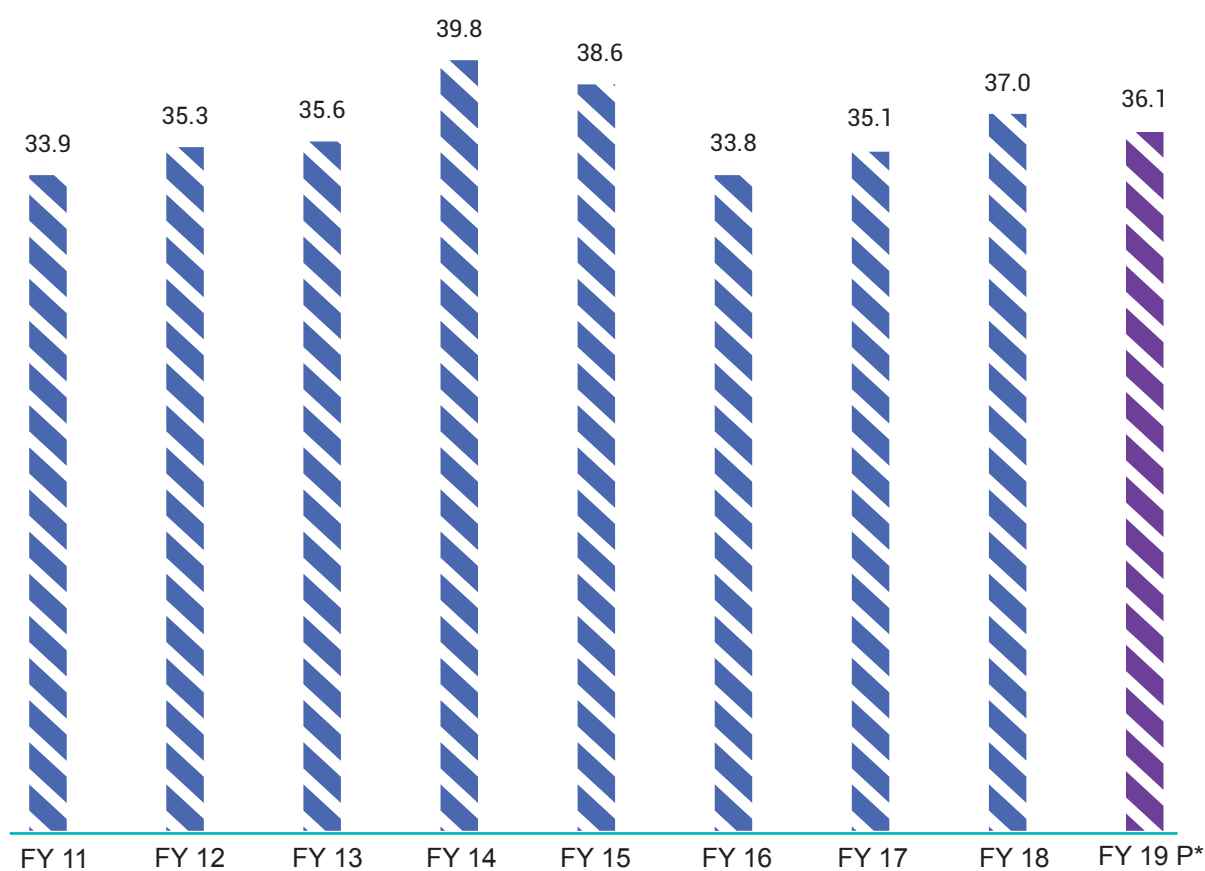
## Cotton

India is a major player in the global cotton industry by being the largest producer of cotton in the world, followed by China. It is one of the largest exporters of cotton, contributing about 13% to the global exports. According to Cotton Association of India (CAI), cotton production in India was estimated at 312 lakh bales in 2018-19 as against 377 Lakhs Bales in 2017-18, which is the lowest in at least a decade. Multiple factors affected cotton movement such as low acreage and adverse weather conditions in country. Supply of raw cotton was stagnant due to low arrivals in the market. This not only reduced availability of raw

cotton for the mills, but also increased its prices in the domestic market

The first half of financial year 2018-19 saw a steep increase in cotton prices caused by reduced output as well as the depreciation of the rupee. Depreciating rupee makes cotton export lucrative for the cotton producer rather than selling the produce domestically. This situation increased the cotton exports and in turn reduced supply for domestic consumption, causing the domestic cotton price to increase. During the year, the total cotton supply was estimated to 353.80 Lakh bales, as per the report by the CAI.

### Production of raw cotton (Mn Bales)



Source: Ministry of Textiles, TechSci Research, IBEF

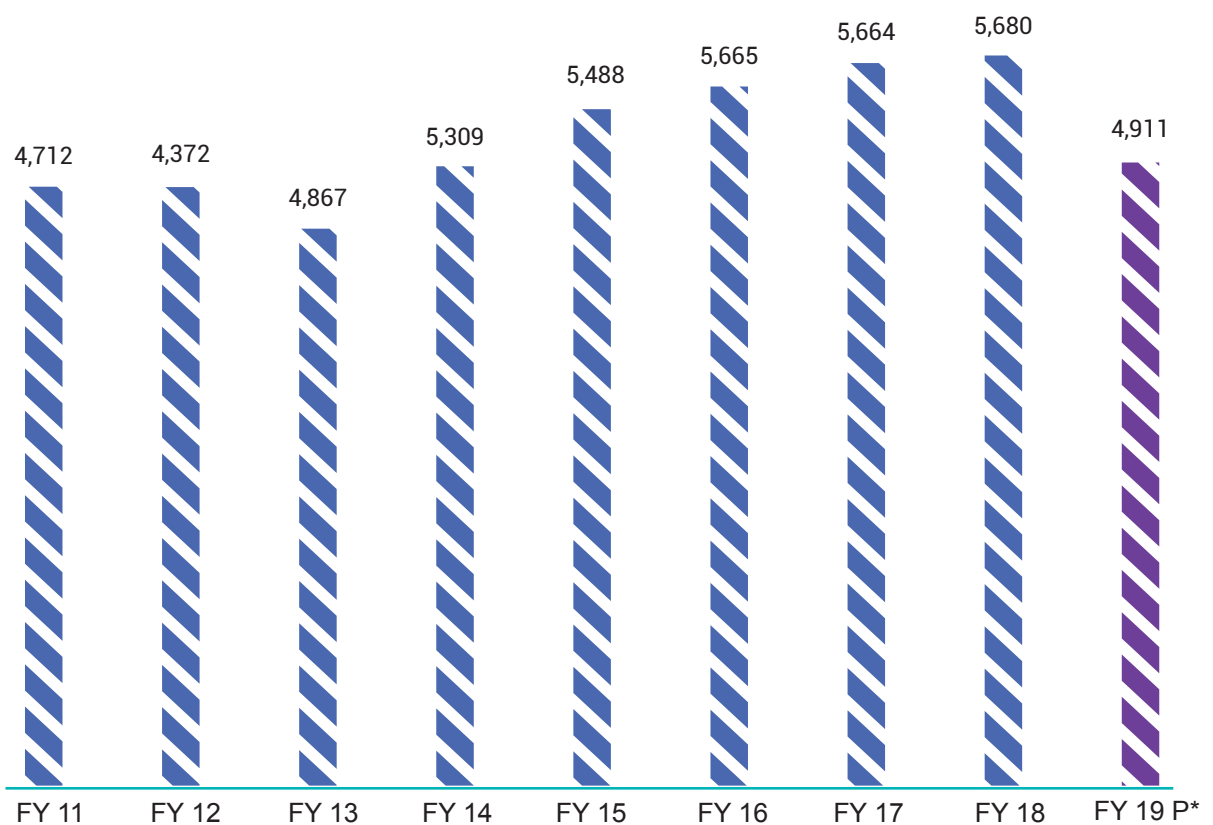
Note: P\* - Provisional figures as of March 2019



India is the world's largest exporter of cotton yarn and has major markets in China, Bangladesh, Pakistan, Vietnam and South Korea. The cotton yarn sector has been one of the pillars of the Indian textile industry and is also highly modernised.

- ▀ Production of yarn grew to 5,680 Mn Kgs in 2018 from 4,712 Mn Kgs in 2011, implying a CAGR of 2.7%.
- ▀ According to an ICRA report, the surge in export demand for cotton yarn over the past few months has come as a major respite for the domestic spinners

### Production of yarn (Mn kg)



Source: Ministry of Textiles, TechSci Research, IBEF

Note: P\* - Provisional figures as of March 2019



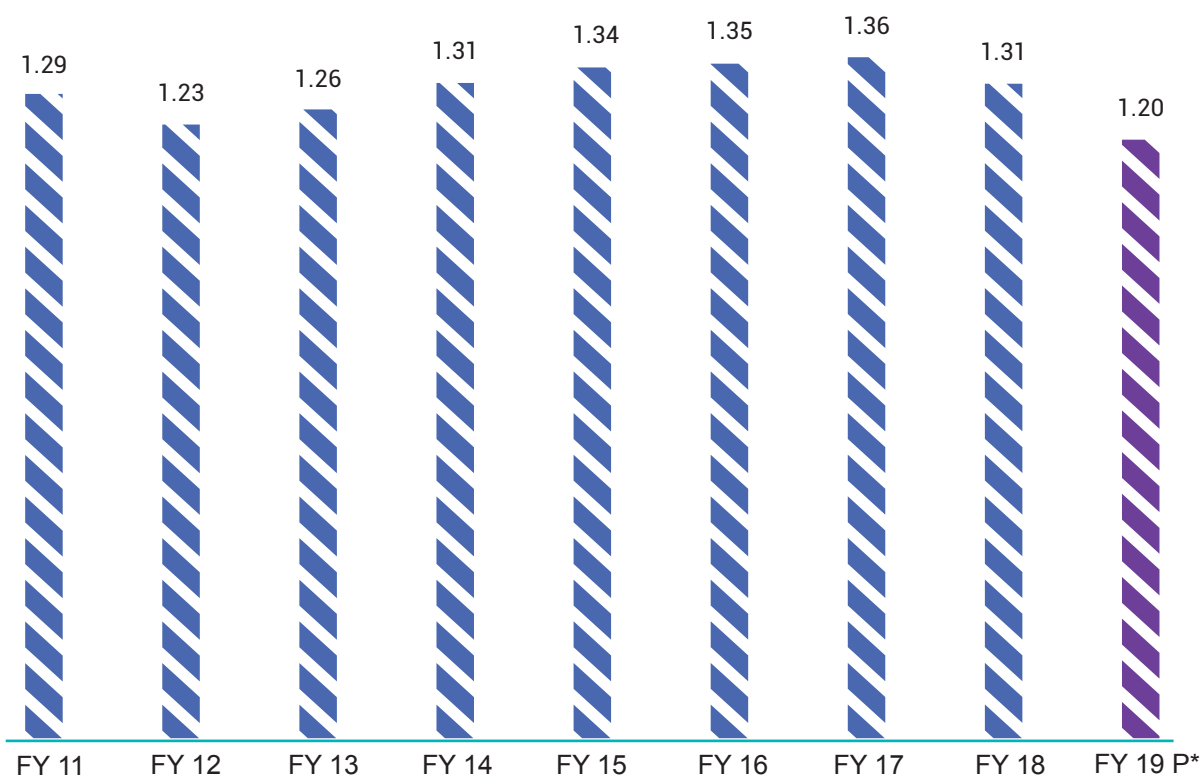
## Manmade fibre

India is gradually catching up with the global trend of a bigger share of man-made fibres than natural fibres in textile blends. In a major boost to synthetic textile players, spinning mills have started increasing the use of man-made fibre to keep their fabric cost immune to

rising cotton prices. This will enable them to meet the rising demand in home textiles, apparels and technical textile segment.

- During 2018, production of fibre in India stood at 1.319 Mn tonnes and reached 1.204 Mn during April 2018 –January 2019.

### Production of Manmade fibres (Mn Tonnes)



Source: Ministry of Textiles, TechSci Research, IBEF

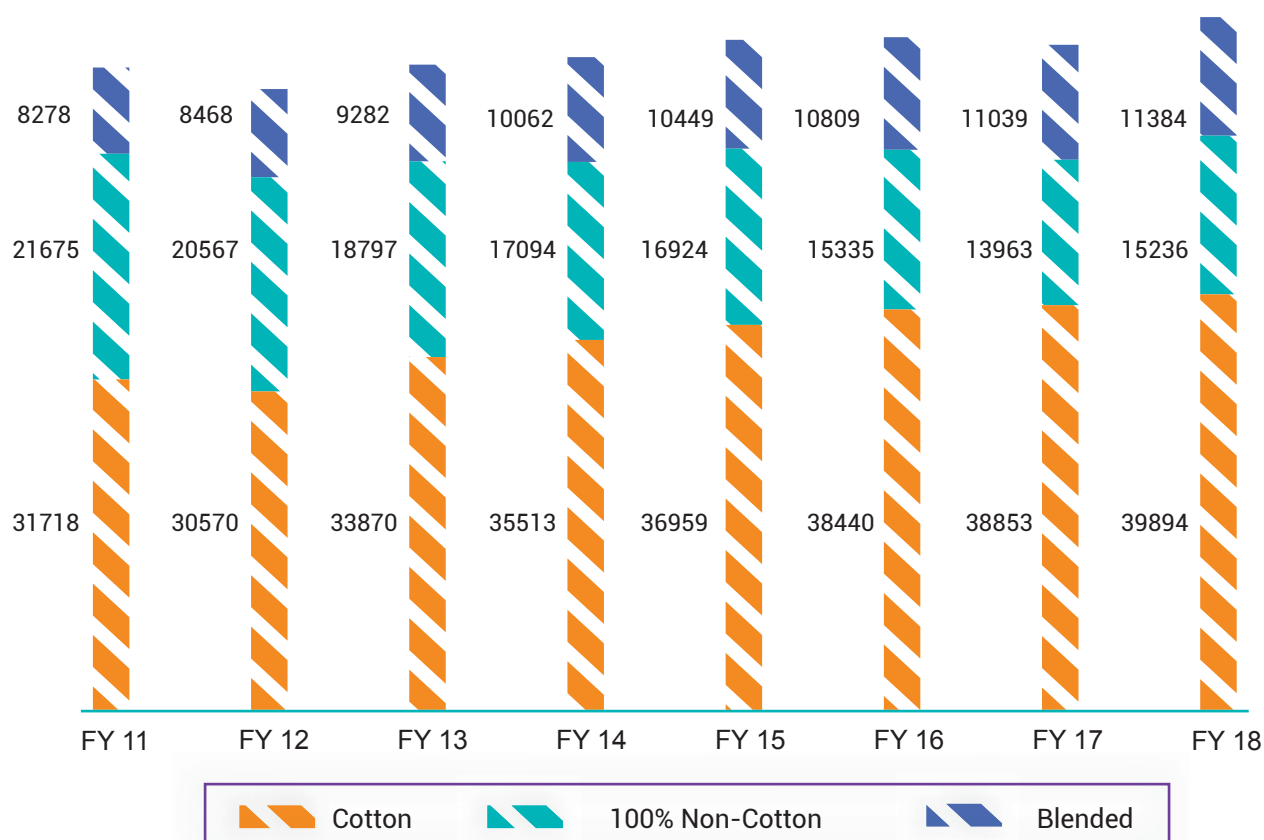
Note: P\* - Provisional figures as of January 2019



## Fabric

- Fabric production in the country increased to 66,514 Mn square metre in 2018 from 61671 Mn square metres in 2011
- Cotton yarn accounted for more than 51.43% share in fabric production, with the share reaching to 59.98% in 2018.

### Fabric production (Mn square metre)



Source: Ministry of Textiles, TechSci Research, IBEF

Note: Figures mentioned are as per latest data available.

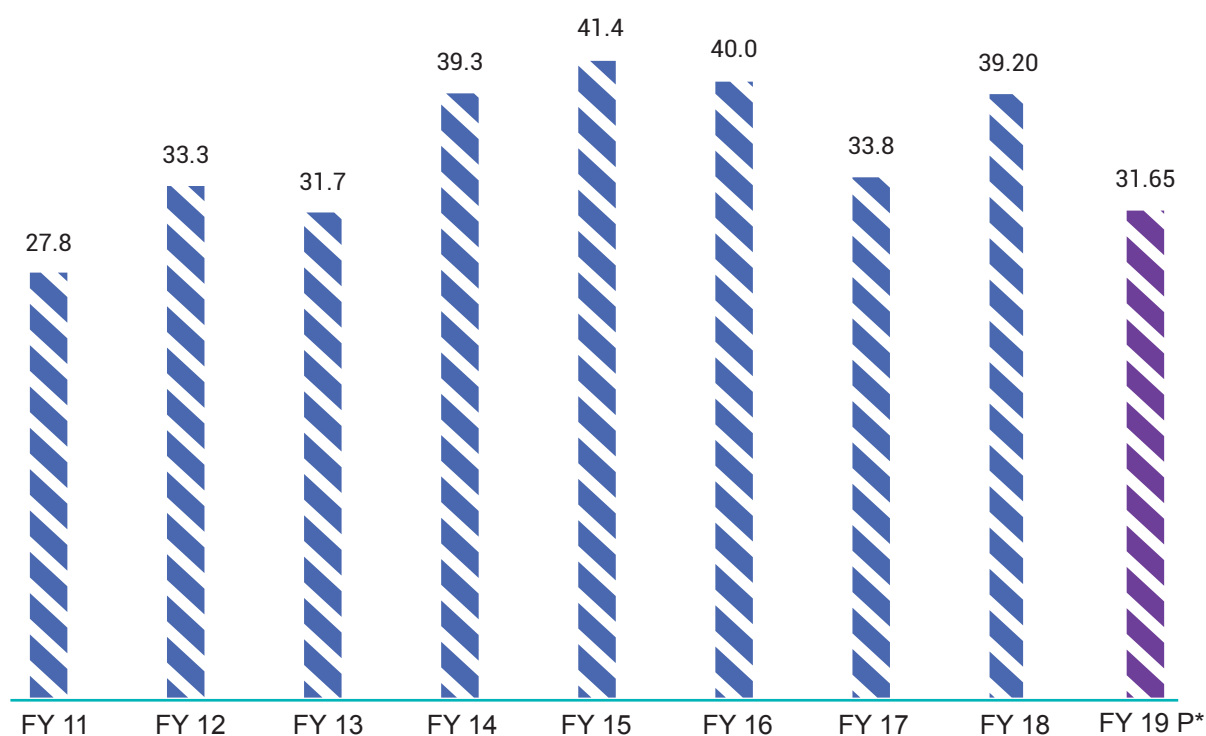


## Exports in 2018-19

The textile and apparel sector contributes 13% in overall exports of India. This growth is backed by greater purchasing power leading to higher discretionary spends; majorly riding on increase in youth population, shift to aspirational buying, higher brand affinity, urbanisation and increased penetration of technology.

- Exports of textiles from India reached US\$ 31.65 Billion during 2019.
- The Goods and Services Tax that rolled out in July 2017 is expected to make imported garments cheaper by 5-6%, as the GST regime will levy 5% tax for both domestic textile manufacturers and importers.
- Cotton fabrics, made ups, etc. had a share of 40.83% in exports and reached US\$ 12.92 Bn in 2019.

### Textile exports from India (US\$ Bn)



Source: Ministry of Textiles, Budget 2015, Tech Sci Research, IBEF March 2019

P\*: Projection







<b>Strengths</b>	<ul style="list-style-type: none"> <li>▶ Huge textile production capacity</li> <li>▶ Efficient multi-fibre raw material manufacturing capacity</li> <li>▶ Large pool of skilled and cheap work force</li> <li>▶ Robust entrepreneurial skills</li> <li>▶ Huge export potential</li> <li>▶ Large domestic market</li> <li>▶ Very low import content</li> <li>▶ Flexible textile manufacturing systems</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>▶ Increased global competition</li> <li>▶ Imports of cheap textiles from other Asian neighbours</li> <li>▶ Use of outdated manufacturing technology</li> <li>▶ Poor supply chain management</li> <li>▶ Huge unorganized and decentralised sector</li> <li>▶ High production cost with respect to other Asian competitors</li> </ul>
<b>Growth Drivers</b>	<ul style="list-style-type: none"> <li>▶ Rise in incomes have resulted in an increase in aspirational buying. Consumers have become more fashion-conscious and this trend is expected to rise in the foreseeable future</li> <li>▶ India has a population of nearly 1.35 Bn by 2020, it could become the youngest country in the world with ~64% of the population falling under the working age category; this will drive the demand for the textile industry across the segments</li> <li>▶ The behaviour of consumers has changed over the past few years as they have shifted from need-based purchases to aspiration-based purchases; the evolving lifestyle will give a boost demand for quality fabrics and exclusive brands</li> <li>▶ The Indian middle-class market is projected to overtake US as the second largest in the world by 2022; growing power of the middle-class, coupled with rising incomes, could support the growth of the textile industry</li> <li>▶ India is urbanising faster than probably any other large country; it has been estimated that by 2020, 35% of India's population could be living in urban centres, accounting for 70 to 75% of India's GDP; growing urban population will result in enhanced demand for textile products</li> </ul>
<b>Government Initiatives</b>	<ul style="list-style-type: none"> <li>▶ The Government of India allocated ₹ 148 Crores (US\$ 21 Mn) for the textile industry</li> <li>▶ ₹ 30 Crores (US\$ 4 Mn) were allocated for the Scheme for Integrated Textile Parks, under which there are 47 ongoing projects</li> <li>▶ ₹ 2,300 Crores (US\$ 355.27 Mn) were allocated for the Technology Up-gradation Fund Scheme</li> <li>▶ ₹ 112.15 Crores (US\$ 17.32 Mn) were allocated towards schemes for power-loom units</li> <li>▶ 100% FDI is allowed in the textile sector through the automatic route</li> <li>▶ The Goods and Services Tax (GST) Council doubled the limit for textile players from ₹ 2 Mn to ₹ 4 Mn from April, 2019; it also raised the composition scheme turnover threshold from ₹ 1 Crore to ₹ 1.5 Crores for 2020</li> </ul>

(Source: Union Budget 2019-20)

## The Indian Denim Sector

Denim capacity in India stands at 1,700-1,800 Mn metres a year, with annual exports being 12% on year on year basis, whereas the rest of the capacity was earmarked for the domestic market. Due to demonetisation and Goods and Services Tax (GST), the denim market has seen a slowdown and the overcapacity is getting adjusted.

However, it is believed that denim sector margins are on the cusp of gradual improvement owing to focus on premium products and vertical integration. It is expected that wholesale and consumer demand for basic denim in domestic market and exports for value-added denim to gradually improve capacity utilisation. Asia has a 22% market share of the denim industry and India contributes to nearly half that market. An organised retail sector, a young population, online penetration of denims and the increasing popularity of engineered or distressed pieces will continue to fuel the growth of this segment.

The denim market is projected to witness a CAGR of 14.5% and reach ₹ 39,651 Crores by 2021, and ₹ 77,999 Crores market by 2026.

### **Demand Drivers**

- ▶ Youth (15 to 29 years old) who comprise 26% of the consuming population, are a key growth driver of denim wear in the country
- ▶ Increase in disposable income, comfort, quality and brand consciousness are major reasons for increasing acceptance of denims among all age groups
- ▶ Deepening penetration of internet and ease of ordering online, paucity of time, flexible return policies and the cash on delivery, the youth of India is more likely to purchase denims online

- ▶ Increasing preference of denim products characterised by quality, value-for-money, and western style trends, denim is becoming preferred choice of people from rural areas as well

*Source: India Retailing Denim Market*

## Domestic Apparel industry

The Domestic apparel market is expected to witness a CAGR of 12%, during the period 2017 to 2025. This growth is backed by greater purchasing power leading to higher discretionary spends; majorly riding on increase in youth population, shift to aspirational buying, higher brand affinity, urbanisation and increased penetration of technology.

The share of organised retailing in the apparel space is expected to increase to 28% by 2020. This growth would be aided by improved investments, new stores roll out and increased aggression by online players. Increased penetration of organised players in tier 2 and 3 cities, along with the higher disposable income levels are expected to contribute to the growth story.

While the current share of women's wear in the overall apparel market is 37%, it is expected to outpace the men's wear category and occupy a majority market share of 41% by 2025. This trend is led by an increase

in the number of working women, higher disposable income, more experiential lifestyle and higher autonomy in decision making.

Source: Domestic Fashion Retail

### Indian Inner Wear Segment

Urban India has catalysed the evolution of India's innerwear market growth. The demand for occasions and outfit based innerwear has been the major driver of innovative products. The innerwear market was largely fragmented and unorganised. In last few years, the organised innerwear segment has shown promising growth in both men's and women's categories. The premium innerwear market in India has been experiencing increasing entry of global brands, mostly through partnerships and tie-ups with home-grown brands.

- ▶ The Indian innerwear market currently estimated to be worth ₹ 32,000 Crores accounts for ~9% of the total domestic fashion retail market
- ▶ Women's innerwear segment is poised to witness an impressive growth rate of 12.5% over the next decade to reach ₹ 68,000 Crores by 2028 from current market size of ₹ 21,000 Crores

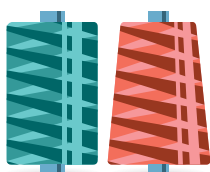
Source: India Retailing

### Indian Active Wear Segment

The booming economy and changing lifestyle preferences have compelled Indian consumers to be more health conscious and add new health and wellness routines to their hectic lifestyles.

- ▶ Revenue in the Sports & Swimwear segment amounts to US\$ 12,856 Mn in 2019
- ▶ Contemporary trends like taking long vacations, going on bike rides, hiking, travelling and indulging in recreational activities are driving growth of outdoor, sports inspired apparel
- ▶ The Indian sportswear market growth is projected at 11.3% for the 2016-2021 period

Source: India Retailing Sport Wears Market



### Company Overview

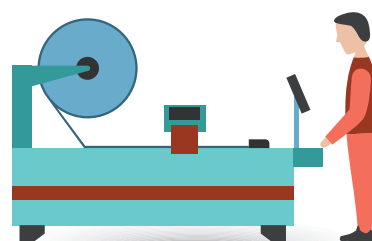
Established in the year 1985, Sangam (India) Limited is one of the India's largest producers of PV dyed yarns. The Company's has its manufacturing facilities located at Bhilwara and Chittorgarh, Rajasthan. The Company is involved in spinning of cotton, and synthetic blended yarns, open-end spinning of cotton yarn, weaving of synthetic and denim fabric, knitting of cotton fabric, knitting of seamless garments and processing of fabrics. The Company shares approximately of 25% market share in the domestic market of PV Dyed Yarns. It offers a range of synthetic and denim fabrics, used for suiting and bottom wear. The Company's brands include Sangam Suiting and Sangam Denim.

Over the years, the Company has evolved as one of the most vertically integrated textile player across the country. Due to extensive presence across the textile value chain, starting from spinning to weaving and processing to garmenting, now it is self-sufficient in all aspects.

The Company has ventured with Sangam Lifestyle Ventures Ltd. and entered into the women's seamless wear segment which is placed under the brand name 'C9' and owns 100% subsidiary in its retail business segment.

Over three decades of its experience, Sangam has created a strong client base for itself. The Company has a renowned client base such as Banswara Syntex, Siyaram, BSL, Vimal, RSWM Ltd., Arvind Limited, Trident Limited, Trent Ltd., Reliance trends, Zivame, Myntra, Lifestyle international, Benetton, Shoppers stop, Welspun India Limited, Pantaloons, Being Human and Westside among others. The Company has a spinning capacity of 2,38,608 spindles and 2,376 rotors; weaving capacity of 526 looms; fabric processing capacity of 72 Mn metres P.A. and garment processing capacity of 511 MTPA.

MTPA: Metric ton per annum





Company's Foundation			
Parameter	Yarn	Fabric	Garments
Revenue contribution (FY 2018-19)	PV yarn 44%	PV fabric 19%	Garments 2%
	Cotton yarn 12%	Denim fabric 22%	
Geographic presence (by revenue share)	Domestic: 74%	Domestic: 69%	Domestic: 99%
	Exports: 26%	Exports: 31%	Exports: 1%
Market position	About 25% share in the Indian dyed PV yarn market	Mid-sized payer in the highly fragmented fabric and denim market	Relatively a small player in the highly fragmented garment market
End market	Synthetic and cotton fabric manufacturers	Synthetic & Denim garment and apparel manufacturers	Consumers
Sales growth (FY14- FY19 CAGR)	PV yarn: 3.0%	PV fabric: 14.4%	Not applicable
	Cotton yarn: 3.4%	Denim fabric: 10.8%	
Demand drivers	Captive consumption by the domestic synthetic shirting and suiting Segment		Increasing affordability
	Price competitiveness of PV yarn vis-a-vis cotton yarn as incremental cost of dyeing cotton yarn makes it costlier than dyed PV yarn		Need for sportswear due to rising awareness for fitness
	Shift in presence for apparels made from blended fabric over cotton fabric owing to better comfort (smoothness) and aesthetic (lustre and crease) properties		
	Growing preference for jeans as daily wear		

## C9 Strategic Venture

In 2014-15, Sangam ventured into garmenting market that focuses mainly on women inner wear segment. The Indian innerwear market is currently estimated to be worth ₹ 32,000 Crores and accounts for 9% of the total domestic fashion retail market.

The product offered by the Company under brand name C9, mainly focuses on air wear, leisure wear, casual wear, active wear, intimate wear and shape wear. The Company has its own web portal for selling its product [www.c9airwear.com](http://www.c9airwear.com). The Company has always focussed on bringing innovation and technology into its products. With imported machines from Italy, Sangam ensures the best manufacturing quality of the seamless garments. Further to this, seamless garment capacity stands at 3.6 Mn pieces/per annum.



**CAPACITIES**

Particulars	As on 31.03.17	As on 31.03.18	As on 31.03.19
Spindles (Nos.)	238608	238608	238608
Fibre Dying Capacity (In % of Finished Production)	100%	100%	100%
Open End Rotors (Nos.)	3128	3128	2376
Texturising Machines (Nos.)	3	3	3
Knitting Machines (Nos.)	22	22	22
Denim Fabric Processing (No. of Line)	5	5	5
Indigo Rope Dyeing Range - 24 Ropes (Nos.)	-	1	1
Weaving Machines (No. of Looms)	510	526	526
Fabric Processing (MMPA)	53	53	72
Garment Processing (MTPA)	511	511	511
Seamless Garment Knitting (No. of Pcs. in Lakhs)	36	36	36
Captive - Coal Based Thermal Power Plants (in MW)	31	31	31
Captive - Solar Power Plants in MW (Own Capex Model)	1	1	1
Captive - Solar Power Plants in MW (RESCO / Boot Model)	1.0	4.0	5.7
Wind Power Plants (in MW) at Jaisalmer	5	5	5

## Financial Performance

Sangam recorded net revenue of ₹ 1,874 Crores in 2018-19 as against ₹ 1,649 Crores in 2017-18, reflecting a growth of 13.6%. Adverse market conditions, steep increase in power cost, volatility in cotton prices and short-term supply issues owing to GST impacted the profitability of the Company. The EBITDA of the Company increased by 25.4% to ₹ 168 Crores in 2018-19 as compared to ₹ 134 Crores in 2017-18. The Company reported a net profit of ₹ 16 Crores during the year. The Company reported lower interest costs as it continued to reduce the debt burden

## Details of significant changes in key financial ratios

Particulars	Period Ended 31.03.2019	Period Ended 31.03.2018	% Change
<b>Stability Ratios</b>			
Debt Equity Ratio	1.34	1.53	-12%
Interest Coverage Ratio	2.58	2.43	6%
<b>Liquidity Ratios</b>			
Current Ratio (Incl. Current maturities of long-term debt)	1.26	1.26	0%
Current Ratio (Excl. Current maturities of long-term debt)	1.40	1.40	-1%
Debtors Turnover Ratio (no. of days)	68	66	3%
Inventory Turnover Ratio (no. of days)	70	81	-13%
<b>Profitability Ratios</b>			
Operating Profit Margin	9.05%	8.26%	10%
Net Profit Margin	0.83%	1.86%	-55%*
Return On Net Worth	2.96%	5.91%	-50%*

### Notes:

Above ratios are based on Standalone Financials of the Company

\* The net profit margin and return on net worth are reflecting reduction this year as per the above figures as such, however considering that during the previous year the net profit included an amount of ₹ 24.84 Crores of earlier year taxes, the same are actually positive, which is reflected in the operating profit margin of this year.

## Yarn Division

In the Indian PV dyed yarn market the Company is one of the largest manufacturer of PV dyed blended yarn at a single location.

- **Locations:** Biliya Kalan and Sareri, Bhilwara and Soniyana, Chittorgarh, Rajasthan
- **Products:** PV-Dyed & Grey Yarn, Cotton-Spun, Open ended & Indigo Rope Dyed Yarn and Texturized Yarn
- **Capacities:**
  - ❖ Biliya Kalan: 96,864 spindles, 3 Texturizing Machines and one machine of 24 Rope for Indigo Rope Dyed yarn
  - ❖ Sareri: 1,15,008 spindles, 2,376 open end Rotors and 22 knitting machines
  - ❖ Soniyana: 26,736 spindles
- **Contribution:** 56% of the Company's total revenue

## Fabrics Division

### PV Fabrics

- **Location:** Atun, Bhilwara, Rajasthan
- **Products:** PV fabrics and processed fabrics
- **Capacity:** 231 Looms for Synthetic Fabric Weaving (Capacity 30 MMPA). Fabric Processing - 72 Mn metres P.A
- **Contribution:** 19% of the total revenues of the Company





## Denim Fabric

- ▀ **Location:** Biliya Kalan, Bhilwara, Rajasthan
- ▀ **Products:** Denim Fabric
- ▀ **Capacity:** 5 Indigo Processing Lines with 295 Looms for Denim Fabric Weaving (Capacity 48 Mn metres P.A.)
- ▀ **Contribution:** 22% of the total revenues

## Seamless Garment Division

- ▀ **Locations:** Atun, Bhilwara
- ▀ **Products:** Air Wear, Active wear, Leisure wear, Intimate wear, Shape wear and Casual wear
- ▀ **Capacities:** 36 nos. Seamless Garment Knitting Machines (Capacity 3.6 Mn. Pcs. P.A.), Garment processing – 511 MTPA
- ▀ **Contribution:** 2% of the total revenues

## Strengths

### Robust business model

The Company has highly integrated business model through which it operates from yarn to branded garments. This business model helps the Company to reduce the cost of production and increase the Company's margin. The Company continuously invest in capacity expansion which had led to enter the new segments of the market like denims and seamless garments.

### Basket of product portfolio

The Company has wide range of products starting from PV to Cotton to Texturized Yarn. It delivers wide variety of yarns in various colours. The Company's colour bank consists of more than 5,000 shades and manufactures 6-50 counts of yarns.

### Research & Development and Quality

Sangam uses advanced quality testing equipment such as Uster tester, evenness tester and hairiness tester. The Company ensures that all the yarn products are fault free such as less strength, colour-fading, unevenness in colour, etc. It also conducts strict quality checks to ensure the best quality of yarns and fabrics.

### Cost control system

The Company has a real-time cost control system which continuously monitors its operations to remain competitive. This aids in taking proactive measures across its units to improve operational efficiencies and decrease avoidable costs while maintaining quality standards.

## Marketing and selling

The Company has tied up with several reputed e-commerce players like Myntra, Jabong, eBay etc, whereby customer feedback can be obtained at regular intervals and the marketing strategy can be improvised further.

## Information & Technology

The Company has installed technology for its diverse activities such as spinning, weaving, garmenting and processing. Using technology, the Company is able to increase the efficiency as well as the productivity of the Company.

## Human Resource

Sangam takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company's belief is that its people are the primary source of its competitive advantage. Sangam is committed to nurturing, enhancing and retaining talent through Learning & Organizational Development and support the organisation's growth in the long run. As on 31st March 2019, the numbers of employees was about 9,000. The industrial relations were also cordial during the period under review.

## Internal Control System

The Company follows an adequate internal control system to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are properly, recorded, authorized and reported to the Management. The Company follows all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has Internal Audit department and has also appointed external Internal Auditors to review various areas of the operations of the Company. The Management and the Audit Committee of the Board review the audit reports periodically.

## Risks & Concerns

The Company is exposed to industry risk factors such as competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

# Board's Report

To the Members of

Sangam (India) Limited

The Board of Directors' present the 33<sup>rd</sup> Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2019.

## FINANCIAL RESULTS

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2019 is summarized below:

	(₹ in Crores)	
Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Revenue from Operations	1873.63	1649.03
Profit before Tax & Depreciation	104.94	89.70
Depreciation	80.48	77.05
Profit before Tax	24.46	12.65
Tax Expense		
Current Tax	8.23	-
Deferred Tax	0.62	7.04
Tax Expense for Earlier Years	-	(24.84)
Profit for the year	15.61	30.45

## OPERATIONAL RESULTS AND STATE OF AFFAIRS

The Company's Revenue from Operations during 2018-19 is ₹ 1873.63 Crores as against ₹ 1649.03 Crores during 2017-18.

The profit before interest, depreciation and tax (PBITD) is ₹ 171.48 Crores during 2018-19 as against ₹ 152.52 Crores in previous year. The profit after tax of the Company is ₹ 15.61 Crores in the current year as against ₹ 30.45 Crores in previous year.

During the year, the Company's had export revenue of ₹ 494.71 Crores as against ₹ 440.87 Crores in previous year. The exports constituted about 26% of the total revenue of the Company.

## EXPANSION

A capex project of ₹ 30 Crores was taken in hand in the current year for expansion and modernization cum balancing of existing manufacturing facilities as under:

- Spinning Unit-I, Biliya Kalan, Bhilwara:-** The Company has installed some balancing and modernization machinery i.e. Blow Room, Bale opener, Slub attachment, Draw Frame, Carding Machines, Speed Frames for balancing and modernization of the spinning plant.
- Spinning Unit-III, Soniyana, Chittorgarh:-** Some machines like Bailing Press Machine, Roving Stop Motion & Monitoring System and electrical equipment were installed to fulfill the internal requirement of the unit.
- Processing Unit, Atun, Bhilwara:-** The Company has expanded its processing capacity by installing one stenter and other machines of processing line. By this installation the company has increased its processing production by 9 million meter per annum.

- Weaving & Seamless Garment Unit, Atun, Bhilwara:-** Some Balancing Machines / equipment like Industrial Sewing Machine, Garment Dyeing Machine, Stretch Warping Machine, Grey Fabric Checking Machine, Sewing Machine etc. have been installed for balancing the existing plant set-up and to improve the quality of the products.

The project has been completed as per schedule.

## TRANSFER TO RESERVE

The Board of Directors of the Company has not proposed to transfer any amount to General Reserve of the Company for the current financial year.

## DIVIDEND

Your Directors have recommended a dividend @ 10% on 3,94,21,559 equity shares of ₹ 10/- each (₹ 1.00 per Equity Shares) for the financial year 2018-19 aggregating to ₹ 3.94 Crores which is subject to approval at the ensuing Annual General Meeting.

## WHOLLY OWNED SUBSIDIARY COMPANY

In accordance with Section 129(3) of the Companies Act, 2013 ("Act"), the Company has prepared a Consolidated Financial Statements of the Company and its Subsidiary, which is forming part of this Annual Report.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiary Company is given in Form AOC-1 as Annexure I.

In accordance with third proviso of Section 136(1) of the Act, the Board's Report of the Company, containing therein standalone and consolidated financial statements



## Board's Report (Contd.)

has been placed on the website of the Company, [www.sangamgroup.com](http://www.sangamgroup.com). Further, as per fourth proviso of the said section, Audited Financial Statements of the Subsidiary have also been placed on the website of the Company, [www.sangamgroup.com](http://www.sangamgroup.com).

Sangam Lifestyle Ventures Limited ("SLVL") is a Wholly Owned Subsidiary of the Company. The revenue from operation of the Company has increased to ₹ 1,295.61 Lakhs from ₹ 684.43 Lakhs in the last year.

### CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2019, based on the financial statements received from Subsidiaries as approved by their respective Board of Directors, have been prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Annual Report.

### INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed or unpaid in respect of dividend declared for the financial year ended 31<sup>st</sup> March, 2011 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website, <http://sangamgroup.com/investors/investor-handbook/unclaimed-dividend>.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Accordingly, shares were transferred in the name of Investor Education and Protection Fund in respect of the dividend remaining unpaid for seven consecutive years from the Financial Year 2010-11. The Company sent notices to all such members in this regard and published a newspaper advertisement and thereafter transferred the shares to the IEPF during financial year 2018-19. The details of such shares transferred have been uploaded at the Company's website <http://www.sangamgroup.com/investors/investor-handbook>.

The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

### PUBLIC DEPOSITS

During the year under review, the Company has neither invited nor accepted any fixed deposits from the general public within the meaning of Section 73 to 76 of the Act and rules made thereunder.

### DIRECTOR AND KEY MANAGERIAL PERSONNEL

During the year under review, on recommendation of Nomination and Remuneration Committee and in accordance with provisions of Section 196, 197, 198 and 203 of the Act, consent of the members were taken for re-appointment of Shri R.P. Soni as Whole Time Director designated as Chairman of the Company for a period of 3 years with effect from 1<sup>st</sup> September, 2018.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of the provisions of the Act Shri R.P. Soni, Chairman of the Company is liable to retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his reappointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

In accordance with provisions of the Act and in terms of Articles of Association of the Company, Shri S.N. Modani, Managing Director of the Company is proposed to be re-appointed for a period of three years effective from 1<sup>st</sup> October, 2019 at the ensuing 33<sup>rd</sup> Annual General Meeting on the recommendation of the board of directors of the company.

In accordance with provisions of Section 149, 150, 152 of the Act and in terms of Articles of Association of the Company, Shri Achintya Karati, Shri Tapan Kumar Mukhopadhyay, Shri Ramawatar Jaju and Ms. Seema Srivastava, Independent Directors of the Company are proposed to be re-appointed for second term up to five consecutive year at the ensuing 33<sup>rd</sup> Annual General Meeting of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel ("KMP") of your Company are Shri R.P. Soni, Chairman, Shri S.N. Modani, Managing Director & CEO, Shri V.K. Sodani, Executive Director, Shri Anil Jain, Chief Financial Officer and Shri A.K. Jain, Company Secretary.



# Board's Report (Contd.)

Shri A.K.Jain has been appointed as Company Secretary and Compliance Officer in place of Shri Anil Jain at the Board Meeting held on 28<sup>th</sup> May, 2019, with effect from 1<sup>st</sup> June, 2019. Shri Anil Jain will continue as Chief Financial Officer of the Company.

## BOARD OF DIRECTORS AND MEETINGS

The members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment towards the Company and devote adequate time to the meetings and preparation.

The Board meets at regular intervals to discuss and decide on Company business policy and strategy apart from other Board business. The Board exhibits strong operational oversight with regular presentations in every quarterly meetings. The Board /committee meetings are pre-scheduled and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and General Meetings.

Four meeting of the Board were held during the year. The detail of meetings of the Board held during the year forms part of the Corporate Governance Report.

The Composition of the Board and its committees has also been given in the report on Corporate Governance.

## AUDIT COMMITTEE

The Audit Committee was constituted by our Board in accordance with Section 177 of the Act and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. Listing Regulations. The composition, quorum, terms of reference, functions, powers, roles and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 of the Listing Regulations, 2015. All the members of the committee are financially literate and Shri Achintya Karati, Chairman of the Committee is an Independent Director and possesses financial expertise.

The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

## PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities covered under section 186 of the Act

form part of the notes to the financial statements provided in this Annual Report.

## PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All transactions entered with Related Parties for the year under review were entered on arm's length basis and in the ordinary course of business and that the provisions of Section 188(1) of the Act and the Rules made thereunder were not attracted.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) is prepared in Form AOC-2 pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is annexed to the Board's Report as Annexure II.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. The Company has a process in place to periodically review and monitor Related Party Transactions. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature. All the related party transactions were in the ordinary course of business and at arm's length. There are no material subsidiary companies as define in Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company's at weblink: <http://www.sangamgroup.com/financials/Policies/RPT%20Policy.pdf>

Your Directors draw attention of the members to Note no. 37 to the standalone financial statement which sets out related party disclosures.

## COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Policy of the Company on remuneration of Directors, KMPs and other employees including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178, is available on the Company's website at the <http://www.sangamgroup.com/financials/Policies/Remuneration%20Policy.pdf>

## MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THIS REPORT

There are no material changes or commitments affecting the financial position or business activities of the Company between the end of the Financial Year and the date of this Board's Report.



# Board's Report (Contd.)

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company conducts familiarization programme for all independent directors at the time of their appointment and also at regular intervals to enlighten the directors regarding their roles, rights and responsibilities in the Company and the nature of the industry in which the Company operates, the business model of the Company etc. The details of such familiarization programme imparted to Independent Directors are posted on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/FP%20Policy.pdf>

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company is committed to and fully aware of its CSR, the guidelines in respect of which were more clearly laid down in the Act. The Company's vision on CSR is that the Company being a responsible Corporate Citizen would continue to make a serious endeavor for a quality value addition and constructive contribution in building a healthy and better society through its CSR related initiatives and focus on education, environment, health care and other social causes.

The CSR Committee has been constituted as required under the provisions of section 135 of the Act. The details regarding composition, objectives, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

During the financial year 2018-19, the Company has spent ₹ 180.74 Lakhs on CSR activities of the Company related to current year / previous year. Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is annexed to the Board's Report as Annexure III. As per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Policy is available on the website of the Company at weblink: <http://www.sangamgroup.com/financials/Policies/CSR%20Policy>.

## EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS

Your Board of Directors, during the financial year under review, carried out annual evaluation of its own performance as well as its Committees and also of the individual Directors in the manner as enumerated in the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## INTERNAL FINANCIAL CONTROL

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5)

(e) of the Act read with Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014. The Board is of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors of the Company have adopted various policies like Policy on Materiality of and Dealing with Related Party Transactions, Whistle Blower Policy and Vigil Mechanism Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same.

A Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act is annexed to Independent Auditor's Report on Standalone Financial Statements and to Independent Auditors Report on Consolidated Financial Statements.

## RISK MANAGEMENT

Audit Committee evaluated the Risk Management Policy of the Company to make it more focused in identifying and prioritizing the risks role of various executives in monitoring and mitigation of risk and reporting process. The Risk Management Policy has been reviewed and found adequate to the requirements of the Company by the Board.

The Audit Committee evaluated various risks and that there is no element of risk identified that may threaten the existence of the Company.

## WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Vigil Mechanism Policy aims for conducting the affairs of the company in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Vigil Mechanism Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Vigil Mechanism

# Board's Report (Contd.)

Policy has been placed on the website of the Company at the <http://www.sangamgroup.com/financials/Policies/Whistle%20Blower%20Policy.pdf>

During the year under review, no whistle blower event has been reported and none of the employee was denied access to the Audit Committee.

## CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the stipulations set out in the Listing Regulation and have implemented all the prescribed requirements.

A Corporate Governance Report and Certificate from practicing company secretaries confirming compliance of conditions as required by Regulation 34(3) read with Part E of Schedule V of the Listing Regulations form part of this Board's Report.

## CODE OF CONDUCT

A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the Board Members and Senior Management personnel, also forms part of the Annual Report.

## STATUTORY AUDITORS

In accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Act read with the Companies (Audit & Auditors) Rules, 2014, M/s. Rajendra & Co., Chartered Accountants (FRN: 108355W) and M/s O.P. Dad & Co., Chartered Accountants (FRN: 002330C) were appointed as the Statutory Auditors of the Company for a period of five years to hold office from the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2017 till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2022. Pursuant to the recent amendment to Section 139 of the Act effective 7<sup>th</sup> May, 2018, ratification by Shareholders every year for the appointment of the Statutory Auditors is no longer required and accordingly the Notice of ensuing Annual General Meeting does not include the proposal for seeking Shareholders approval for ratification of Statutory Auditors appointment.

As required under the provisions of Section 139 of the Act, the company has obtained a written certificate from the above mentioned Auditor to the effect that they conform with the limits specified in the said Section and they had also given their eligibility certificate stating that they are not disqualified within the meaning of Section 141 of Act.

## AUDITORS' REPORT

As regards Auditors observations, the relevant notes on account are self-explanatory and therefore, do not call for any further comments.

With regard to Auditors observation in the last para under the head "Other Information" in their Independent Auditor's Report on the Audit of Standalone Financial Statement, we would like to state that subsequently the Auditors have verified the other information as on the date of AGM notice and stated that there is no inconsistency noticed in the same with the standalone financial statements.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

## COST AUDITORS

Pursuant to the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of Cost Records every year. The Board of Directors, on the recommendation of Audit Committee, has appointed M/s K.G. Goyal & Company, Cost Accountants, Jaipur (Firm Registration No. 000017) Cost Auditors of the Company for conducting the Cost Audit of the Company for the Financial Year 2019-20. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the 33<sup>rd</sup> Annual General Meeting of the Company.

The Cost Audit Report for the Financial Year 2018-19 does not contain any qualification, reservation or adverse remark.

## COST RECORDS

The Cost accounts and records as required to be maintained under Section 148 (1) of Act are duly made and maintained by the Company.

## SECRETARIAL AUDITOR REPORT

The Secretarial Audit Report for the financial year 2018-19 received from M/s V.M. Associates, Company Secretaries in Practice (Firm Registration No. P1984RJ039200), Jaipur, Secretarial Auditors of the company, in form MR-3, does not contain any qualification, reservation or adverse remark. The Report of the Secretarial Audit for the year ended 31<sup>st</sup> March, 2019 is annexed herewith and forming part of the Board's report as Annexure-IV.

## DISCLOSURE UNDER THE OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. Internal Complaints Committee (ICC) has been set





## Board's Report (Contd.)

up to redress complaints received regarding sexual harassment. During the Financial Year ended 31<sup>st</sup> March, 2019, no complaint was pending at the beginning of the year and no Complaints pertaining to Sexual Harassment was received.

### PARTICULARS OF REMUNERATION OF DIRECTORS/ KMP/ EMPLOYEES

Disclosures under section 197(12) of the Act read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively, is annexed to the Board's report as Annexure -V.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. The information relating to energy, technology absorption and foreign exchange earnings and outgo required to be disclosed under section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is given in Annexure VI to the Board's Report.

### GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c) Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.
- d) No fraud was reported by the Auditors to the Audit Committee or Board.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under clause (c) of sub-section (3) of Section 134 of the Act, with respect to the Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2. They have selected such accounting policies and applied them consistently and made judgments, and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and of the profit of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts of the Company for the year ended on 31<sup>st</sup> March, 2019 on a going concern basis.
5. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were generally operating effectively; and
6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis for the year under review as stipulated under the SEBI (LODR) Regulations, 2015 is forming part of this Annual Report.

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of annual return in Form MGT-9, as on 31<sup>st</sup> March, 2019 is annexed herewith and forming part of the Board's Report as Annexure-VII.

### ACKNOWLEDGEMENT

The Company is grateful to its customers, shareholders, suppliers, financial institutions, bankers, Central and State Governments for their constant support to the Company. The Directors also place on record their deep appreciation of the contribution made by employees at all levels, the consistent growth of the Company was made possible by their hard work, loyalty, dedication, coordination and support.

For and on Behalf of the Board of Directors  
For Sangam (India) Limited

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019

R.P Soni  
Chairman  
(DIN 00401439)

# Annexure - I

## FORM NO. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### PART "A": SUBSIDIARIES

		(₹ in Lakhs)
Sl. No.	Particulars	Description
1.	Name of the subsidiary	Sangam Lifestyle Ventures Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	5
5.	Reserve & Surplus	(596)
6.	Total assets	1458
7.	Total Liabilities	2049
8.	Investments	-
9.	Turnover	1296
10.	Profit before taxation	(377)
11.	Provision for taxation	(99)
12.	Profit after taxation	(278)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

#### Note

- Names of Subsidiaries which are yet to commence operations. –
- Names of Subsidiaries which have been liquidated or sold during the year –

For and on Behalf of the Board of Directors

(R. P. Soni)  
Chairman  
(DIN 00401439)

(S. N. Modani)  
Managing Director & CEO  
(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

(Anil Jain)  
Chief Financial Officer

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019



## Annexure - II

### FORM NO. AOC-2

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

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

- (a). Name(s) of the related party and nature of relationship : Nil
- (b). Nature of contracts /arrangements/transactions : Nil
- (c). Duration of contracts /arrangements/transactions : Nil
- (d). Salient terms of the contracts or arrangements or transactions including the value, if Any : Nil
- (e). Justification for entering into such contracts or arrangements or transactions : Nil
- (f). Date(s) of approval by the Board : Nil
- (g). Amount paid as advances, if any : Nil
- (h). Date on which the special resolution passed in General Meeting as required under first proviso to section 188 : Nil

#### 2. Details of material contracts or arrangements or transactions at arm's length basis

- (a). Name(s) of the related party and nature of relationship : Nil
- (b). Nature of contracts /arrangements/transactions : Nil
- (c). Duration of contracts /arrangements/transactions : Nil
- (d). Salient terms of the contracts or arrangements or transactions including the value, if Any : Nil
- (e). Date(s) of approval by the Board : Nil
- (f). Amount paid as advances, if any : Nil

For and on Behalf of the Board of Directors  
For Sangam (India) Limited

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019

R.P Soni  
Chairman  
(DIN 00401439)



## Annexure - III

STATEMENT CONTAINING INFORMATION AS PER SECTION 135 READ WITH THE RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY) RULES, 2014 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> March, 2019.

### ANNUAL REPORT ON CSR ACTIVITIES

#### 1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY

Sangam (India) Limited is committed to its stakeholders, government, investors, associates, community, environment, employees and their families to conduct its business in a responsible manner that creates a sustained positive impact. The CSR activities are carried out directly and also through trust/society. The focus areas of the Company under its CSR programme are promoting of education, Eradicating hunger, poverty and malnutrition, rural development, sanitation and environment and any other projects as defined in Schedule VII of the Companies Act, 2013.

The primary focus of the Company's CSR initiatives during the year 2018-19 was on projects and programme for skill development education facility, safe drinking water and ensuring environment sustainability within the vicinity of the Company's units located at Bhilwara District in Rajasthan. The CSR Policy is stated at the Company's at weblink: <http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf>

#### 2. COMPOSITION OF CSR COMMITTEE

The Committee has been constituted by the Board of Directors to recommend CSR Policy, the amount of expenditure to be incurred on the activities and monitor CSR Policy. The committee consists of three Directors :

- Shri R.P. Soni (Chairman)
- Shri S.N. Modani (Member)
- Shri Ramawatar Jaju (Member)

#### 3. AVERAGE NET PROFIT

The Average Net Profit of the Company for last three financial years is ₹ 6,153.18 Lakhs.

#### 4. PRESCRIBED CSR EXPENDITURE

Prescribed CSR Expenditure is ₹ 123.06 Lakhs (Computed as per Section 198 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

#### 5. DETAILS OF CSR SPEND DURING THE FINANCIAL YEAR.

- Total amount to be spent for the financial year: ₹ 123.06 Lakhs
- Total amount spent by the Company during the financial year: ₹ 180.74 Lakhs related to current year / previous year.
- Amount unspent, if any: Nil

S I . No.	CSR Project/ activity identified	Sector in which the project is covered	Projects/ Programmes 1. Local Area/others 2. Specify the state and district area	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programmes Subheads		Cumulative spend up to the reporting period	Amount spent: Direct/ through implementing agency
					Direct	Overhead		
1	Provide Scholarship, Construction of Class Rooms, Varanda etc. in various Govt. Schools	Promoting education	Rajasthan (Dist. Bhilwara)	87.36	87.36	-	87.36	Direct and through M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)



## Annexure - III (Contd.)

(₹ in Lakhs)

S I . No.	CSR Project/ activity identified	Sector in which the project is covered	Projects/ Programmes 1. Local Area/others 2. Specify the state and district area	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programmes Subheads		Cumulative spend up to the reporting period	Amount spent: Direct/ through implementing agency
					Direct	Overhead		
2.	Supply of food to poor and indigent people, children etc. and other deprived sections of the society	Eradicating hunger, poverty and malnutrition	Rajasthan (Dist. Bhilwara)	15.91	15.91	-	15.91	M/s Kesar bai Soni Charitable Trust, Bhilwara (Raj.)
3	Construction of shed in Cremation Ground at Village Swroopganj Distt. Bhilwara	Rural Development	Rajasthan (Dist. Bhilwara)	1.00	1.00	-	1.00	Direct
4	Distribution of Tree guard and plants in Bhilwara City and for other CSR activities	Ensuring Environmental sustainability	Rajasthan (Dist. Bhilwara)	29.25	29.25	-	29.25	Direct and through M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)
5	Provide Blood Donation camps and General Health Camps and to provide hospitalize facility to poor and needy person	Promoting Health Care including preventive health care	Rajasthan (Bhilwara)	45.00	45.00	-	45.00	M/s Kesar bai Soni Charitable Trust, Bhilwara (Raj.)
6	Supply drinking water in Disaster Relief	sanitation and making available safe drinking water	Rajasthan (Bhilwara)	0.63	0.63		0.63	Direct
7	Motivation of Sports/Games in the society	Promote of Sports	Rajasthan (Bhilwara)	1.59	1.59		1.59	Direct
<b>Total</b>				180.74	180.74		180.74	

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

For and on Behalf of the Board of Directors

For Sangam (India) Limited

(R.P. Soni)

(DIN 00401439)

Chairman of CSR Committee

(S.N.Modani)

(DIN : 00401498)

Managing Director &amp; CEO

Place: Bhilwara

Date: 12<sup>th</sup> July, 2019

## Annexure - IV

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2019

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

To,

The Members,

**Sangam (India) Limited**

Atun Chittorgarh Road

Bhilwara – 311 001 (Rajasthan)

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (repealed w.e.f. 9<sup>th</sup> December, 2018); (Not applicable to the Company during the Audit Period)
  - (d) The Securities and Exchange Board of India (Issue Of Capital and Disclosure Requirements) Regulations, 2018 notified on 9<sup>th</sup> December, 2018; (Not applicable to the Company during the Audit Period)
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period)
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period)
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (repealed w.e.f. 11<sup>th</sup> September, 2018); (Not applicable to the Company during the Audit Period)
  - (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified on 11<sup>th</sup> September, 2018; (Not applicable to the Company during the Audit Period) and
  - (k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) As confirmed by the management, there are no sector specific laws that are applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Limited.





## Annexure - IV (Contd.)

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2019

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. Further, independent director(s) were present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company, its Directors and Key Managerial Personnel has faced prosecution proceedings under sections 129, 134, 135 of the Act and section 299 of the Companies Act, 1956 (corresponding to section 184(1) of the Act) and the same have been discharged by the Hon'ble Chief Metropolitan Magistrate (Special Court), Jaipur (Rajasthan) on deposit of requisite amount of fine under the above mentioned sections of the Act.

For V. M. & Associates  
Company Secretaries  
(ICSI Unique Code P1984RJ039200)

CS **Manoj Maheshwari**  
Partner

Place: Jaipur  
Date: 12<sup>th</sup> July, 2019

FCS 3355  
C P No. : 1971

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

# Annexure A

To,

The Members

**Sangam (India) Limited**

Atun Chittorgarh Road

Bhilwara – 311 001 (Rajasthan).

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For V. M. & Associates  
*Company Secretaries*  
(ICSI Unique Code P1984RJ039200)

CS **Manoj Maheshwari**  
*Partner*

Place: Jaipur  
Date: 12<sup>th</sup> July, 2019

FCS 3355  
C P No. : 1971



## Annexure - V

### DISCLOSURE AS PER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2016

1. The percentage increase in remuneration of each Director, Key Managerial Personnel (KMP) during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are given hereunder:

Sl. No.	Name of Director/KMP	Designation	Remuneration of Director/KMP (₹ in Lakhs)	Percentage increase/decrease in remuneration	Ratio of remuneration of Director/KMP to median remuneration of employees
1	Shri R.P. Soni	Chairman	247.04	14.49%	228.19 : 1
2	Shri S.N. Modani	Managing Director & CEO	157.93	17.39%	145.28 : 1
3	Shri V.K. Sodani	Executive Director	79.84	13.17%	73.75 : 1
4	Shri Achintya Karati	Independent Director	4.50	4.65%	4.15 : 1
5	Shri Ramawatar Jaju	Independent Director	0.60	(52%)	0.55 : 1
6	Shri T.K. Mukhopadhyay	Independent Director	3.60	10.77%	3.32 : 1
7	Ms. Seema Srivastava	Independent Director	0.50	37.50%	0.46 : 1
8	Shri Anil Jain	CFO & Company Secretary	35.90	13.79%	33.16 : 1

2. No. of permanent employees who worked for whole year on the rolls of the Company as on 31<sup>st</sup> March, 2019 was 5185 Nos. and as on 31<sup>st</sup> March, 2018 was 4804 Nos.
3. The median remuneration of employees of the Company during the financial year was ₹ 1,08,259/-.
4. Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:
- The average percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 17.48% as against an increase of 17.39% in the salary of the Managing Director & CEO. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies
5. No employee has received remuneration in excess of highest paid Director of the Company during the financial year 2018-19.
6. It is hereby affirmed that the remuneration paid as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



## Annexure - V (Contd.)

DISCLOSURE AS PER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULES 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2016

(1) Top 10 employees in terms of remuneration drawn during the year:

(₹ in Lakhs)

Sl. No.	Employee Name	Designation	Remuneration in FY 2019
1	Shri R.P. Soni	Chairman	247.04
2	Shri S.N. Modani	Managing Director & CEO	157.93
3	Shri V.K. Sodani	Executive Director	79.84
4	Shri Naresh Maheshwari	Business Head (Yarn)	72.20
5	Shri Anurag Soni	Chief Business Strategist	51.86
6	Shri Anil Sharma	President (Works-Processing)	51.43
7	Shri Anil Jain	Chief Financial Officer	35.90
8	Shri Pranal Modani	Chief Business Development	34.59
9	Shri Susheel Kumar Pandey	President (Works-Spinning Unit-II)	34.18
10	Shri Amit Kumar Triveni Singh	Vice President (Export Marketing)	32.78

(2) Employed throughout the financial year and were in receipt of remuneration aggregating not less than 1,02,00,000/- per annum

Sl. No.	Name of Employee	Designation	Remuneration (₹ in Lakhs)	Qualification	Experience (Year)	Commencement of Employment	No. of Shares held	Age (Year)	Particular of Last Employment
1.	Shri R.P. Soni	Chairman	247.04	B.Sc., diploma Civil Engineering	35	01.09.2015	453950	73	Junior Engineer in Irrigation Department in 1964
2	Shri S.N. Modani	Managing Director & CEO	157.93	M. Sc. (Chemistry), M.B.A., Post-Graduate Diploma in Cement Technology from NCBM, Faridabad.	30	20.06.1989	99779	56	Manglam Cement Ltd.

**Note:**

Shri S.N. Modani, Shri V.K. Sodani and Shri R.P. Soni are related to each other. Shri S.N. Modani and Shri V.K. Sodani are the Sons in Law of Shri R.P. Soni. No other Director is related to any other Director on the Board.

# Annexure - VI

## CONSERVATION OF ENERGY

### (i) Energy Conservation measures taken

- 1 Modified the ETP and Installed the MEE also to improve the water quality to reuse the water
- 2 Installation of Inverter on Carding for Doffer to reduce the friction loss.
- 3 Installed the Inverter on Speed Frame to Improve the efficiency and Energy Saving
- 4 Installed the Inverter at WCS for Energy Saving
- 5 Installed the Inverter at Hydro for Energy Saving as well as to reduce the Mechanical damages.
- 6 Installed the new modified PVC line for Air compressor to reduce the friction losses as well as to eliminate the corrosion problem.
- 7 Smaller size and energy efficient rings and spindles have been used in Ring Frames instead of bigger size rings and spindles.
- 8 Provided invertors in the suction fans of Auto Coner Winding Machines.
- 9 Modified the Doffer part in LC1/3 Carding and installed the inverter with new energy efficient type motor to save the energy as well as save from friction losses.
- 10 Changed the Motor and Suction fan, where ever the low suction is required to save the energy.
- 11 Installed the LED tube in All Plant to save the energy from existing Fluorescent lamp and also to improve the illumination level in the plant and also Changed the Existing Metal Halide Street Light with LED Street Light.
- 12 Used High temperature and High Speed Grease (Synthox-HT) with Energy Efficient imported SKF bearing to reduce the losses of Friction and improvement of life of bearing and reduction of maintenance of Motors.
- 13 Modified the NDE cover of Main Motor in Jingwei Ring Frame and changed the bearing from 6210C3 to 6310C3 to reduce the frequent failure of bearing and installed our Grease and imported bearing to save the energy and friction loss also.
- 14 Installation of Servo/Constant Voltage Stabilizer for lighting load after assembling all wiring at Central location.
- 15 Installation of Energy Efficient Motor (IE-3) in TFO & Ring Frames and other useful places like Fans, Humidification etc.

- 16 Installed the new TFO with energy efficient motor to save the energy as well as increase the production also.
- 17 Use of Treated water at following areas for reduction of input water: Humidification Plant Air Washer, cooling Towers, Gardening, Agriculture, Floor Washing, Ash quenching and Coal Spray etc.
- 18 Installed the 8 MVA Transformer to increase the efficiency of 33 KV sub-station by reducing the break down losses by changing the old transformer.
- 19 Installed the Transport Fan in place of condenser in Blow room to save the energy as well as improve the house keeping at false ceiling also.
- 20 Installed the standby meter for proper metering with AVVNL
- 21 Installation of High Efficiency Motors i.e., IE-3 Motor for all useful place to save the energy in bulk
- 22 Installation of Solar System for our all units to recovery the renewal energy and saving of existing fuel.
- 23 Install the Precision Line Conditioner for remaining Area of Electronic items.

### (ii) The steps taken by the Company for utilizing alternate sources of energy

The Company has installed 1 MW solar power plant on roof top of some of its units. We also have co-generation thermal power plant to meet the power and steam requirement.

### (iii) The capital investment on energy conservation equipment;

The Company keeps on replacing old machines with new energy efficient machines. Also, the Company has replaced old motors with new energy efficient motors.

## TECHNOLOGY ABSORPTION

### (i) The efforts made towards technology absorption;

The Company has installed "ZLD" ETP plants. The Company has developed variety of slub, fancy yarns and griddle yarn. Variety of seamless garments have been developed.

### (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Technological upgradation of various machineries has improved the product quality, reduction in customer complaints, cost reduction, manpower engagement and energy savings.

## Annexure - VI (Contd.)

(iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

(a) **the details of technology imported;**

The Company has imported latest seamless garment knitting machines from Italy for producing seamless garments.

(b) **the year of import;**

The Company imported the seamless technology in the year 2015-16.

(c) **whether the technology been fully absorbed;**  
Yes, fully absorbed.

(d) **if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and**  
-N.A.-

(iv) **the expenditure incurred on Research and Development**

The Company has incurred ₹ 1.60 Crore on research and development during the year.

### FOREIGN EXCHANGE EARNING AND OUTGO

Particulars	(₹ in Crores)	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
a) Total Foreign Exchange used	44.70	68.40
b) Earning in Foreign Exchange	489.30	434.26

For and on Behalf of the Board of Directors  
For Sangam (India) Limited

(R.P. Soni)  
(DIN 00401439)  
Chairman

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019



# Annexure - VII

## FORM NO. MGT - 9

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

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2019

### I REGISTRATION & OTHER DETAILS:

i	CIN	L17118RJ1984PLC003173
ii	Registration Date	29.12.1984
iii	Name of the Company	SANGAM (INDIA) LIMITED
iv	Category of the Company	Company having Share Capital
v	<b>Address of the Registered office &amp; contact details</b>	
	Address :	Atun, Chittorgarh Road,
	Town / City :	Bhilwara
	State :	Rajasthan-311001
	Country Name :	India
	Telephone (with STD Code) :	01482-245428
	Fax Number :	01482-245450
	Email Address :	secretarial@sangamgroup.com
	Website, if any:	www.sangamgroup.com
vi	Whether listed Company	Yes
vii	<b>Name, Address and &amp; Contact details of Registrar &amp; Transfer Agents ( RTA ):-</b>	
	Name of RTA:	Bigshare Services Pvt. Ltd.
	Address :	1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East) Mumbai
	Town / City :	Mumbai
	State :	Maharashtra
	Pin Code:	400059
	Telephone :	022-62638200
	Fax Number :	022-62638299
	Email Address :	investor@bigshareonline.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Textiles	131 - Spinning, Weaving and finishing of textiles	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable Section
1	Sangam Lifestyle Ventures Limited	U52609RJ2016PLC055219	Subsidiary Company	100%	2(87)



# Annexure - VII (Contd.)

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i. Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>										
(1) Indian										
a) Individual/ HUF		3169433	-	3169433	8.04%	4234433	-	4234433	10.74%	2.70%
b) Central Govt		-	-	-	-	-	-	-	-	-
c) State Govt(s)		-	-	-	-	-	-	-	-	-
d) Bodies Corp.		15497693	-	15497693	39.31%	15497693	-	15497693	39.31%	0.00%
e) Banks / Financial Institutions		-	-	-	-	-	-	-	-	-
f) Any other		-	-	-	-	-	-	-	-	-
(2) Foreign										
a) NRI - Individual/		-	-	-	-	-	-	-	-	-
b) Other - Individual/		-	-	-	-	-	-	-	-	-
c) Bodies Corp.		-	-	-	-	-	-	-	-	-
d) Banks / Financial Institutions		-	-	-	-	-	-	-	-	-
e) Any Others		-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)(1)+(2)</b>		<b>18667126</b>	<b>-</b>	<b>18667126</b>	<b>47.35%</b>	<b>19732126</b>	<b>-</b>	<b>19732126</b>	<b>50.05%</b>	<b>2.70%</b>
<b>B. Public Shareholding</b>										
1. Institutions										
a) Mutual Funds		-	-	-	-	-	-	-	-	-
b) Banks / Financial Institutions		48775	-	48775	0.12%	10	-	10	0.00%	-0.12%
c) Central Govt		-	-	-	-	-	-	-	-	-
d) State Govt(s)		-	-	-	-	-	-	-	-	-
e) Venture Capital Funds		-	-	-	-	-	-	-	-	-
f) Insurance Companies		1078838	-	1078838	2.74%	1058461	-	1058461	2.68%	-0.05%
g) FIs		7507	-	7507	0.02%	3000	-	3000	0.01%	-0.01%
h) Foreign Venture Capital Funds		-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investors		2933781	-	2933781	7.44%	2117005	-	2117005	5.37%	-2.07%
j) Others (specify)		-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>		<b>4068901</b>	<b>-</b>	<b>4068901</b>	<b>10.32%</b>	<b>3178476</b>	<b>-</b>	<b>3178476</b>	<b>8.06%</b>	<b>-2.26%</b>
2. Non-Institutions										
a) Bodies Corp.										
i) Indian		12521497	1500	12522997	31.77%	11963217	700	11963917	30.35%	-1.42%
ii) Overseas		-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		1970792	177688	2148480	5.45%	2355530	118781	2474311	6.28%	0.83%
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh		513549	-	513549	1.30%	454550	-	454550	1.15%	-0.15%
c) Any Others		-	-	-	-	-	-	-	-	-
(i) Investor Education and Protection Fund		-	-	-	-	66367	-	66367	0.17%	-0.17%
(ii) Clearing Member		137232	-	137232	0.35%	65110	-	65110	0.17%	-0.18%
(iii) NRI		1336268	27006	1363274	3.46%	1469769	16933	1486702	3.77%	0.31%
<b>Sub-total (B)(2):-</b>		<b>16479338</b>	<b>206194</b>	<b>16685532</b>	<b>42.33%</b>	<b>16374543</b>	<b>136414</b>	<b>16510957</b>	<b>41.88%</b>	<b>-0.44%</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>		<b>20548239</b>	<b>206194</b>	<b>20754433</b>	<b>52.65%</b>	<b>19553019</b>	<b>136414</b>	<b>19689433</b>	<b>49.95%</b>	<b>-2.87%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>		<b>39215365</b>	<b>206194</b>	<b>39421559</b>	<b>100.00%</b>	<b>39285145</b>	<b>136414</b>	<b>39421559</b>	<b>100.00%</b>	<b>-0.00%</b>



# Annexure - VII (Contd.)

## (ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares"	
1	ANJANA SONI	3750	0.01%	-	3750	0.01%	-	-
2	ANTIMA SONI	46050	0.12%	-	46050	0.12%	-	-
3	ANURAG SONI	1645397	4.17%	-	2710397	6.88%	-	2.70%
4	ARCHANA SODANI	60774	0.15%	-	60774	0.15%	-	-
5	BADRILAL RAMPAL SONI HUF	128268	0.33%	-	128268	0.33%	-	-
6	MAMTA MODANI	105404	0.27%	-	105404	0.27%	-	-
7	RADHA DEVI SONI	377761	0.96%	-	377761	0.96%	-	-
8	RAMPAL SONI	453950	1.15%	-	453950	1.15%	-	-
9	RAMPAL SONI HUF	248300	0.63%	-	248300	0.63%	-	-
10	S.N. MODANI	99779	0.25%	-	99779	0.25%	-	-
11	FINWORTH INVESTMENT PVT LTD	475260	1.21%	-	475260	1.21%	-	-
12	HAWAMAHAL FINANCE PVT LTD	2335500	5.92%	-	2335500	5.92%	-	-
13	NECCO SHIPPING COMPANY PVT LTD	282450	0.72%	-	282450	0.72%	-	-
14	NEELGAGAN COMMERCIAL CO LTD.	1400000	3.55%	-	1400000	3.55%	-	-
15	NIKITA CREDITS PVT LTD	358200	0.91%	-	358200	0.91%	-	-
16	PARK VIEW INVESTMENT PVT LTD	226065	0.57%	-	226065	0.57%	-	-
17	SAHYOG FINANCE LTD	172750	0.44%	-	172750	0.44%	-	-
18	SANGAM BUSINESS CREDIT LTD	5982812	15.18%	-	5982812	15.18%	-	-
19	SANGAM FINCAP LTD	2216145	5.62%	-	2216145	5.62%	-	-
20	SANGAM GRANITES PVT LTD	120815	0.31%	-	120815	0.31%	-	-
21	SANGAM SUITING PVT LTD	263670	0.67%	-	263670	0.67%	-	-
22	SARVODAYA HOLDING PVT LTD	1127771	2.86%	-	1127771	2.86%	-	-
23	SCORPIO CREDITS PVT LTD	536255	1.36%	-	536255	1.36%	-	-
<b>TOTAL</b>		18667126	47.35%	-	19732126	50.05%	-	2.70%

## iii Change in Promoters' Shareholding ( please specify, if there is no change)

Sl No.	Name of Promoter	Shareholding at the beginning of the year 01.04.2018		Transaction Detail			Shareholding at the end of the year 31.03.2019	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
1	Anurag Soni	1645397	4.17%	15.03.2019	1065000	Acquisition	2710397	6.88%

## Annexure - VII (Contd.)

### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Name of Shareholder	Shareholding at the beginning of the year 01.04.2018		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31.03.2019	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	NIDHI MERCANTILES LIMITED	4898833	12.43%	-	-	4898833	12.43
2	ALTURA CAPITAL ADVISORS LLP	-	-	4721092	11.98	4721092	11.98
3	GMO EMERGING DOMESTIC OPPORTUNITIES FUND, A SERIES OF GMO TRUST	1508942	3.83%	5252	0.01	1503690	3.81
4	ANAND RATHI GLOBAL FINANCE LIMITED	1147681	2.91%	88012	0.22	1235693	3.13
5	GMO EMERGING DOMESTIC OPPORTUNITIES FUND, A SERIES OF GMO TRUST	1508942	3.83%	5252	0.01	1503690	3.81
6	SATPAL KHATTAR	1140000	2.89%	-	-	1140000	2.89
7	GENERAL INSURANCE CORPORATION OF INDIA	647649	1.64%	-20377	-0.05	627272	1.59
8	"GMO EMERGING MARKETS FUND, A SERIES OF GMO TRUST"	528333	1.34%	-	-	528333	1.34
9	LIFE INSURANCE CORPORATION OF INDIA	431189	1.09%	-	-	431189	1.09
10	MENTOR CAPITAL LIMITED	4234835	10.74%	-4043516	-10.26	191319	0.49

### v Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of Director and KMP	Shareholding at the beginning of the year 01.04.2018		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31.03.2019	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>a.</b>	<b>Directors</b>						
1	Shri Rampal Soni	453950	1.15%	-	-	453950	1.15%
2	Shri S.N. Modani	99779	0.25%	-	-	99779	0.25%
3	Shri Vinod Kumar Sodani	-	-	-	-	-	-
4	Shri Achintya Karati	-	-	-	-	-	-
5	Shri Tapan Kumar Mukhopadhyay	-	-	-	-	-	-
6	Shri Ramawatar Jaju	-	-	-	-	-	-
7	Ms. Seema Srivastava	-	-	-	-	-	-
<b>b.</b>	<b>Key Managerial Personnel (KMP)</b>						
1	Shri Anil Jain	-	-	-	-	-	-



## Annexure - VII (Contd.)

### V INDEBTEDNESS

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

(₹ in Lakhs)

Indebtedness at the beginning of the financial year		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i)	Principal Amount	78739	-	-	78739
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	81	-	-	81
<b>Total (i+ii+iii)</b>		78820	-	-	78820
Change in Indebtedness during the financial year		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
* Addition		77	61	-	138
* Reduction		8132	-	-	8132
<b>Net Change</b>		-8055	61	-	-7994
Indebtedness at the end of the financial year		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i)	Principal Amount	70669	61.00	-	70730
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	96	-	-	96
<b>Total (i+ii+iii)</b>		70765	61.00	-	70826

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WT/ Manager			Total Amount
		Shri S.N. Modani (Managing Director & CEO)	Shri Vinod Kumar Sodani (Executive Director)	Shri Ram Pal Soni (Whole Time Director)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	109.94	50.62	196.69	357.25
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	11.04	17.03	5.34	33.41
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	26.89	6.72	26.89	60.50
	- as % of profit	1%	0.25%	1%	
	- others, specify	-	-	-	-
5	Others, please specify Provident Fund (Co's Contribution), Medical Reimbursement (Exempted), HRA (Exempted)	10.06	5.47	18.12	33.65
<b>Total (A)</b>		157.93	79.84	247.04	484.81
Ceiling as per the Act		The Remuneration of Directors and KMP was within the limit as per schedule V read with Section 198 of the Companies Act, 2013			



## Annexure - VII (Contd.)

### B. Remuneration to other directors:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Achintya Karati	Shri T.K. Mukhopadhyay	Shri Ramawatar Jaju	Ms. Seema Srivastava	
1	<b>Independent Directors</b>					
	Fee for attending board committee meetings	4.50	3.60	0.60	0.50	9.20
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>4.50</b>	<b>3.60</b>	<b>0.60</b>	<b>0.50</b>	<b>9.20</b>
2	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>4.50</b>	<b>3.60</b>	<b>0.60</b>	<b>0.50</b>	<b>9.20</b>
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	The Remuneration of Independent Directors was within the limit prescribed under section 198 of the Companies Act, 2013				

### C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel
		Shri Anil Jain, CFO & Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	Others, please specify	
5	Others, please specify Provident Fund (Co's Contribution), Medical Reimbursement (Exempted), HRA (Exempted)	2.95
	<b>Total</b>	<b>35.90</b>



## Annexure - VII (Contd.)

### VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty / Punishment/ Compounding	Section 134(3)(p) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed a statement indicating the manner in which formal evaluation has been made by the board of its performance and that of its committees and individual Directors	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(q) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed the details in respect of adequacy of internal financial controls with reference to the financial statements.	₹. 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(h) of the Companies Act 2013	The Board Report for the FY 2014-15 was not disclosed the particular of contracts or arrangement with related party referred to in sub section (1) of section 188 in form AOC-2.	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 135 read with 134(3)(o) of the Companies Act 2013	No disclosure the details about the policy developed and implemented by the Company on corporate social responsibility initiatives taken during the year and/or not specifying any reasons for not/ under spending the corporate social responsibility amount in its Board Report for the financial year 2014-15	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
<b>B. DIRECTOR</b>					

## Annexure - VII (Contd.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty / Punishment/ Compounding	Section 134(3)(p) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed a statement indicating the manner in which formal evaluation has been made by the board of its performance and that of its committees and individual Directors	₹ 1,50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(q) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed the details in respect of adequacy of internal financial controls with reference to the financial statements.	₹ 1,50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(h) of the Companies Act 2013	The Board Report for the FY 2014-15 was not disclosed the particular of contracts or arrangement with related party referred to in sub section (1) of section 188 in form AOC-2.	₹ 1,50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 129 of the Companies Act 2013	Note No. 11, 15 and 16 of notes on financial statements for the year ended 31.03.2015 the word others is mentioned but not specify the nature as required by schedule III of the Companies Act, 2013	₹ 1,50,000/-	Chief Metropolitan Magistrate (Economic Court), Jaipur, Rajasthan	N.A
	Section 129 of the Companies Act 2013	No complete disclosure as required by schedule III of the Companies Act, 2013 is made in the note no. 27 of other expenses of notes on financial statements for the year ended 31.03.2015	₹ 1,50,000/-	Chief Metropolitan Magistrate (Economic Court), Jaipur, Rajasthan	N.A
	Section 135 read with 134(3)(o) of the Companies Act 2013	No disclosure the details about the policy developed and implemented by the Company on corporate social responsibility initiatives taken during the year and/or not specifying any reasons for not/ under spending the corporate social responsibility amount in its Board Report for the financial year 2014-15	₹ 1,50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 299 of the Companies Act, 1956 (corresponding section 184(1) of the Companies Act, 2013	No complete disclosure as required by Section 184(1) of the Companies Act, 2013 in Form MBP-1	₹ 20,000/-	Chief Metropolitan Magistrate (Economic Court), Jaipur, Rajasthan	N.A

### C. OTHER OFFICERS IN DEFAULT

## Annexure - VII (Contd.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty / Punishment/ Compounding	Section 134(3)(p) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed a statement indicating the manner in which formal evaluation has been made by the board of its performance and that of its committees and individual Directors	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(q) of the Companies Act 2013	The Board Report for the FY 2013-14 and 2014-15 were not disclosed the details in respect of adequacy of internal financial controls with reference to the financial statements.	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 134(3)(h) of the Companies Act 2013	The Board Report for the FY 2014-15 was not disclosed the particular of contracts or arrangement with related party referred to in sub section (1) of section 188 in form AOC-2.	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A
	Section 129 of the Companies Act 2013	Note No. 11, 15 and 16 of notes on financial statements for the year ended 31.03.2015 the word others is mentioned but not specify the nature as required by schedule III of the Companies Act, 2013	₹ 50,000/-	Chief Metropolitan Magistrate (Economic Court), Jaipur, Rajasthan	N.A
	Section 129 of the Companies Act 2013	No complete disclosure as required by schedule III of the Companies Act, 2013 is made in the note no. 27 of other expenses of notes on financial statements for the year ended 31.03.2015	₹ 50,000/-	Chief Metropolitan Magistrate (Economic Court), Jaipur, Rajasthan	N.A
	Section 135 read with 134(3)(o) of the Companies Act 2013	No disclosure the details about the policy developed and implemented by the Company on corporate social responsibility initiatives taken during the year and/or not specifying any reasons for not/ under spending the corporate social responsibility amount in its Board Report for the financial year 2014-15	₹ 50,000/-	Chief Metropolitan Magistrate (Special Court), Jaipur, Rajasthan	N.A



# CORPORATE GOVERNANCE REPORT

Your Directors present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2019 in terms of Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Listing Regulations") as amended from time to time.

## COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The fundamental principle of Corporate Governance is achieving sustained growth legally and ethically and in the best interest of all stakeholders. It is not mere compliance of laws, rules and regulations, but a commitment to values, best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility.

Your Company's philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Good Corporate Governance is indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. As a good corporate citizen, your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

## BOARD OF DIRECTORS

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well informed Board with qualifications and experience in diverse areas.

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 (hereinafter referred to as "Act"). The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2019, the Company has seven Directors. Out of the seven Directors, three are Promoters and Executive Directors and four Independent and Non-Executive Directors. All Directors possess relevant qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

## COMPOSITION

Composition of the Board of Directors of the Company as on 31<sup>st</sup> March, 2019 was as under with details of other directorships and committee chairmanship and memberships:-

Name	Category of Director	No. of other Directorship and Committee Chairmanship and Memberships in other Public Company			List of Directorship held in Other Listed Companies and Category of Directorship
		Other Directorships	Chairman of the Committee	Member of the Committee	
Shri R.P. Soni (DIN: 00401439)	Promoter/ Chairman/ Executive	5	Nil	Nil	Nil
Shri S.N. Modani (DIN: 00401498)	Promoter/ Executive	Nil	Nil	Nil	Nil
Shri V.K. Sodani (DIN: 00403740)	Promoter/ Executive	3	Nil	2	Suchitra Finance & Trading Co Ltd
Shri Ramawatar Jaju (DIN: 00083218)	Independent	1	Nil	Nil	Nil



# CORPORATE GOVERNANCE REPORT (Contd.)

Name	Category of Director	No. of other Directorship and Committee Chairmanship and Memberships in other Public Company			List of Directorship held in Other Listed Companies and Category of Directorship
		Other Directorships	Chairman of the Committee	Member of the Committee	
Shri Achintya Karati (DIN: 00024412)	Independent	7	2	4	1. J.K. Cement Limited (Independent Director) 2. Jay Bharat Maruti Ltd. (Independent Director) 3. Delton Cables Ltd. (Independent Director) 4. Shyam Telecom Ltd. (Independent Director) 5. Uflex Ltd (Independent Director)
Shri T.K. Mukhopadhyay (DIN: 00239251)	Independent	1	Nil	Nil	Nil
Ms. Seema Srivastava (DIN: 07142986)	Independent	Nil	Nil	Nil	Nil

## Notes:

- Other Company directorship excluding, foreign companies and companies under Section 8 of the Act, alternate directorship and trust.
- Only Audit Committee and Stakeholders Relationship Committee have been considered as per Regulation 26 of the Listing Regulations.
- Shri S.N. Modani, Shri V.K. Sodani and Shri R.P. Soni are related to each other. Shri S.N. Modani and Shri V.K. Sodani are the Sons in Law of Shri R.P. Soni. No other Director is related to any other Director on the

## Board.

- In terms of Regulation 25(1) of the Listing Regulations, out of the reported 7 public companies, Shri Achintya Karati holds the position of Independent Director in 6 listed companies (including Sangam (India) Limited).
- None of the Directors hold the office of director in more than the permissible number of companies under the Act, or Regulation 25 and 26 of the Listing Regulations.
- None of the Non-Executive Directors hold Shares and Convertible Instruments as on 31<sup>st</sup> March, 2019.

# CORPORATE GOVERNANCE REPORT (Contd.)

## BOARD MEETING

The Board meets at regular intervals to discuss and decide on various business decisions, strategies, policies and review the performance of the Company and its subsidiary. The Board has also constituted committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the directors well in advance to facilitate the directors to plan their schedules. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting. The Company also provides Video Conference facility, if required, for participation of the Directors at the Board/Committee.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

Four meetings of the Board were held during the Financial year 2018-19 on 30<sup>th</sup> May, 2018, 9<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and on 13<sup>th</sup> February, 2019. The last Annual General Meeting was held on 29<sup>th</sup> September, 2018.

Attendance at Board meetings during the year and last Annual General Meeting:-

S.No.	Name of Director	No. of Board Meetings attended	Whether attended Last AGM
1	Shri R.P. Soni	Four	Yes
2	Shri S.N. Modani	Four	Yes
3	Shri V.K. Sodani	Four	Yes
4	Shri Ramawatar Jaju	One	No
5	Shri Achintya Karati	Four	Yes
6	Shri T.K. Mukhopadhyay	Four	No
7	Ms. Seema Srivastava	One	No

## APPOINTMENT AND MEETING OF INDEPENDENT DIRECTORS

Terms and Conditions of Independent Director's appointment are available on the website of the Company's at the weblink: <http://www.sangamgroup.com/financials/Policies/Conditions.pdf>

During the financial year 2018-19, the Independent Directors met on 30<sup>th</sup> May, 2018. The meeting was held without the presence of Executive Directors or management personnel of the Company. Such meetings were conducted to enable Independent Directors to

discuss matters pertaining to the Company's affairs and matters mentioned in Schedule IV to the Act. The Independent Directors take appropriate steps to present their views to the Chairman.

## INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations and are independent of the management.

## THE LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF ITS BUSINESS AND SECTOR(S) FOR IT TO FUNCTION EFFECTIVELY AND THOSE ACTUALLY AVAILABLE WITH THE BOARD

- Knowledge - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates,
- Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders,
- Strategic thinking and decision making,
- Financial Skills,
- Technical/Professional skills and specialized knowledge to assist the ongoing aspects of the business.

## FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTOR

At the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. Further, in accordance with the requirements of Listing Regulations, the Company also organizes Familiarization programme for the Independent Directors to enlighten them about the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

During the year, the Independent Directors visited the Spinning plant at Village Soniyana, Tehsil Gangrar, Dist. Chittorgarh. The Independent Directors were taken through various aspects of the Company's business and



# CORPORATE GOVERNANCE REPORT (Contd.)

operations. The details of familiarization programmes imparted to Independent Directors are available on the Company's website, viz <http://www.sangamgroup.com/financials/Policies/FP%20Policy.pdf>

## CEO/CFO CERTIFICATION

The Managing Director & CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report

## CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company has in place a comprehensive Code of Conduct applicable to the Directors and Senior Management. The Code is also applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The duties of Independent Directors as laid down in the Act, is incorporated in the Code. The Code gives guidance needed for ethical conduct of business and compliance of law. All Board Members and designated senior management personnel have affirmed compliance with this code of conduct. The code of conduct is available on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/Code%20Conduct%20for%20Directors.pdf>

A declaration in this regard, signed by the Managing Director of the Company is published in this report.

## INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code"). All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. This Code is available on the website of the Company's at the weblink: <http://www.sangamgroup.com/financials/Policies/Code%20of%20Conduct%20for%20Insider%20Trading.pdf> The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations.

## COMMITTEES OF THE BOARD

The Board of Director has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board. The

terms of reference of the Board Committee are governed by the Board from time to time. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee meetings are placed before the Board for noting. The Board currently has the following Committees:

### (A) AUDIT COMMITTEE

#### Constitution

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

The Chairman of the Committee is Shri Achintya Karati, an Independent & Non-Executive Director. Invitees to the Audit Committee include Managing Director & CEO, Chief Financial Officer, Statutory Auditors and Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

#### Meeting

The details of meetings held during the year, and the attendance thereat, are as follows:

Date of meetings - four meetings of the Audit Committee were held during the financial year 2018-19 on 30.05.2018, 09.08.2018, 14.11.2018 and on 13.02.2019.

#### Composition and Attendance

The Composition and Attendance of the Audit Committee as on 31<sup>st</sup> March, 2019 was as follows:

Name of Director	Position	Category	No. of Meeting Attended
Shri Achintya Karati	Chairman	Independent Director	Four
Shri T.K. Mukhopadhyay	Member	Independent Director	Four
Shri R.P. Soni	Member	Executive Director	Four



# CORPORATE GOVERNANCE REPORT (Contd.)

## Role of Audit Committee:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Re-commendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Modified opinion(s) in the draft audit report;
- (5) Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the Company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, 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;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing 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;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

## Review of information by Audit Committee

The Audit Committee reviews the following information:

# CORPORATE GOVERNANCE REPORT (Contd.)

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee
6. Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

## (B) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been constituted as per provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.

### Meeting

Two meeting of Nomination and Remuneration Committee was held during the year on 09.08.2018 and 14.11.2018.

### Composition and Attendance

The Composition and Attendance of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2019 was as follows:

Name of Director	Position	Category	No. of Meeting Attended
Shri Achintya Karati	Chairman	Independent Director	Two
Shri T.K. Mukhopadhyay	Member	Independent Director	Two
Shri Ramawatar Jaju	Member	Independent Director	Nil
Shri R.P. Soni	Member	Executive Director	Two

The Nomination and Remuneration Committee is responsible for:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (ii) Formulation of criteria for evaluation of performance of independent directors and the Board;
- (iii) Devising a policy on Board diversity;
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation of Director's performance;
- (v) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- (vi) Recommend to the board all remuneration, in whatever form, payable to senior management

## REMUNERATION OF MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND KMP

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and KMP, may take into consideration the performance of the Company, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

## REMUNERATION OF NON-EXECUTIVE DIRECTOR

The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of the Directors and meeting of the Audit Committees, stake holders relationship committees, nomination and remuneration committees provided that any sitting fees paid to the Independent Director shall not be less the sitting fees paid to nonexecutive directors. Any incidental expense incurred by the directors with relation to the participation in the meetings of the Board and the Audit Committee shall be reimbursed.

# CORPORATE GOVERNANCE REPORT (Contd.)

Details of Remuneration Paid or Payable to Directors for 2018-19

(₹ in Lakhs)

Name of Director	Sitting fees	Salary	Perquisites and allowances	Commission	Others
Shri Ram Pal Soni	-	196.69	5.34	26.89	18.12
Shri S.N. Modani	-	109.94	11.04	26.89	10.06
Shri V.K. Sodani	-	50.62	17.03	6.72	5.47
Shri Achintya Karati	4.50	-	-	-	-
Shri T.K. Mukhopadhyay	3.60	-	-	-	-
Shri Ramawatar Jaju	0.60	-	-	-	-
Ms. Seema Srivastava	0.50	-	-	-	-

## Notes:

- The Company has not introduced any stock options for its directors/employees.
- Notice period for termination of appointment of Managing Director and other Whole-time Directors is three month on either side.
- No severance fees is payable on termination of appointment.

## PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. The performance evaluation of the Chairman, Managing Director and Executive Director and the Non Independent Directors was carried out by the Independent Directors. The evaluation of performance of Independent Director is based on the criteria laid down in the Remuneration policy. Your Directors feel pleasure in informing the members that the performance of the Board as a whole and its members individually was adjudged satisfactory.

## (C) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee have been constituted as per provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

### Meeting

The details of meetings held during the year, and the attendance thereat, are as follows:

Date of meetings - four meetings of the Stakeholders' Relationship Committee of Board of the Company were held during the financial year 2018-19 on 30.05.2018, 09.08.2018, 14.11.2018 and 13.02.2019.

### Composition and Attendance

The Composition of Stakeholders' Relationship Committee as on 31st March 2019 was as follows:

Name of Director	Position	Category	No. of Meeting Attended
Shri Achintya Karati	Chairman	Independent Director	Four
Shri Ramawatar Jaju	Member	Independent Director	One
Shri R.P. Soni	Member	Executive Director	Four

Shri A.K. Jain Company Secretary is the Compliance Officer of the Company.

The main function of the Stakeholders' Relationship Committee is to strengthen the investor relations. The Committee looks into redressal of shareholders' complaints and proper and timely attendance on the investors' grievances. The terms of reference of the Stakeholders' Relationship Committee of the Company include the following:

- Consider and resolve grievances of the security holders of the Company, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends; and
- Carrying out any other function as prescribed under the SEBI (LODR) Regulations, 2015.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Bigshare Services Pvt. Ltd. attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

During the year, 6 complaint letters were received from investors directly/RTA or through SEBI or Stock Exchange(s) and were dealt with satisfactorily. All complaints received from the investors were general in nature, which were resolved to the satisfaction of the shareholders within the stipulated time



# CORPORATE GOVERNANCE REPORT (Contd.)

## (D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors has constituted Corporate Social Responsibility Committee as required under Section 135 of the Act. The role of the Committee is to formulate and recommend to the Board, a corporate social responsibility policy, recommend the amount of expenditure to be incurred on activities and monitor CSR Policy.

### Meeting

The details of meetings held during the year, and the attendance thereat, are as follows:

Date of meetings – Four meetings of the CSR Committee of Board of the Company were held during the financial year 2018-19 on 30.05.2018, 09.08.2018, 14.11.2018 and on 13.02.2019.

### Composition and Attendance

The composition and Attendance of Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2019 was as follows:

Name of Director	Position	Category	No. of Meeting Attended
Shri R.P. Soni	Chairman	Executive Director	Four
Shri S.N. Modani	Member	Managing Director & CEO	Four
Shri Ramawatar Jaju	Member	Independent Director	One

The Company formulated CSR Policy, which is uploaded on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf>

## GENERAL BODY MEETINGS

### General Meeting

(a) Details of location and time of holding the last three Annual General Meeting:

General Body Meeting	Day, Date	Time	Venue	Detail of Special Resolution passed
30 <sup>th</sup> AGM-2016	Friday, 30 <sup>th</sup> September, 2016	4.00 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)	- Ratification of continuation of Shri R.P. Soni as Whole time Director designated as Chairman after attaining age of 70 years
31 <sup>st</sup> AGM-2017	Friday, 29 <sup>th</sup> September, 2017	4.00 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)	- Re-appointment of Shri V.K. Sodani as Whole time Director, designated as Executive Director of the Company for a period of 5 years effective from 1 <sup>st</sup> October, 2017.  - Revision in terms of remuneration of Shri Anurag Soni, to hold an office or place of profit of the Company.  - Appointment of Shri Pranal Modani, to hold an office or place of profit in the Company.
32 <sup>nd</sup> AGM-2018	Saturday, 29 <sup>th</sup> September, 2018	3.30 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)	- Re-appointment of Shri R.P. Soni as Whole time Director, designated as Chairman of the Company for a period of 3 years effective from 1 <sup>st</sup> September, 2018.

(b) Whether any special resolution passed last year through postal ballot – details of voting pattern - No special resolutions were passed through postal ballot last year.

(c) Person who conducted the postal ballot exercise: NA

(d) Whether any special resolution is proposed to be conducted through postal ballot- At present there is no proposal to pass any special resolution through postal ballot.

(e) Procedure for postal ballot - Does not arise



# CORPORATE GOVERNANCE REPORT (Contd.)

## MEANS OF COMMUNICATION

- (I) The Unaudited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited financial results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.
- (II) The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper. In addition, the same are published in local newspaper, within forty-eight hours of approval thereof.
- (III) The Company's financial result is displayed on the Company's Website- [www.sangamgroup.com](http://www.sangamgroup.com)
- (IV) Management Discussion and Analysis forms part of the Annual Report, which is sent to the shareholders of the Company.
- (V) A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors / public.

### BSE Listing Centre

BSE Limited has launched an Online Portal - BSE Corporate Compliance & Listing Centre (the "Listing Centre") for submission of various filings by listed companies. All disclosures and periodic filings submitted to the BSE are also uploaded on the Listing Centre.

### NSE Electronic Application Processing System (NEAPS)

The Company also files information through NEAPS – a web based application provided by NSE which facilitates online filing of Corporate Governance Report, the Shareholding Pattern by companies, Results and other disclosures.

### Extensive Business Reporting Language (XBRL)

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular No. 37/2011 dated 7<sup>th</sup> June,

2011, had mandated certain companies to file their Annual Accounts vide this mode. The Company has filed its Annual Accounts on MCA through XBRL.

### Ministry of Corporate Affairs (MCA)

The Company has periodically filed all the necessary documents with the MCA.

### SEBI Complaints Redress System (SCORES)

A centralized web-based complaints redress system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

### Annual Report

The Annual Report containing inter alia the Audited Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the investors. Management Discussion and Analysis is forms part of the Annual Report. Pursuant to the Green Initiative launched by the MCA, the Company also sends e-copies of the Annual Report to Members who have registered for the same.

The Annual Reports is also available in the Investor Relations section on the Company's website [www.sangamgroup.com](http://www.sangamgroup.com)

### Green Initiative

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company had during the financial year 2018-19 sent various communications by email to those members, whose email addresses were registered with the Depositories or the Registrar and Transfer Agents. Physical copies sent to only those members whose email addresses were not available.

In view of the Listing Regulations with the Stock Exchanges, the Company has emailed soft copies of its Annual Report to all those shareholders who have registered their email address for the said purpose. We would greatly appreciate and encourage more members to register their email address with their Depository Participant or the Registrar and Transfer Agent of the Company to receive soft copies of the Annual Report, Notices and other information disseminated by the Company on a real-time basis without any delay.



# CORPORATE GOVERNANCE REPORT (Contd.)

## GENERAL SHAREHOLDER INFORMATION

<b>A.</b>	<b>33<sup>rd</sup> Annual General Meeting</b>	
	- Date and Time	Monday, 30 <sup>th</sup> September, 2019 at 04.00 p.m.
	- Venue	Atun, Chittorgarh Road, Bhilwara-311001 (Raj.)
<b>B</b>	<b>Tentative Financial Calendar</b>	
	- Unaudited results for the quarter ending June 2019	14 <sup>th</sup> August, 2019
	- Un-audited results for the quarter/half year ending September 2019	14 <sup>th</sup> November, 2019
	- Un-audited results for the quarter ending December 2019	14 <sup>th</sup> February, 2020
	- Audited results for the year ending March, 2020	30 <sup>th</sup> May, 2020
<b>C</b>	<b>Book closure date</b>	23.09.2019 to 30.09.2019 (both days inclusive)
<b>D</b>	<b>Dividend payment dates</b>	Within 30 days from date of AGM
<b>E</b>	<b>The listing fee has been paid up to date, to the Stock Exchanges.</b>	Yes
	<b>Bombay Stock Exchange Ltd. (BSE)</b>	P. J. Towers, Dalal Street, Mumbai-400 001
	i. Scrip code	514234
	ii. Trading symbol	SANGAMIND
	<b>National Stock Exchange of India Ltd. (NSE)</b>	Exchange Plaza, Block G, C1, Bandra Kurla Complex, Bandra East, Mumbai-400 051
	Trading symbol	SANGAMIND
<b>F</b>	<b>Demat ISIN Numbers in NSDL &amp; CDSL</b>	INE495C01010

## Credit Rating

The following is the credit rating obtained by the Company during the financial year 2018-19

Instruments Details	Rating
Long-Term Issuer Rating	IND A
Long-Term Bank Facilities	IND A
Short-Term Bank Facilities	IND A1

## Dividend

The Board of Directors at their meeting held on 28<sup>th</sup> May, 2019, have recommended a Dividend of ₹ 1/- per share for the year ended 31<sup>st</sup> March, 2019, subject to shareholders' approval at the forthcoming 33<sup>rd</sup> Annual General Meeting. If approved, the dividend will be paid to the shareholders within 30 days from the date of Annual General Meeting. The Company will continue to use NECS/ECS or any other electronic mode for payment of dividend to the shareholders located in places where in such facilities/system is in existence.

## Unclaimed/Unpaid Dividend

The unclaimed dividend for a period of seven years is compulsorily deposited in Investor Education and Protection Fund (IEPF) Account in accordance with Section 125 of the Act administered by the Central Government which can be claimed by the Shareholders/Investors. The details of unclaimed dividend are posted on the website of the Company.

## Stock Market Data

The reported high and low prices of equity shares of Sangam (India) Limited traded during Financial Year 2018-19 on BSE and NSE are set out in the following table:

Month	Bombay Stock Exchange Ltd. (BSE)				National Stock Exchange of India Ltd. (NSE)			
	Share Price		Sensex		Share Price		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
April, 2018	141.85	120.05	35213.30	32972.56	142.00	121.30	10759.00	10111.30
May, 2018	141.40	102.00	35993.53	34302.89	141.75	102.00	10929.20	10417.80
June, 2018	114.20	77.80	35877.41	34784.68	115.00	76.95	10893.25	10550.90
July, 2018	99.80	67.00	37644.59	35106.57	100.00	67.00	11366.00	10604.65
August, 2018	96.00	79.25	38989.65	37128.99	96.45	79.25	11760.20	11234.95
September, 2018	85.95	60.20	38934.35	35985.63	85.50	59.15	11751.80	10850.30
October, 2018	70.95	54.00	36616.64	33291.58	72.00	53.40	11035.65	10004.55

# CORPORATE GOVERNANCE REPORT (Contd.)

Month	Bombay Stock Exchange Ltd. (BSE)				National Stock Exchange of India Ltd. (NSE)			
	Share Price		Sensex		Share Price		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
November, 2018	87.50	67.00	36389.22	34303.38	88.25	66.20	10922.45	10341.90
December, 2018	78.00	66.10	36554.99	34426.29	79.95	64.10	10985.15	10333.85
January, 2019	82.90	58.35	36701.03	35375.51	84.60	58.35	10987.45	10583.65
February, 2019	65.05	53.70	37172.18	35287.16	66.00	53.40	11118.10	10585.65
March, 2019	72.65	56.50	38748.54	35926.94	72.85	56.45	11630.35	10817.00

## Share Transfer System

The Company's shares are traded in the Stock Exchanges compulsorily in Demat mode. Share in physical mode, which are lodged for transfer are processed and returned to the shareholders within the stipulated time. In compliance with the listing guidelines, every six months the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him.

### (i) Distribution of Shareholding as on 31<sup>st</sup> March, 2019

Category Range – Shares	Shareholders		Shareholding	
	Number	Percentage	Number of Shares	Percentage
Up to 500	7129	87.22	947521	2.40
501-1000	508	6.21	418141	1.07
1001-2000	224	2.74	347861	0.88
2001-3000	98	1.20	252360	0.64
3001-4000	54	0.67	197912	0.50
4001-5000	38	0.46	176809	0.45
5001-10,000	45	0.55	335158	0.85
10,001 and above	78	0.95	36745797	93.21
<b>TOTAL</b>	<b>8174</b>	<b>100.00</b>	<b>39421559</b>	<b>100.00</b>

### (ii) Shareholding Pattern as on 31<sup>st</sup> March, 2019

Category	No. of Shares held	% of Shareholding
<b>Promoters holding</b>		
(a) Individual Promoters	4234433	10.74
(b) Persons acting in Concerts	15497693	39.31
Others		
Mutual Funds and UTI	-	-
Banks, Financial Institution, Insurance Companies, NBFCs registered with RBI (Central/State Govt. Institutions/ Non Govt. Institutions)	1058471	2.68
Foreign Portfolio Investors	2117005	5.37
Foreign Institutional Investors (FIIs)	3000	0.01
Private Corporate Bodies	11963917	30.35
Indian Public	2928861	7.43
NRI's / OCBs	1486702	3.77
Clearing Members	65110	0.17
Investor Education and Protection Fund (IEPF)	66367	0.17
<b>Total</b>	<b>39421559</b>	<b>100.00</b>

## Dematerialization of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). The shareholder is required to fill in a Demat Request Form and submit the same along with the original share certificates to his DP. The DP will allocate a demat request number and shall forward the request physically and electronically through NSDL/CDSL to Registrar & Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized, and an electronic credit of the shares is given in the account of the shareholder. Shares of the Company are traded in electronic form. About 99.65% of the shares holdings have already been dematerialized. Shares of the Company are actively traded in BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) and have reasonably good liquidity.



# CORPORATE GOVERNANCE REPORT (Contd.)

## Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

As on date, there are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

## Commodity Risk or Foreign Exchange Risk and Hedging activities

Disclosure on risks are forming part of this Annual Report during the period under review

## Office and Works

Registered Office

Atun, Chittorgarh Road, Bhilwara - 311 001 (Raj.) Ph.: +91 1482 245428

E-mail: [secretarial@sangamgroup.com](mailto:secretarial@sangamgroup.com) website: [www.sangamgroup.com](http://www.sangamgroup.com)

## Plant Location

### Spinning

Unit - I : Vill. Biliya Kalan, Chittorgarh Road, Bhilwara - 311 001 (Raj.)

Unit - II : 91 K.M. Stone, N.H.-79, Vill. Sareri, Dist. Bhilwara - 311 024 (Raj.)

Unit - III : Village Soniyana, Tehsil Gangrar, Distt. Chittorgarh 312901 (Raj.)

## Weaving, Processing and Seamless Garments

Vill. Atun, Chittorgarh Road, Bhilwara - 311 001 (Raj.)

## Denim

Vill. Biliya Kalan, Chittorgarh Road, Bhilwara - 311 001 (Raj.)

## Registrar and Share Transfer Agent

Bigshare Services Private Limited,  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri (East) Mumbai 400059  
Fax No.: 022 62638299, Tel. No.: 022 62638200  
E-mail: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

## Address for Correspondence

All matters relating to Dividend, Annual Reports and other related matters

## Company Secretary

Sangam (India) Limited

Atun, Chittorgarh Road, Bhilwara - 311 001 (Raj.) Ph.: +91 1482-245428

Fax: +91 1482 245450 email: [secretarial@sangamgroup.com](mailto:secretarial@sangamgroup.com)

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

## OTHER DISCLOSURE

### Related Party Transaction:

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The policy is available on website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/RPT%20Policy.pdf>

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

### Statutory Compliance, Penalties and Strictures:

The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years.

### Vigil Policy (Whistle Blower Policy):

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. A copy of policy is also uploaded on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/Whistle%20Blower%20Policy.pdf>

### Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant



# CORPORATE GOVERNANCE REPORT (Contd.)

accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**Details of Compliance with Mandatory Requirements:**

The Company has complied with all mandatory requirements laid down under the Listing Regulation.

A certificate from a Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.

The Certificate of Company Secretary in practice is annexed herewith as a part of the report

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note 32 (b) to the Standalone Financial Statements and Note 33(b) to the Consolidated Financial Statements.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The details of number of complaints filed and disposed of during the year and pending as on 31<sup>st</sup> March, 2019 is given in the Directors' report.

**DECLARATION BY THE CEO UNDER REGULATION 26(3) READ WITH PARA D OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

Pursuant to sub-regulation (3) of Regulation 26 read with Para D of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and the Senior Management personnel of the Company have affirmed compliance to their respective Code of Conduct, as applicable to them for the Financial Year ended 31<sup>st</sup> March, 2019.

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019

**S.N. Modani**  
(Managing Director & CEO)  
DIN: 00401498



# CORPORATE GOVERNANCE REPORT (Contd.)

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Sangam (India) Limited**  
Atun Chittorgarh Road  
Bhilwara-311001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sangam (India) Limited having CIN: L17118RJ1984PLC003173 and having registered office at Atun Chittorgarh Road, Bhilwara-311001 (Rajasthan) (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No	Name of the Director	DIN
1	Shri Ram Pal Soni	00401439
2	Shri S.N. Modani	00401498
3	Shri Vinod Kumar Sodani	00403740
4	Shri Achintya Karati	00024412
5	Shri Ram Awatar Jaju	00083218
6	Ms. Seema Srivastava	07142986
7	Shri Tapan Kumar Mukhopadhyay	00239251

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. M. & Associates  
Company Secretaries  
ICSI Unique Code P1984RJ039200)

**CS Manoj Maheshwari**

Partner

FCS 3355

C P No.: 1971

Place: Jaipur  
Date: 12<sup>th</sup> July, 2019

# CORPORATE GOVERNANCE REPORT (Contd.)

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

**Sangam (India) Limited**

1. We have examined the compliance of conditions of Corporate Governance of Sangam (India) Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred as "SEBI Listing Regulations").

### **Management's Responsibility for compliance with the conditions of SEBI Listing Regulations**

2. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

### **Auditor's Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Company.
5. We conducted our examination in accordance with the Guidance Note on Corporate Governance Certificate and the Guidance Manual on Quality of Audit & Attestation Services issued by the Institute of Company Secretaries of India ("ICSI").

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations.
7. We further 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.

### **Restriction on use**

8. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For V. M. & Associates  
Company Secretaries  
ICSI Unique Code P1984RJ039200)

**CS Manoj Maheshwari**

Partner

FCS 3355

C P No.: 1971

Place: Jaipur

Date: 12<sup>th</sup> July, 2019



# CORPORATE GOVERNANCE REPORT (Contd.)

## CEO / CFO CERTIFICATION

(Pursuant to regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March, 2019

We the undersigned, in our respective capacities as Managing Director & CEO and Chief Financial Officer of Sangam (India) ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed financial statements and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019 and that to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions are entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or

operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### For Sangam (India) Limited

**S.N. Modani**  
Managing Director & CEO  
DIN : 00401498

**Anil Jain**  
Chief Financial Officer

Place: Bhilwara  
Date: 12<sup>th</sup> July, 2019



# Independent Auditor's Report

To the Members of  
Sangam (India) Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying standalone financial statements of Sangam (India) Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, and its profit including other comprehensive income, changes in equity and its cash flow for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

The key audit matters	How our audit addressed the key audit matter
<b>Adoption of Ind AS 115 – Revenue from Contracts with Customers</b>	
<p>The Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<p>Our audit procedures carried on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, was as under:–</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;</li> <li>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> <li>• Evaluated the changes, if any, made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li> <li>• Evaluated the cumulative effect adjustments required, if any, as at 1 April 2018 for compliance with the new revenue standard; and</li> <li>• Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> </ul>



# Independent Auditor's Report (Contd.)

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have been informed that other information will be adopted by the Board of Directors at a later date and we will report, if other information so adopted is materially inconsistent with the standalone financial statements.

## Responsibilities of Management and Those Charged with Governance for the standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

# Independent Auditor's Report (Contd.)

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.

- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed impact of pending litigations under note no. 38 of standalone financial statements.
    - (ii) The Company has made provision as at 31<sup>st</sup> March, 2019 as required under the applicable Law or Accounting Standards for foreseeable losses on long term contracts including derivatives contracts.
    - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Rajendra & Co.**  
Chartered Accountants  
Firm Regn. No. 108355W

**Akshay R. Shah**  
Partner  
Membership No. 103316  
Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

For **O. P. Dad & Co.**  
Chartered Accountants  
Firm Regn. No. 002330C

**O. P. Dad**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019



## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED

(Referred to in Paragraph 1, under the “Report on Other Legal and Regulatory Requirements” section of our report of even date)

(i) In respect of its fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- 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.
- According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of inventories:

In our opinion, during the year the inventories have been physically verified by the management at reasonable intervals and according to explanation given to us, no physical discrepancies were noticed during the year.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii (a), iii (b) and iii (c) of the Order not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us in respect of loans,

investments, guarantees and security, the provisions of sections 185 and 186 of the Act have been complied with.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.

(vi) In our opinion the maintenance of cost records has been specified by the Central Government sub section (1) of section 148 of the Act and such accounts and records have been so made and maintained by the company. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(vii) In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess, and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date of becoming payable.

b) There are no dues of Income Tax, Sales Tax, Wealth Tax, and Service Tax, duty of Customs, Duty of Excise, Value Added Tax, and Cess which have not been deposited as on 31<sup>st</sup> March, 2019 on account of any dispute, except in respect of the following:

Sr. No.	Name of the statute	Nature of dues	Amount of disputed demand (₹ In Lakhs)		Period to which the amount relate	Forum where dispute is pending
			Gross	Net of Deposited		
1.	Central Excise Act, 1944	Excise Duty and Penalty	11	10	2015-16	Commissioner of Excise and Service tax (Appeals), Jodhpur
			16	14	2007-08 to 2013-14	CESTAT, New Delhi
2.	Finance Act, 1994	Service tax and Penalty	6	6	2013-14 to 2015-16	Commissioner of Excise and Service tax (Appeals), Jodhpur
			160	121	2009-10 to 2014-15	CESTAT, New Delhi
			457	434	2010-11 to 2014-15	CESTAT, New Delhi



## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (Contd.)

Sr. No.	Name of the statute	Nature of dues	Amount of disputed demand (₹ In Lakhs)		Period to which the amount relate	Forum where dispute is pending
			Gross	Net of Deposited		
3.	Rajasthan Value Added Tax Act, 2003	Value Added Tax	94	77	2012-13	Tax Board, Ajmer
		Value Added Tax with RIPS Incentive on Exports	341	314	2010-11 to 2012-13	Tax Board, Ajmer
4.	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Penalty and Interest	213	47	2014-15 to 2015-16	D.C. (Appeals), Ajmer
5.	Rajasthan Stamp Duty Act, 1998	Stamp Duty	109	89	2006-07	Rajasthan High Court, Jodhpur
6.	Electricity Act, 2003	Fixed Charges Recovery	20	14	2009-10 to 2010-11	Rajasthan High Court, Jodhpur

- (viii) Based on our audit procedures and the information and explanations provided by the management, we are of the opinion that the company has not defaulted in repayment of loans or borrowing to financial institutions, banks and Government. The Company does not have any debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which those loans were raised. The company has not raised money by way of initial public offer or further public offer, including debt instruments.
- (x) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of paragraph 3 of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-1A of the Reserve Bank of India Act, 1934.

For **Rajendra & Co.**  
Chartered Accountants  
Firm Regn. No. 108355W

For **O. P. Dad & Co.**  
Chartered Accountants  
Firm Regn. No. 002330C

**Akshay R. Shah**  
Partner  
Membership No.103316  
Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

**O. P. Dad**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019



## **ANNEXURE “B”** TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of **Sangam (India) Limited** (“the Company”) as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

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

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

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

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

## **ANNEXURE “B”** TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (Contd.)

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all

material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Rajendra & Co.**  
Chartered Accountants  
Firm Regn. No. 108355W

**Akshay R. Shah**  
Partner  
Membership No. 103316  
Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

For **O. P. Dad & Co.**  
Chartered Accountants  
Firm Regn. No. 002330C

**O. P. Dad**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019



# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	3	64,735	69,843
Capital Work-in-Progress		1,014	877
Intangible Assets	4	75	93
Intangible Assets under Development		168	64
<b>Financial Assets</b>			
(i) Investments	5	590	590
(ii) Other Financial Assets	6	1,020	648
Other Non Current Assets	7	837	767
<b>TOTAL NON-CURRENT ASSETS</b>		<b>68,439</b>	<b>72,882</b>
<b>CURRENT ASSETS</b>			
Inventories	8	35,405	35,658
<b>Financial Assets</b>			
(i) Trade Receivables	9	36,443	32,611
(ii) Cash and Cash equivalents	10	38	62
(iii) Bank balances other than (ii) above	11	29	104
(iv) Other Current Financial Assets	12	4,786	5,832
Current Tax Assets (Net)	13	835	3,035
Other Current Assets	14	8,124	8,164
<b>TOTAL CURRENT ASSETS</b>		<b>85,660</b>	<b>85,466</b>
<b>TOTAL ASSETS</b>		<b>1,54,099</b>	<b>1,58,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	3,942	3,942
Other Equity	16	48,739	47,608
<b>TOTAL EQUITY</b>		<b>52,681</b>	<b>51,550</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	17	28,517	34,430
Deferred Tax Liabilities (Net)	18	4,807	4,396
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,324</b>	<b>38,826</b>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	19	35,507	37,230
(ii) Trade Payables			
a) Total outstanding dues of Micro enterprises and Small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and Small enterprises	20	16,432	15,031
(iii) Other Financial Liabilities	21	13,638	13,861
Other Current Liabilities	22	1,180	857
Provisions	23	1,337	993
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,094</b>	<b>67,972</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,54,099</b>	<b>1,58,348</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 45

As per our Report of even date

For **Rajendra & Co.**

Chartered Accountants

(Firm Regn. No.108355W)

For **O. P. Dad & Co.**

Chartered Accountants

(Firm Regn. No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

**(O. P. Dad)**

Partner

Membership No. 035373

**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director &amp; CEO

(DIN 00401498)

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

Camp : Bhilwara

Date: 28<sup>th</sup> May, 2019

Place : Bhilwara

Date: 28<sup>th</sup> May, 2019**(Anil Jain)**

CFO &amp; Company Secretary

(M No.: F-3147)



# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)			
Particulars	Note	2018-19	2017-18
<b>INCOME</b>			
Revenue from Operations	24	1,87,363	1,64,903
Other Income	25	901	2,523
<b>TOTAL INCOME</b>		<b>1,88,264</b>	<b>1,67,426</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	26	1,05,159	93,666
Purchases of Traded Goods	27	2,866	3,892
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	1,652	(3,075)
Excise Duty on Sale of Goods		-	1,112
Employee Benefits Expenses	29	18,765	17,379
Power & Fuel		24,755	23,127
Finance Costs	30	6,654	6,282
Depreciation and Amortisation Expense	31	8,048	7,705
Other Expenses	32	17,919	16,073
<b>TOTAL EXPENSES</b>		<b>1,85,818</b>	<b>1,66,161</b>
Profit Before Exceptional Item and Tax		2,446	1,265
Exceptional Items		-	-
Profit Before Tax		2,446	1,265
<b>Tax Expenses</b>			
Current Tax		823	306
MAT Credit Entitlement		-	(306)
Deferred Tax		62	704
Tax Expense for Earlier Years		-	(2,484)
<b>Profit for the year</b>		<b>1,561</b>	<b>3,045</b>
<b>Other comprehensive income</b>	33		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		69	106
Tax relating to remeasurement of defined benefit plans		(24)	(37)
<b>Total Other Comprehensive Income for the period</b>		<b>45</b>	<b>69</b>
<b>Total Comprehensive Income for the period</b>		<b>1,606</b>	<b>3,114</b>
Earnings per equity share of face value of ₹ 10 each	34		
Basic and Diluted (in ₹)		3.96	7.72

Significant Accounting Policies and Notes on Financial Statements 1 to 45

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

(Akshay R. Shah)  
Partner  
Membership No.103316

(O. P. Dad)  
Partner  
Membership No. 035373

(R.P. Soni)  
Chairman  
(DIN 00401439)

(S. N. Modani)  
Managing Director & CEO  
(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)



# Standalone Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2019

		(₹ in Lakhs)	
Particulars	2018-19	2017-18	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax	2,446	1,265	
Adjustments for :-			
Depreciation and Amortisation Expense	8,048	7,705	
Finance Costs	6,654	6,282	
Allowance for Doubtful Debts	55	65	
Interest Income	(655)	(1,219)	
Foreign Exchange Fluctuation	172	30	
Profit on Sale of Fixed Assets (Net)	(188)	(191)	
<b>Operating Profit before working capital changes</b>	<b>16,532</b>	<b>13,937</b>	
Movements in Working Capital :-			
(Increase) / Decrease in Inventories	252	313	
(Increase) / Decrease in Trade Receivables	(4,051)	(6,892)	
(Increase) / Decrease in Other Financial Assets	1,089	(1,089)	
(Increase) / Decrease in Other Assets	(403)	(1,287)	
Increase / (Decrease) in Trade Payables	1,394	4,815	
Increase / (Decrease) in Other Financial Liabilities	136	126	
Increase / (Decrease) in Provisions	413	382	
Increase / (Decrease) in Other Liabilities	323	(15)	
<b>Cash Generated from Operations</b>	<b>15,685</b>	<b>10,290</b>	
Taxes Paid / (Refund) (Net)	(1,702)	747	
<b>Net Cash Inflow / (Out Flow) from Operating Activities</b>	<b>17,387</b>	<b>9,543</b>	
<b>B Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	(3,287)	(12,216)	
Sale of Fixed Assets	312	363	
Interest Income	612	1,174	
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(2,363)</b>	<b>(10,679)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term Borrowings	1,860	8,664	
Repayment of Long Term Borrowings	(8,147)	(5,990)	
Increase / (Decrease) in Short- Term Borrowings	(1,722)	5,239	
Finance Costs	(6,638)	(6,204)	
Dividend Paid (Including Tax on Dividend)	(476)	(954)	
<b>Net Cash Inflow / (Out Flow) from Financing Activities</b>	<b>(15,123)</b>	<b>755</b>	
Net Increase/(Decrease) in Cash & Cash equivalents	(99)	(381)	
Cash and Cash Equivalents at the Beginning	166	547	
Cash and Cash Equivalents at the End	67	166	

## Change in Liability arising from financing activities

		(₹ in Lakhs)	
Particulars	As at 1 <sup>st</sup> April, 2018	Cash Flow	As at 31 <sup>st</sup> March, 2019
Borrowing - Non Current (Refer Note No. 17)	41,509	(6,286)	35,223
Borrowing - Current (Refer Note No. 19)	37,230	(1,723)	35,507
<b>Total</b>	<b>78,739</b>	<b>(8,009)</b>	<b>70,730</b>

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
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For and on the Behalf of the Board

(Akshay R. Shah)  
Partner  
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Managing Director & CEO  
(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2019

## (a) Equity share capital

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	3,94,21,559	3,942	3,94,21,559	3,942
Changes in equity share capital during the year	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>3,94,21,559</b>	<b>3,942</b>	<b>3,94,21,559</b>	<b>3,942</b>

## (b) Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus						Total
	General Reserve	Retained Earnings	Capital Reserve	Preference Share Capital Redemption Reserve	Securities Premium	Remeasure-ment of de-fined benefit plans	
<b>Balance at 31<sup>st</sup> March 2017</b>	22,818	15,306	297	1,178	5,868	(24)	45,443
Impacts due to Ind AS Adjustments	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the reporting period</b>	<b>22,818</b>	<b>15,306</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>(24)</b>	<b>45,443</b>
Profit for the year	-	3,045	-	-	-	-	3,045
Other comprehensive income/ (loss) for the year	-	-	-	-	-	69	69
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>3,114</b>
Transfer to general reserve	-	-	-	-	-	-	-
Dividend paid	-	(788)	-	-	-	-	(788)
Dividend distribution tax	-	(161)	-	-	-	-	(161)
<b>Balance at 31<sup>st</sup> March 2018</b>	<b>22,818</b>	<b>17,402</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>45</b>	<b>47,608</b>
<b>Restated balance at the beginning of the reporting period</b>	<b>22,818</b>	<b>17,402</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>45</b>	<b>47,608</b>
Profit for the year	-	1,561	-	-	-	-	1,561
Other comprehensive income for the year	-	-	-	-	-	45	45
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>1,606</b>
Dividend paid	-	(394)	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>22,818</b>	<b>18,488</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>48,739</b>

The accompanying notes are an integral part of these financial statements

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

(Akshay R. Shah)  
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Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)



# Notes

on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019

## 1. GENERAL INFORMATION:

Sangam (India) Limited ("the Company"), is a public limited company domiciled in India and was incorporated on 29.12.1984 under the provisions of the Companies Act, 1956 (now replaced by Companies Act 2013) as applicable in India. Its shares are listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) of India.

The registered office of the Company is located at Atun, Chittorgarh Road, Bhilwara – 311 001, Rajasthan, India.

The Company is principally engaged in the business of manufacturing and selling of Synthetic Blended, Cotton & Texturised yarn, Fabrics, Denim Fabrics and readymade seamless garment.

The Company has manufacturing facilities at Atun, Biliya Kalan & Sareri in district Bhilwara and Soniyana in district Chittorgarh in Rajasthan and caters both the domestic and export markets.

The Company is having 5MW Wind Power Generation facility at Jaisalmer, Rajasthan.

## 1.1 BASIS OF PREPARATION:

### A. Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 28<sup>th</sup> May 2019.

### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lakhs, except as stated otherwise.

### C. Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis. The following items are measured on each reporting date as under:

Items	Measurement Basis
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

## D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance or operating lease
- Leases: whether an arrangement contains a lease.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included below:

- Estimation of current and deferred tax expense and asset/ liability.
- Estimated useful life of property, plant and equipment.
- Estimation of defined benefit obligation.
- Measurement and likelihood of occurrence of provisions and contingencies.
- Impairment of trade receivables.

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### E. Measurement of fair values

Company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the controller.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized in a fair value hierarchy based on the inputs used in the valuation techniques as under:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted price included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### A. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realised within twelve months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

##### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets/ liabilities are classified as non-current.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.



# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### B. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognised at their cash values. For qualifying assets, borrowing costs are capitalised in accordance with the company's accounting policy.

For transition to Ind AS, the company has elected to adopt as deemed cost, the carrying value of PPE measured as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2016.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the company for similar assets.

Freehold land is not depreciated.

An item of Property, plant and equipment is derecognized when it is estimated that Company will not receive future economic benefits from its use or upon its disposal. Any gains and losses on disposal of such item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

### C. Depreciation and amortisation:

Depreciation method, estimated useful lives and residual values are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of Property, Plant & Equipment is aligned to the useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation in the following case:

Assets	Useful Life estimated by the management (Based on Technical Evaluation)
<b>Plant and Equipment and Electrical Installations:</b>	
(i) For Textiles	9.19 years
(ii) For Power Generation	18 years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the Property, Plant and Equipment are likely to be used.

Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.

Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of property, plant and equipment is sold, discarded, demolished or scrapped.

Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

### D. Intangible assets

Intangible assets that are acquired by the company, that have finite useful lives, are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditures related to an item of intangible assets are added to its carrying amount when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Any gains and losses on disposal of such intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

Finite life intangible assets are amortised on a straight line basis over the period of their expected useful lives.

#### Amortisation

A summary of the policies applied to the intangible assets is, as follows:

Intangible assets	Useful life Amortisation method used
Computer software	Finite (5 years)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

### E. Research and development expenditure on new products:

- (i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.

- (ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- B. The company has intention to complete the intangible asset and use or sell it;
- C. The company has ability to use or sell the intangible asset;
- D. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
- E. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- F. The company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

### F. Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary company to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. The intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) In the case of an individual asset, at the higher of the net selling price and the value in use; and



# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

- (ii) In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset.

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### G. Financial Instruments

#### i. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognised at fair value on initial recognition.

Financial assets are subsequently classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

#### Impairment of financial assets

The Company recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost has impaired and provisions are made for impairment accordingly. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

## ii. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

### Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## iii. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## H. Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method (EIR), finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, which are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## I. Income tax

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- Temporary differences related to investment in subsidiary to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets- unrecognized or recognized, are reviewed at each reporting date and are recognized /reduced to the extent that it is probable/no longer

probable respectively that the related tax benefit will be realized.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### J. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolesces and damages as under:

(i)	Raw and packing materials, stores and spares including fuel	At Cost on FIFO/ weighted Averages basis
(ii)	Stock in process	At Cost plus appropriate related production overheads
(iii)	Stock in trade and Finished Goods	At Cost, plus appropriate production overheads

Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### K. Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

### L. Foreign currency translation

- (i) The functional currency and presentation currency of the company is Indian Rupee.
- (ii) Transactions in currencies other than the company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.



# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:

- A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- B. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### M. Employee benefits

#### i. Defined benefit obligations

##### (a) Post-employment benefits (Gratuity):

The liability recognised in balance sheet in respect of gratuity (unfunded) is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using projected unit credit method.

Remeasurement actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement if changes in equity and in the balance sheet.

##### (b) Other employee benefits:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method.

#### ii. Defined contribution plan:

Company pays contributions to provident fund, employee pension scheme and employee state insurance as per statutes/ amounts as advised by the Authorities. The Company has no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognised as employee benefit expense when they are due.

#### iii. Short-term benefits:

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of reporting period in which the employees rendered the related services are recognised in respect of employee's service up to the end of reporting period and are measured at the amount expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

### N. Provision and contingent liabilities

The Company sets up a provision when there is a present legal or constructive obligation as a result of a past event and it will probably requires an outflow of resources to settle the obligation and a reliable estimate can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

A disclosure for a contingent liability is made where there is a 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 not within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or where reliable estimate of the obligation

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

cannot be made. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### O. Contingent Assets

Contingent Assets are not recognised in the financial statements. However, these are disclosed in the Director's report.

### P. Revenue recognition

#### (i) Revenue from operations

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration the company is entitled in exchange for those goods or services.

##### A. Sale of goods

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

##### B. Rendering of services

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

In case of discounts, rebates, credits, price incentives or similar terms, consideration are determined based on its most likely amount, which is assessed at each reporting period.

### C. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### (ii) Other income

- A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- B. Dividend income is accounted in the period in which the right to receive the same is established.
- C. Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

### Q. Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

### R. Government grants

Grants from government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss account over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

### S. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM').

The Company's Board has identified the CODM who is responsible for financial decision making and assessing performance. The Company has a single operating segment as the operating results of the Company are reviewed on an overall basis by the CODM.

### T. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

#### (i) Finance leases:

- A. Leases where the company has substantially all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance leases are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease.

Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

#### (ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

- A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.
- B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

### U. Earnings per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block			Depreciation				Net Block		
	As at 31 <sup>st</sup> March, 2018	Additions	Deletions	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018	Additions	Deletions	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Tangible Assets</b>										
Freehold land	1,265	-	-	1,265	-	-	-	-	1,265	1,265
Building	20,287	439	-	20,726	1,314	766	-	2,080	18,646	18,973
Plant and Machinery	54,632	1,795	99	56,328	11,647	6,258	2	17,903	38,425	42,985
Wind Power Machines	874	-	-	874	228	114	-	342	532	646
Electric Installation	4,444	456	1	4,899	1,019	505	-	1,524	3,375	3,425
Water Supply Installation	529	30	-	559	37	22	-	59	500	492
Furniture and Fixtures	1,297	40	1	1,336	258	135	-	393	943	1,039
Vehicles	1,031	218	37	1,212	263	148	12	399	813	768
Office Equipments	58	10	-	68	24	10	-	34	34	34
Computers	268	54	-	322	100	67	-	167	155	168
<b>Assets under Finance Lease</b>										
Leasehold Land	50	-	-	50	2	1	-	3	47	48
<b>Total</b>	<b>84,735</b>	<b>3,042</b>	<b>138</b>	<b>87,639</b>	<b>14,892</b>	<b>8,026</b>	<b>14</b>	<b>22,904</b>	<b>64,735</b>	<b>69,843</b>
Previous Year	72,606	12,328	199	84,735	7,230	7,689	27	14,892	69,843	65,376
Capital Work-in-Progress									1,014	877

## 4. INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Gross Block			Depreciation				Net Block		
	As at 31 <sup>st</sup> March, 2018	Additions	Deletions	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018	Additions	Deletions	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Intangible Assets</b>										
Software IT (ERP)	125	4	-	129	32	22	-	54	75	93
<b>Total</b>	<b>125</b>	<b>4</b>	<b>-</b>	<b>129</b>	<b>32</b>	<b>22</b>	<b>-</b>	<b>54</b>	<b>75</b>	<b>93</b>
Previous Year	80	45	-	125	16	16	-	32	93	64
Intangible Assets under Development									168	64

Break up of Pre - Operative Expenses capitalised / deferred for capitalisation under Capital Work in Progress:

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
Opening Balance	27	70
Financial Charges	58	246
Direct Costs Attributable to Project	-	56
<b>Total Amount</b>	<b>85</b>	<b>372</b>
Less: Expenses apportioned to fixed assets	54	345
<b>Balance yet to be allocated</b>	<b>31</b>	<b>27</b>

Note 1:- Borrowing cost capitalized refer Note No. 30

Note 2:- Property, Plant and Equipment given as security for borrowings refer Note No. 17

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 5. INVESTMENTS-NON CURRENT

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Unquoted Non - Trade Investments In Equity Instrument (Measured at Cost)</b>		
<b>Unquoted, fully paid up</b>		
<b>Investment in wholly owned Subsidiary Company</b>		
<b>Equity Shares of ₹ 10/- each fully paid up</b>		
Sangam Life Style Ventures Ltd. 50000 (Previous Year 50000)	5	5
<b>Investment - Others</b>		
<b>Equity Shares of ₹ 10/- each fully paid up</b>		
Keti Sangam Infrastructure (India) Ltd. 580600 (Previous Year 580600)	581	581
PKSS Infrastructure Pvt. Ltd. 3900 (Previous Year 3900) ₹ 0.39 Lakh (Previous Year ₹ 0.39 Lakh)	-	-
Kalyan Sangam Infratech Ltd. 37500 (Previous Year 37500)	4	4
<b>Equity Shares of ₹ 20/- each fully paid</b>		
AP Mahesh Co-Operative Bank Ltd. 50 (Previous Year 50) ₹ 0.01 Lakh (Previous Year ₹ 0.01 Lakh)	-	-
<b>Aggregate Amount of unquoted investments</b>	<b>590</b>	<b>590</b>

## 6. OTHER FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Security Deposits	1,020	648
<b>TOTAL</b>	<b>1,020</b>	<b>648</b>

## 7. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Capital Advances - Others	724	696
Other Loans & Advances	20	20
Less : Allowance for Loans & Advances	(20)	(20)
Prepaid Expenses	113	71
<b>TOTAL</b>	<b>837</b>	<b>767</b>

7.1 for all the transaction with related party Refer Note No. 37

## 8. INVENTORIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Raw Materials	10,636	9,379
Stock-in-Process	6,411	6,118
Finished Goods	15,468	17,414
Traded Goods	81	24
Stores, Spares & Fuel	2,809	2,723
<b>TOTAL</b>	<b>35,405</b>	<b>35,658</b>

8.1 For basis of valuation of inventories Refer Note No. 2 J

8.2 Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 19.1)





# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 9. TRADE RECEIVABLES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Trade Receivables considered good - Unsecured	36,443	32,611
Trade Receivables - Credit Impaired	267	297
	<b>36,710</b>	<b>32,908</b>
Less: Provision for Trade Receivables	267	297
<b>TOTAL</b>	<b>36,443</b>	<b>32,611</b>
9.1 Included in the above Receivables amount due from wholly owned subsidiary company	1,888	1,107
9.2 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of	165	1730
9.3 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 19.1)		

## 10. CASH & CASH EQUIVALENTS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Balance with Banks	31	55
Cash on Hand	7	7
<b>TOTAL</b>	<b>38</b>	<b>62</b>

## 11. OTHER BANK BALANCES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Earmarked Balances with banks for Unclaimed & Unpaid Dividends	24	25
Fixed Deposits with banks against Margin Money*	5	79
<b>TOTAL</b>	<b>29</b>	<b>104</b>

\* These term deposits are placed as a security in favour of bank guarantees issued to various government authorities.

## 12. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(Considered Good)</b>		
Security Deposits	267	296
Recoverable from NHAI UP Towards Arbitration Award (Refer Note No. 35)	1,367	1,367
Export Incentive Receivable	464	523
Export Growth Entitlement Receivables	408	408
GST Refund Receivable	775	1,322
Subsidy Receivable	1,192	1,367
Electricity Duty Receivable	14	-
IGST / TED (EPCG) Receivable	1	315
Advance to Employees	58	49
Interest Receivable	184	140
Accrued Income	22	33
Insurance Claim Receivable	34	12
<b>TOTAL</b>	<b>4,786</b>	<b>5,832</b>

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 13. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Income Tax Refund Receivable	835	3,035
<b>TOTAL</b>	<b>835</b>	<b>3,035</b>

## 14. OTHER CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Recoverable from Govt. / Others	40	37
Advance against Supplies (Refer Note No. 14.1)	3,336	2,532
GST Balances	4,367	5,236
GST / Excise / VAT Recoverable	142	225
Prepaid Expenses	239	134
<b>TOTAL</b>	<b>8,124</b>	<b>8,164</b>
14.1 Due from wholly owned subsidiary company	-	2

## 15. EQUITY SHARE CAPITAL

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Authorised Share Capital:</b>		
6,40,00,000 (Previous Year 6,40,00,000) Equity share of ₹ 10 each	6,400	6,400
1,85,00,000 (Previous Year 1,85,00,000) Non - Cumulative Redeemable Preference Shares of ₹ 10 each	1,850	1,850
<b>TOTAL</b>	<b>8,250</b>	<b>8,250</b>
<b>Issued, Subscribed and Paid Up:</b>		
3,94,21,559 (Previous Year 3,94,21,559) Equity share of ₹ 10 each fully paid up	3,942	3,942
<b>TOTAL</b>	<b>3,942</b>	<b>3,942</b>

### a. Terms and Rights attached to Equity Shares

Each holder of Equity Shares is entitled to one vote per share. 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. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Equity Shares as at 31 <sup>st</sup> March, 2018	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-
Equity Shares as at 31 <sup>st</sup> March, 2019	<b>3,94,21,559</b>	<b>3,94,21,559</b>



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## c. Shareholders' holding more than 5% shares in the Company:

(₹ in Lakhs)

Name of the Shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	% held	No. of Shares	% held
Sangam Business Credit Ltd.	59,82,812	15.18	59,82,812	15.18
Nidhi Mercantiles Ltd.	48,98,833	12.43	48,98,833	12.43
Altura Capital Advisors LLP	47,21,092	11.98	-	-
Anurag Soni	27,10,397	6.87	-	-
Hawamahal Finance Pvt. Ltd.	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Ltd.	22,16,145	5.62	22,16,145	5.62
Mentor Capital Ltd.	-	-	42,34,835	10.74

## 16. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Capital Reserve</b>		
Balance at the beginning of the year	297	297
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>297</b>	<b>297</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	5,868	5,868
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>5,868</b>	<b>5,868</b>
<b>Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the year	1,178	1,178
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>1,178</b>	<b>1,178</b>
<b>General Reserve</b>		
Balance at the beginning of the year	22,818	22,818
Add: Transferred from Retained Earnings	-	-
<b>Balance at the end of the year</b>	<b>22,818</b>	<b>22,818</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	17,402	15,306
Add: Profit for the year	1,561	3,045
Less: Appropriations		
Transferred to General Reserve	-	-
Dividend on Equity Shares	394	788
Tax on Dividend	81	161
<b>Balance at the end of the year</b>	<b>18,488</b>	<b>17,402</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	45	(24)
Addition during the year	45	69
<b>Balance at the end of the year</b>	<b>90</b>	<b>45</b>
<b>TOTAL</b>	<b>48,739</b>	<b>47,608</b>

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## Nature and Purpose of Other Reserves / Other Equity

### 16.1 Capital Reserve

Capital Reserve created on account of merger/ amalgamation. The balance will be utilized for issue of fully paid bonus shares and as per provisions of the Companies Act, 2013.

### 16.2 Securities Premium

Balance of Security premium consist of premium on issue of share over its face value. The balance will be utilised for issue of fully paid bonus shares , buy-back of its own share as per provisions of the Companies Act, 2013.

### 16.3 Preference Share Capital Redemption Reserve

Preference Share Capital Redemption Reserve represents the statutory reserves created when the capital is redeemed and the same will be utilised for issue of bonus share as per provisions of the Companies Act, 2013.

### 16.4 General Reserve

The Company appropriates a portion to General Reserves out of the profits voluntarily to meet future contingencies. The said reserves is available for payment of dividend to the shareholders as per the provisions of the of the Companies Act, 2013.

### 16.5 Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) Actuarial Gains and Losses
- (b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

### 16.6 Dividend

The following dividends were declared and paid by the Company during the year.

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Dividend for the year ended 31 <sup>st</sup> March 2018 ₹ 1 per share (31 <sup>st</sup> March 2017: ₹ 2 per share)	394	788
Dividend Distribution tax on dividend	81	161
<b>TOTAL</b>	<b>475</b>	<b>949</b>

## 17. BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Secured</b>		
<b>Term Loans From Banks</b>		
Rupee Loans	28,269	34,238
<b>Vehicle Loans From Banks</b>	246	187
<b>Vehicle Loans From Others</b>	2	5
<b>TOTAL</b>	<b>28,517</b>	<b>34,430</b>

**17.1** All Term Loans from banks (including current maturities) except vehicle loan are secured by a joint equitable mortgage by deposit of title deeds in respect of all immovable properties and first hypothecation of the entire moveable properties of the company , both present and future (save and except book debts) subject to prior charges created/to be created in favour of bankers for securing working capital borrowing, ranking pari-passu with the charges created / to be created in favour of other participating bankers. The above Term Loans are further secured by personal guarantee of two directors of the company.



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

17.2 Vehicle Loans (including current maturities) are secured by hypothecation of respective vehicle(s)

17.3 There is no default in repayment or interest of any loans on due dates.

## A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 4.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
01 <sup>st</sup> January 2020	287	-	287	4
31 <sup>st</sup> December 2020	3,557	1,499	2,058	7
30 <sup>th</sup> June 2024	5,737	4,537	1,200	21
31 <sup>st</sup> December 2024	960	814	146	23
01 <sup>st</sup> January 2025	5,378	4,692	686	24
31 <sup>st</sup> March 2026	9,600	9,300	300	28
<b>Sub Total (A)</b>	<b>25,519</b>	<b>20,842</b>	<b>4,677</b>	<b>-</b>

## B) Carrying interest rate (Fixed Rate @ 9.15% to 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March 2021	1,316	640	676	8
20 <sup>th</sup> September 2023	2,550	2,100	450	18
31 <sup>st</sup> December 2023	3,800	3,000	800	19
30 <sup>th</sup> September 2027	1,687	1,687	-	28
<b>Sub Total (B)</b>	<b>9,353</b>	<b>7,427</b>	<b>1,926</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>34,872</b>	<b>28,269</b>	<b>6,603</b>	<b>-</b>

## Vehicle Loans from Banks & Financial Institutions

## C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	347	246	101	5 - 59
From Institutions	4	2	2	1 - 21
<b>Sub Total (C)</b>	<b>351</b>	<b>248</b>	<b>103</b>	<b>-</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>35,223</b>	<b>28,517</b>	<b>6,706</b>	<b>-</b>



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 1.80%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2018			Installments due after 31 <sup>st</sup> March, 2018 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
01 <sup>st</sup> January 2020	575	287	288	8
01 <sup>st</sup> January 2021	6,154	4,076	2,078	12
01 <sup>st</sup> July 2024	7,237	6,037	1,200	26
01 <sup>st</sup> January 2025	7,229	6,372	857	28
31 <sup>st</sup> March 2026	10,350	9,600	750	32
<b>Sub Total (A)</b>	<b>31,545</b>	<b>26,372</b>	<b>5,173</b>	-

## B) Carrying interest rate (Floating Rate MCLR +2.10% upto 31.10.17 & Fixed Rate @ 9.15% w.e.f. 01.11.17).

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2018			Installments due after 31 <sup>st</sup> March, 2018 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March 2021	1,992	1,316	676	12
20 <sup>th</sup> September 2023	2,850	2,550	300	22
31 <sup>st</sup> March 2024	4,800	4,000	800	24
<b>Sub Total (B)</b>	<b>9,642</b>	<b>7,866</b>	<b>1,776</b>	-
<b>Total Rupee Term Loan (A+B)</b>	<b>41,187</b>	<b>34,238</b>	<b>6,949</b>	-

## Vehicle Loans from Banks & Financial Institutions

## C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2018			Installments due after 31 <sup>st</sup> March, 2018 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	309	187	122	1 - 71
From Institutions	13	5	8	12 - 33
<b>Sub Total (C)</b>	<b>322</b>	<b>192</b>	<b>130</b>	-
<b>GRAND TOTAL (A+B+C)</b>	<b>41,509</b>	<b>34,430</b>	<b>7,079</b>	-

## 18. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred Tax Assets</b>		
Accrued expenses allowable on payment basis	620	528
Allowance for Bad & Doubtful Debts	100	111
<b>Sub total (a)</b>	<b>720</b>	<b>639</b>
<b>Deferred Tax Liabilities</b>		
Related to Property, Plant and Equipment and Intangible Assets	6,645	6,446
Others	-	32
<b>Sub total (b)</b>	<b>6,645</b>	<b>6,478</b>
Less : MAT Credit Entitlement (c)	1,118	1,443
<b>Deferred Tax Liabilities (Net) (b)-(a)-(c)</b>	<b>4,807</b>	<b>4,396</b>



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## A. Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2019
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	528	115	(24)	619
Allowance for Bad & Doubtful Debts	111	(10)	-	101
<b>Sub-Total (a)</b>	<b>639</b>	<b>105</b>	<b>(24)</b>	<b>720</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,446	199	-	6,645
Others	32	(32)	-	-
<b>Sub-Total (b)</b>	<b>6,478</b>	<b>167</b>	<b>-</b>	<b>6,645</b>
MAT Credit Entitlement	660	-	-	660
MAT Credit Earlier Year	783	-	-	783
MAT Credit Current Year	-	-	-	(325)
<b>Sub-Total (c)</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,118</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,396</b>	<b>62</b>	<b>24</b>	<b>4,807</b>

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2017	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2018
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	416	149	(37)	528
Allowance for Bad & Doubtful Debts	87	24	-	111
<b>Sub-Total (a)</b>	<b>503</b>	<b>173</b>	<b>(37)</b>	<b>639</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	5,601	845	-	6,446
Others	-	32	-	32
<b>Sub-Total (b)</b>	<b>5,601</b>	<b>877</b>	<b>-</b>	<b>6,478</b>
MAT Credit Entitlement	660	-	-	660
MAT Credit Current Year	-	-	-	783
<b>Sub-Total (c)</b>	<b>660</b>	<b>-</b>	<b>-</b>	<b>1,443</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,438</b>	<b>704</b>	<b>37</b>	<b>4,396</b>

## B. Amounts recognised in profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>Current tax expense</b>		
Current year	823	306
MAT Credit Entitlement	-	(306)
Earlier Years (Refer Note No. 36)	-	(2,484)
	<b>823</b>	<b>(2,484)</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	62	704
	<b>62</b>	<b>704</b>
<b>Total Tax Expense</b>	<b>885</b>	<b>(1,780)</b>

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## C. Amounts recognised in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2019			For the year ended 31 <sup>st</sup> March, 2018		
	Before tax	Tax (Expense) / Income	Net of tax	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	69	(24)	45	106	(37)	69
<b>TOTAL</b>	<b>69</b>	<b>(24)</b>	<b>45</b>	<b>106</b>	<b>(37)</b>	<b>69</b>

## D. The income tax expenses for the year reconciled to the accounting profit as follows :

(₹ in Lakhs)

Particulars	2018-19	2017-18
Profit Before Tax	2,446	1,265
Applicable Tax Rate	34.94%	34.61%
Computed Tax Expense	855	438
<b>Tax effect of :</b>		
Exempted income / Items Considered Separately	(66)	(66)
Expenses Disallowed	411	390
Additional Allowances	(377)	(861)
MAT Credit Entitlement	(325)	(271)
<b>Current Tax Provision (Net of MAT Credit) (A)</b>	<b>498</b>	<b>(370)</b>
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	62	704
<b>Taxes recognised in Statement of Profit &amp; Loss (B)</b>	<b>62</b>	<b>704</b>
<b>Net Taxes (A+B)</b>	<b>560</b>	<b>334</b>
Effective Tax Rate	22.88%	26.40%

## 19. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Secured</b>		
<b>Loans Repayable on Demand from Banks</b>		
Rupee Loans	29,184	31,418
Foreign Currency Loans	6,262	5,812
<b>TOTAL (A)</b>	<b>35,446</b>	<b>37,230</b>
<b>Unsecured</b>		
<b>Loans Repayable on Demand from Others</b>		
Rupee Loans (Refer Note No. 19.4)	61	-
<b>TOTAL (B)</b>	<b>61</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>35,507</b>	<b>37,230</b>

**19.1** Borrowings from Banks for working capital are secured by hypothecation of inventories and charge on book debts both present and future and second charge on all the immoveable and moveable Property, Plant & Equipments of the company. The above borrowing are further secured by personal guarantee of two directors of the company. There is no default in repayment or interest of any loans on due dates.

**19.2** Rupee Loans carry floating interest rate from 8.10% to 10.10% per annum, computed monthly.

**19.3** Foreign Currency Loans carry floating interest rate LIBOR+1.30 to 2% per annum, computed monthly.

**19.4** Unsecured Rupee Loan from others carrying interest rate 11.00% per annum, computed monthly.



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 20. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Total outstanding dues of Micro enterprises and Small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and Small enterprises	16,432	15,031
<b>TOTAL</b>	<b>16,432</b>	<b>15,031</b>

### 20.1 Dues to Micro, Small & Medium Enterprises:-

The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Since the relevant information is not readily available, necessary disclosure required under MSME Act, 2006 can not be made. However, the company generally makes payment to its suppliers within agreed credit period and thus the management is confident that the liability of interest under this Act, if any, would not be material.

## 21. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current maturities of long term debt	6,706	7,079
Interest accrued but not due on borrowings	96	81
Unpaid Dividends #	24	25
Creditors for Capital Expenditure	149	679
Security Deposit	312	338
Liability towards Staff and Workers	1,731	1,604
Commission Payable on Sales	1,670	1,278
Liabilities for Expenses	2,950	2,777
<b>TOTAL</b>	<b>13,638</b>	<b>13,861</b>

# There is no overdue amount to be credited to investor education & protection fund.

## 22. OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Security Deposit	167	147
Advance from Customers	649	312
Liabilities for Expenses	88	94
Statutory Dues	276	304
<b>TOTAL</b>	<b>1,180</b>	<b>857</b>

## 23. PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provisions for Employee Benefits	1,337	993
<b>TOTAL</b>	<b>1,337</b>	<b>993</b>

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 24. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Sale of Products/ Income from Services	1,87,363	1,64,903
<b>TOTAL</b>	<b>1,87,363</b>	<b>1,64,903</b>
<b>PARTICULARS OF SALE OF PRODUCTS/SERVICES</b>		
<b>a) Sale of Products</b>		
Finished Goods	1,75,364	1,52,056
Traded Goods	2,941	4,009
<b>TOTAL (a)</b>	<b>1,78,305</b>	<b>1,56,065</b>
<b>b) Sale of Services</b>		
Job Processing	6,564	6,392
<b>TOTAL (b)</b>	<b>6,564</b>	<b>6,392</b>
<b>c) Other Operating Revenues</b>		
Sale of Waste	972	920
Export Benefits / Incentives	1,522	1,526
<b>TOTAL (c)</b>	<b>2,494</b>	<b>2,446</b>
<b>TOTAL (a+b+c)</b>	<b>1,87,363</b>	<b>1,64,903</b>

## 25. OTHER INCOME

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>Interest Income on Financial Assets at amortized cost</b>		
from Customers	545	659
from Others	109	560
<b>Other Non-Operating Income</b>		
Insurance Claim	3	25
Rent	1	1
Net Gain on Foreign Currency Fluctuation	-	968
Profit on Sale of Property, Plant & Equipment (Net)	188	191
Miscellaneous Receipts	55	119
<b>TOTAL</b>	<b>901</b>	<b>2,523</b>

## 26. COST OF MATERIALS CONSUMED

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Raw Material Consumed	97,159	87,315
Consumption of Dyes & Chemical	8,000	6,351
<b>TOTAL</b>	<b>1,05,159</b>	<b>93,666</b>

## 27. PURCHASES OF STOCK IN TRADE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Stock in Trade – Yarn	148	1,191
Stock in Trade – Fabric	2,550	2,667
Stock in Trade – Readymade Garment	168	34
<b>TOTAL</b>	<b>2,866</b>	<b>3,892</b>





# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>Inventories at the end of the year</b>		
Finished Goods	15,468	17,413
Work-in-Progress	6,411	6,118
<b>Total</b>	<b>21,879</b>	<b>23,531</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	17,413	14,204
Work-in-Progress	6,118	6,252
<b>Total</b>	<b>23,531</b>	<b>20,456</b>
<b>(INCREASE) / DECREASE IN INVENTORY</b>	<b>1,652</b>	<b>(3075)</b>

## 29. EMPLOYEE BENEFITS EXPENSE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Salaries and Wages	17,451	16,036
Contribution to Provident and Other Funds	1,221	1,245
Staff Welfare Expenses	93	98
<b>TOTAL</b>	<b>18,765</b>	<b>17,379</b>

## 30. FINANCE COSTS

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Interest Expenses	6,189	5,658
Other Borrowing Costs	465	449
Loss / (Gain) on foreign currency transactions and translation (Considered as finance cost)	-	175
<b>TOTAL</b>	<b>6,654</b>	<b>6,282</b>
30.1 Net of Interest Capitalised (Refer Note No. 3)	49	262
30.2 Net of Interest Subsidy (TUF/RIPS)	1,060	1,146

## 31. DEPRECIATION AND AMORTISATION EXPENSE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Depreciation on Tangible Assets	8,026	7,689
Amortisation of Intangible Assets	22	16
<b>TOTAL</b>	<b>8,048</b>	<b>7,705</b>

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 32. OTHER EXPENSES

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>A. Manufacturing Expenses</b>		
Stores & Spares Consumed	3,303	3,362
Packing Material Consumed	2,094	2,032
Processing and Job Charges	1,793	1,875
Repairs To : Plant & Machinery	479	391
Repairs To : Building	127	78
Repairs To : Others	40	38
Misc. Manufacturing Expenses	2,114	1,580
<b>Sub Total (A)</b>	<b>9,950</b>	<b>9,356</b>
<b>B. Administrative Expenses</b>		
Rent	155	175
Rates & Taxes	79	51
Payments to Auditors : Statutory Audit Fees	14	13
Reimbursement of Expenses	2	2
Cost Audit Fees	2	1
Insurance Premium	144	142
Directors' Travelling	13	18
Travelling & Conveyance	297	289
Telephone & Postage	95	86
Directors' Remuneration	451	386
Printing & Stationery	45	42
Legal & Professional Fees	244	250
Vehicle Running & Maintenance	491	441
Director's Sitting Fees	9	10
Charity and Donations	2	11
Miscellaneous Expenses	206	210
Contribution towards CSR (Refer Note No. 42)	181	137
<b>Sub Total (B)</b>	<b>2,430</b>	<b>2,264</b>
<b>C. Selling &amp; Distribution Expenses</b>		
Sales Commission & Brokerage	2,134	1,597
Freight, Octroi and Other Selling Expenses	2,773	2,791
Allowance for Doubtful Debts *	55	65
<b>Sub Total (C)</b>	<b>4,962</b>	<b>4,453</b>
<b>D. Other Expenses</b>		
Loss on Foreign Currency Fluctuation (Net)	577	-
<b>Sub Total (D)</b>	<b>577</b>	<b>-</b>
<b>TOTAL (A+B+C+D)</b>	<b>17,919</b>	<b>16,073</b>

\*(Bad Debts Written Off ₹ 84 Lakhs (Previous Year NIL) out of Provision for Trade Receivables)

## 33. OTHER COMPREHENSIVE INCOME

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plans	69	106
Tax relating to remeasurement of defined benefit plans	(24)	(37)
<b>Total other comprehensive income for the period</b>	<b>45</b>	<b>69</b>



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 34. EARNINGS PER SHARE (EPS)

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ in Lakhs	1,561	3,045
ii) Weighted Average number of equity shares used as denominator for calculating EPS	3,94,21,559	3,94,21,559
iii) Basic and Diluted Earning per share (₹)	3.96	7.72
iv) Face Value per equity share (₹)	10	10

- 35 The Company had undertaken a Toll user collection contract with National High Way Authority of India (NHAI) for Ushaka Toll Plaza on N.H. No. 25. Due to Dispute with NHAI the contract was terminated and the matter was referred to arbitration. The Arbitrator had given the award in favour of the company during F.Y. 2015-16 which was disputed by NHAI and filed an appeal against the same with the single bench of Delhi High Court, which referred the matter back for arbitration. The Company has objected to the above decision before the division bench of Delhi High Court and filed an appeal to stay the order. The Delhi High Court has admitted the appeal and stayed the said order.

Based on the legal provisions and the facts, the management is of the opinion that the company would be successful in its claim for recovery of the dispute amount. The other current financial asset includes the above claim amounting to ₹ 1,367/-Lakhs.

- 36 The Company is entitled for interest subsidy on certain term loans obtained under Technology Upgradation Fund Scheme ("TUFS") of Central Government and Interest subsidy from Rajasthan Govt. under Rajasthan Investment Promotion Policy (RIPS) 2003/2014, which had been considered as revenue income instead of capital receipts by the company while computing the total income upto financial year 2014-15. However based on the judicial decisions the same had been claimed as capital receipt on the assessment / revised returns during the F.Y.2017-18. The effect thereof on tax had been included in earlier years tax adjustments for F.Y. 2018-19 ₹ NIL (Previous Year ₹ 2,194 Lakhs).

With the amendment in the taxation provisions to treat the above income and incentives as revenue items w.e.f. F.Y. 2015-16, the same are accounted for as revenue items since then in compliance with the above amendments.

## 37. DISCLOSURE OF RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 "RELATED PARTY DISCLOSURES".

### (A) Details of Related Parties

1	<b>Wholly Owned Subsidiary Company</b> Sangam Lifestyle Ventures Limited	
2	<b>Key Managerial Personnel (KMP)</b> Shri R.P. Soni Shri S.N. Modani Shri V.K. Sodani Shri Anil Jain	Chairman Managing Director & CEO Executive Director CFO and Company Secretary
3	<b>Non Executive Director/ Independent Director</b> Shri Ramawatar Jaju Shri Achintya Karati Shri T.K. Mukhopadhyay Ms. Seema Srivastava	
4	<b>Relatives of Key Managerial Personnel (KMP)</b> Smt. Radha Devi Soni Smt. Mamta Modani Smt. Archana Sodani Smt. Anjana Thakur Smt. Antima Bass Shri Anurag Soni Shri Pranal Modani	

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

<b>5</b>	<b>Other Related Parties</b>
	Mahalaxmi TMT Private Limited (Director common)
	Raj Rajeshwar Enterprises Private Limited (Relative of Director is member)
	Shri R.P. Soni HUF (Director is karta)
	M/s Badri Lal Soni Charitable Trust (Director is trustee)
	M/s Kesar Bai Soni Charitable Trust (Director is trustee)
	Sangam Business Credit Limited (Person Acting in Concert)
	Nikita Credits Private Limited (Person Acting in Concert)
	Fashion Funda.Com Private Limited (Person Acting in Concert)

## (B) Disclosure of related party transactions:

				(₹ in Lakhs)	
Sr. No.	Nature of transaction/relationship/major parties	Relationship	2018-19 Amount	2017-18 Amount	
<b>1</b>	<b>Purchase of Goods &amp; Services (including commission paid)</b>				
	<b>(a) Purchase of Service</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	12	
	<b>(b) Purchase of Goods</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	5	-	
	<b>(c) Purchase of Capital Goods</b>				
	Mahalaxmi TMT Private Limited	Other Related Parties	-	90	
<b>2</b>	<b>Sale of goods/contract revenue &amp; services</b>				
	<b>(a) Sale of Goods</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	237	
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1,371	785	
	<b>(b) Sale of Services</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	4	
<b>3</b>	<b>Rent paid</b>				
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	48	48	
	Smt. Mamta Modani	Relatives of Key Managerial Personnel (KMP)	4	4	
	Sh. Anurag Soni	Relatives of Key Managerial Personnel (KMP)	6	6	
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	11	11	
	Sh. R.P.Soni HUF	Other Related Parties	6	6	
<b>4</b>	<b>Rent received</b>				
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1	1	
<b>5</b>	<b>Interest received from</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	19	
<b>6</b>	<b>Insurance paid for Key Managerial Personnel</b>				
	Shri S.N. Modani		5	4	
	Shri V.K. Sodani		3	3	
<b>7</b>	<b>Compensation paid to key management personnel:</b>				
	<b>Remuneration</b>				
	<b>(1) Short-term employment benefits / Salary</b>				
	<b>(i) Key Managerial Personnel</b>				
	Shri R.P. Soni		215	196	
	Shri S.N. Modani		120	109	
	Shri V.K. Sodani		56	47	
	Shri Anil Jain		36	32	



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

(₹ in Lakhs)				
Sr. No.	Nature of transaction/relationship/major parties	Relationship	2018-19 Amount	2017-18 Amount
	<b>(ii) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		55	43
	Smt. Antima Bass		11	9
	Shri Pranal Modani		39	29
	<b>(2) Director Sitting Fees</b>			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		4	5
	Shri T.K. Mukhopadhyay		4	3
	Ms. Seema Srivastava		1	1
	<b>(3) Commission</b>			
	Shri R.P. Soni		27	16
	Shri S.N. Modani		27	15
	Shri V.K. Sodani		7	4
<b>8</b>	<b>Expenditure Incurred in CSR</b>			
	(i) M/S Badri Lal Soni Charitable Trust	Other Related Parties	105	80
	(ii) M/S Kesar Bai Soni Charitable Trust	Other Related Parties	61	21

**(C) Amount due to/from related parties:**

(₹ in Lakhs)				
Sr. No.	Nature of transaction/relationship/major parties	Relationship	2018-19 Amount	2017-18 Amount
<b>1</b>	<b>Trade Receivables</b>			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1,888	1,107
<b>2</b>	<b>Advances Against Supplies</b>			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	-	2

## 38. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)			
Particulars	2018-19	2017-18	
<b>(I) Contingent Liabilities:</b>			
<b>(a) Guarantees:</b>			
Outstanding Bank Guarantees (Excluding Financial Guarantees)	338	426	
<b>(b) Other Money for which the Company is contingently liable:</b>			
1 Stamp Duty dispute pending with Rajasthan High Court, Jodhpur under Rajasthan Stamp Duty Act, 1998.	109	109	
2 Various cases pending with Central Excise under Central Excise Act, 1944 & Service Tax cases under Finance Act, 1994 (Net of amount fully provided).	616	940	
3 Dispute of Fixed Charges recovery pending with Rajasthan High Court, Jodhpur under Electricity Act, 2003.	20	20	
4 Entry Tax dispute for the year 2014-15 & 2015-16 under The Rajasthan Tax on Entry of Goods into Local Area Act, 1999 regarding to interest /penalty.	213	213	
<b>5 Disputed VAT Liabilities under The Rajasthan Value Added Tax Act, 2003 in respect of :</b>			
5.1 Input Tax Credit	94	94	
5.2 VAT with RIPS incentive on exports.	341	341	
5.3 Incentive Benefit	35	35	
6 Disputes on various tolls for which company is contingently liable.	243	243	
<b>(II) Commitments:</b>			
(a) Estimated amount of contracts (Net of advances) remaining to be executed on capital and not provided for.	2,076	2,460	
(b) In respect of Capital goods imported at the concessional rate of duty under the Export Promotion Capital goods scheme, the company has approximate exports obligations which is required to be met at the different due dates before 31 <sup>st</sup> March, 2025. In the event of non-fulfillment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	1,560	2,806	



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 39. SEGMENT INFORMATION

### Operating Segment

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker ("CODM") evaluates the company's performance and allocates resources based on an analysis of various indicators of business segment/s in which the company operates. The Company is primarily engaged in the business of textile manufacturing which the management and CODM recognise as the sole business segment. Hence disclosure of segment-wise information is not required and accordingly not provided.

The other applicable information applicable where there is only one segment as required in accordance with IND AS 108 – Operating Segments, are as under:

- (a) The company does not have the information in respect of the revenues from external customers for each product and service, or each group of similar products and services, and the cost to develop such system will be highly excessive. Accordingly such information is not disclosed as allowed by para 32 of IND AS 108.

### (b) Revenues

(₹ in Lakhs)		
Particulars	2018-19	2017-18
Domestic	1,37,892	1,20,816
Export	49,471	44,087
<b>TOTAL</b>	<b>1,87,363</b>	<b>1,64,903</b>

Revenues from external customers attributed to an individual foreign country are not material. The revenue from the foreign countries are attributed from the countries wherein the actual exports are made.

There are no assets in foreign countries held by the Company except the amounts due from the exports.

- (c) The company does not have any major single customers / group of external customer having 10% of its revenue.

## 40. EMPLOYEE BENEFITS

The Company contributes to the following post - employment defined benefit plans in India.

### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

(₹ in Lakhs)		
For the year ended		
Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Contribution to government Provident Fund	759	866

### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company.

Company makes contributions to Group Gratuity Schemes administered by the LIC of India.

### Other long term employee benefit plans

#### Compensated absences

Every employee is entitled to paid leave as per the company's policies. The employees are allowed to avail leave and carry forward a specified number of days, the same is encashable during the service period and at the time of separation from the company or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	Gratuity (Funded)			Leave encashment		
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2018
Net defined benefit (liability) / asset	1,093.28	785.49	244.01	207.35		
Non-current	-	-	-	-	-	-
Current	1,093.28	785.49	244.01	207.35		

(₹ in Lakhs)

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity (Funded)						Leave Encashment (Funded)					
	31 <sup>st</sup> March, 2019			31 <sup>st</sup> March, 2018			31 <sup>st</sup> March, 2019			31 <sup>st</sup> March, 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 <sup>st</sup> April	1,562.50	777.01	785.49	1,407.47	850.80	556.67	469.57	262.22	207.35	403.96	243.55	160.41
<b>Included in profit or loss</b>												
Current service cost	369.04		369.04	317.95		317.95	272.56		272.56	253.17		253.17
Interest cost (income)	113.21		113.21	98.98		98.98	32.93		32.93	27.20		27.20
	482.25	-	482.25	416.93	-	416.93	305.49	-	305.49	280.37	-	280.37
<b>Included in OCI</b>												
Remeasurements loss (gain)	-		-	-		-	-		-	-		-
- Actuarial loss (gain) arising from:												
- demographic assumptions	-		-	-		-	-		-	-		-
- financial assumptions	5.78		5.78	(40.59)		(40.59)	1.56		1.56	(11.64)		(11.64)
- experience adjustment	(75.75)		(75.75)	(67.23)		(67.23)	(171.45)		(171.45)	(126.46)		(126.46)
- on plan assets		(2.91)	2.91		(1.51)	1.51		(2.23)	2.23		(1.02)	1.02
	(69.97)	(2.91)	(67.06)	(107.82)	(1.51)	(106.31)	(169.89)	(2.23)	(167.66)	(138.10)	(1.02)	(137.08)
<b>Other</b>												
Contributions paid by the employer		52.42	(52.42)		23.36	(23.36)		81.04	(81.04)		78.17	(78.17)
Benefits paid	(172.84)	(172.84)	-	(154.08)	(154.08)	-	(80.61)	(80.61)	-	(76.66)	(76.66)	-
Expected Return on Plan Assets		54.98	(54.98)		58.44	(58.44)		20.13	(20.13)		18.18	(18.18)
	(172.84)	(65.44)	(107.40)	(154.08)	(72.28)	(81.80)	(80.61)	20.56	(101.17)	(76.66)	19.69	(96.35)
Balance as at 31 March	1,801.94	708.66	1,093.28	1,562.50	777.01	785.49	524.56	280.55	244.01	469.57	262.22	207.35

(₹ in Lakhs)

# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## C. Plan assets

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Fund managed by insurer	100%	100%
	100%	100%

## D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Discount rate	7.64%	7.67%
Expected rate of future salary increase	5.50%	5.50%
Mortality	100% of IALM (2006 - 08) Ult.	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

## E. Sensitivity analysis

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

(₹ in Lakhs)

Particulars	Gratuity				Leave Encashment			
	31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,625.26	2,014.25	1,404.61	1,752.55	476.77	581.89	424.31	524.06
Expected rate of future salary increase (1% movement)	2,014.44	1,622.39	1,752.76	1,402.02	581.91	476.03	524.08	423.60

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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

## F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

## G. Expected maturity analysis of the undiscounted gratuity benefits is as follows

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Duration of defined benefit payments</b>		
Less than 1 year	121.88	95.63
Between 1-2 years	77.84	68.53
Between 2-5 years	418.19	533.16
Over 5 years	620.07	1,419.20
<b>Total</b>	<b>1,237.98</b>	<b>2,116.52</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.97 years (31<sup>st</sup> March 2018: 19.19 years)



# Notes

On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 41. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### I. Fair value measurements Hierarchy

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2019				31 <sup>st</sup> March, 2018			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
Investments	590	-	-	-	590	-	-	-
Other Non-Current Financial Assets	1,020	-	-	-	648	-	-	-
Trade Receivables	36,443	-	-	-	32,611	-	-	-
Cash and Cash Equivalents	38	-	-	-	62	-	-	-
Bank Balances other than above	29	-	-	-	104	-	-	-
Other Current Financial Assets	4,786	-	-	-	5,832	-	-	-
	<b>42,906</b>	-	-	-	<b>39,847</b>	-	-	-
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	28,517	-	-	-	34,430	-	-	-
Short Term Borrowings	35,507	-	-	-	37,230	-	-	-
Trade Payables	16,432	-	-	-	15,031	-	-	-
Other Current Financial Liabilities	13,790	-	-	-	13,951	-	-	-
<b>At Fair Value through P&amp;L</b>								
Other Current Financial Liabilities	(152)		(152)		(90)		(90)	
	<b>94,094</b>	-	<b>(152)</b>	-	<b>1,00,552</b>	-	<b>(90)</b>	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### II. Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### ii. Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The gross carrying amount of trade receivables is ₹ 36710 Lakhs (31<sup>st</sup> March 2018 – ₹ 32908 Lakhs).

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

#### Reconciliation of Loss Allowance Provision – Trade Receivables

(₹ in Lakhs)		
Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Opening Balances	297	232
Impairment Loss Recognised	55	65
Amount written back	85	-
<b>Closing balance</b>	<b>267</b>	<b>297</b>

### iii. Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.



# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### (a) Maturities of financial liabilities

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

(₹ in Lakhs)

Particulars	Carrying Amounts	Contractual Cash Flows			
	31 <sup>st</sup> March, 2019	Total	Within 1 Year	1–5 Years	More than 5 Years
<b>Non-derivative financial liabilities</b>					
Borrowings	28,517	28,517	-	26,107	2,410
Short term borrowings	35,507	35,507	35,507	-	-
Trade payables	16,432	16,432	16,432	-	-
Other current financial liabilities	13,638	13,638	13,638	-	-
<b>Total non-derivative liabilities</b>	<b>94,094</b>	<b>94,094</b>	<b>65,577</b>	<b>26,107</b>	<b>2,410</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in Lakhs)

Particulars	Carrying Amounts	Contractual Cash Flows			
	31 <sup>st</sup> March, 2018	Total	Within 1 Year	1–5 Years	More than 5 Years
<b>Non-derivative financial liabilities</b>					
Borrowings	34,430	34,430	-	29,393	5,037
Short term borrowings	37,230	37,230	37,230	-	-
Trade payables	15,031	15,031	15,031	-	-
Other current financial liabilities	13,861	13,861	13,861	-	-
<b>Total non-derivative liabilities</b>	<b>1,00,552</b>	<b>1,00,552</b>	<b>66,122</b>	<b>29,393</b>	<b>5,037</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows (Amounts in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	USD	EUR	USD	EUR
<b>Financial Instruments</b>				
Trade receivables	121	-	121	2
Trade payables	(2)	-	-	-
Borrowings	(91)	-	(82)	-
Derivatives - Forward Contracts	(94)	-	(235)	(7)
<b>Net statement of financial position exposure</b>	<b>(66)</b>	<b>-</b>	<b>(196)</b>	<b>(5)</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss	
	Strengthening	Weakening
<b>31<sup>st</sup> March 2019</b>		
USD (1% movement)	(46)	46
EUR (1% movement)	-	-
<b>31<sup>st</sup> March 2018</b>		
USD (1% movement)	(128)	128
EUR (1% movement)	(4)	4

### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	350	322
	<b>350</b>	<b>322</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	34,872	41,187
	<b>34,872</b>	<b>41,187</b>

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
<b>31<sup>st</sup> March 2019</b>		
Variable-rate instruments	(349)	349
<b>Cash flow sensitivity</b>	<b>(349)</b>	<b>349</b>
<b>31<sup>st</sup> March 2018</b>		
Variable-rate instruments	(412)	412
<b>Cash flow sensitivity</b>	<b>(412)</b>	<b>412</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Hedge Accounting

The company's business objective includes safe-guarding its earnings against foreign exchange fluctuations. The Company has adopted a structured risk management policy to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for Fair Value hedges. Hedging instruments include forwards contracts to achieve this objective. The table below shows the position of hedging instruments and hedged items as on the balance sheet date.

### Disclosure of effect of Hedge Accounting:

#### Fair Value Hedge

#### Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	6,712	(152)	(152)	May 2019 to December 2019	Other Current Financial Liabilities

#### Hedged Items

(₹ in Lakhs)

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Trade Receivables	8,358	-	Financial Assets - Trade Receivables

## 42. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
a) The Gross amount required to be spent by the company during the year	123	164

b) The Details of the amount spent during the year on CSR activities as follow.

(₹ in Lakhs)

Particulars	Expenditure incurred in Cash	Expenditure incurred in Cash
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Construction / acquisition of any asset	-	-
On purpose other than (i) above	181	137
<b>TOTAL</b>	<b>181</b>	<b>137</b>

# Notes

## On Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

- c) Out of above ₹ 105 Lakhs (Previous Year ₹ 80 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 61 Lakhs (Previous year ₹ 21 Lakhs) has been spent through M/s Kesar Bai Soni Charitable Trust, which are related parties.

Breakup of the expenditure incurred through the trust during the year is as under.

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Environmental Sustainability	28	20
Promoting Education	75	60
Promoting Health Care	45	-
Eradication Hunger, Poverty and Malnutrition	16	21
Promoting Sports	2	-
<b>TOTAL</b>	<b>166</b>	<b>101</b>

### 43. STANDARD ISSUED BUT NOT EFFECTIVE

On 30<sup>th</sup> March, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1<sup>st</sup> April, 2019.

#### (a) Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17 -Leases. As per Ind AS 116 the lessor will have to bring the books all the non-cancellable portion of leasing arrangements.

#### (b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- Ind AS 101 - First time adoption of Indian Accounting Standards.
- Ind AS 103 – Business Combinations
- Ind AS 109 - Financial Instruments .
- Ind AS 111 – Joint Arrangements.
- Ind AS 12 – Income Taxes.
- Ind AS 19 – Employee Benefits.
- Ind AS 23 – Borrowing Costs.
- Ind AS 28 - Investment in Associates and Joint Ventures.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

### 44. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

### 45. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 28<sup>th</sup> May , 2019

The Board of Directors have recommended a dividend @ 10% on equity share, subject to approval from the shareholders at the ensuing AGM.

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**  
Partner  
Membership No.103316

**(O. P. Dad)**  
Partner  
Membership No. 035373

**(R.P. Soni)**  
Chairman  
(DIN 00401439)

**(S. N. Modani)**  
Managing Director & CEO  
(DIN 00401498)

**(V. K. Sodani)**  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

**(Anil Jain)**  
CFO & Company Secretary  
(M No.: F-3147)



# Independent Auditor`s Report

To the Members of  
Sangam (India) Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying Consolidated Financial Statements of Sangam (India) Limited ("herein after referred to as "Holding Company") and its Subsidiary Company (Holding Company and its Subsidiary Company together referred as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2019, Consolidated the Statement of profit and loss (Including Other Comprehensive Income) , Consolidated Statement of changes in equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of one of Joint auditor on separate financial statements, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and as at 31<sup>st</sup> March, 2019, and its Consolidated Profit including Other Comprehensive Income, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of Consolidated financial statement in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Consolidated Financial statements.

### Emphasis of Matter

We draw attention to the Note 47 of the financial statements. The subsidiary is a 100% subsidiary of the Company and there is no material effect on these consolidation financial statements of the Company.

Our opinion is not modified in respect of above matter.

### Key Audit Matter

Key audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.



# Independent Auditor's Report (Contd.)

We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

The key audit matters	How our audit addressed the key audit matter
<b>Adoption of Ind AS 115 – Revenue from Contracts with Customers</b>	
<p>The Group has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Group adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<p>Our audit procedures carried on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, was as under:–</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;</li> <li>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> <li>• Evaluated the changes, if any, made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li> <li>• Evaluated the cumulative effect adjustments required, if any, as at 1<sup>st</sup> April, 2018 for compliance with the new revenue standard; and</li> <li>• Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> </ul>

## Other Matter

The Consolidated Financial Statements includes Subsidiary Company which reflects total assets of ₹ 1457 Lacs as at 31<sup>st</sup> March, 2019, total revenues of ₹ 1296 Lacs and net cash outflow of ₹ 0.12 Lacs for year then ended, which have been audited by one of the joint auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the one of the joint auditor.

## Other Information

The Holding Company's Management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have been informed that other information will be adopted by the Board of Directors at a later date and we will report, if other information so adopted is materially inconsistent with the consolidated financial statements.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including Other Comprehensive Income, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other



# Independent Auditor's Report (Contd.)

irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the Company included in the Group are responsible for assessing the ability of each of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of each of the Company included in the Group are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013 as amended, we are also responsible for expressing our opinion on whether the Holding Company and its Subsidiary Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the these assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions *read with Emphasis of matters* are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

# Independent Auditor's Report (Contd.)

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated the Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Company as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and Subsidiary Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial statements disclose the impact of pending litigations on its Consolidated Financial Position of the Group - Refer Note No. 39 to the consolidated financial statements.
- ii. The Provision has made provision in the Consolidated Financial Statement, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company during the year ended 31<sup>st</sup> March, 2019.

2. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, we report that the Holding Company and its Subsidiary Company has paid remuneration to its directors during the year in accordance with the provisions of the limits laid down under Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Rajendra & Co.**  
Chartered Accountants  
Firm Regn. No. 108355W

**Akshay R. Shah**  
Partner  
Membership No. 103316  
Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

For **O. P. Dad & Co.**  
Chartered Accountants  
Firm Regn. No. 002330C

**O. P. Dad**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls with reference to consolidated financial statements of Sangam (India) Limited (“herein after referred to as “Holding Company”) and its Subsidiary Company as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Holding Company and its Subsidiary Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal financial controls with reference to Consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

### Management Responsibility for the Internal Financial Controls

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

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company’s and Subsidiary Company internal financial controls system with reference to consolidated financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1)

## **ANNEXURE “A”** TO THE INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (Contd.)

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated financial statements, including the possibility of collusion or

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

### **Other Matters**

Our report under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls of Holding Company, in so far as it relates to separate financial statements of Subsidiary Company, which is company incorporated in India, is based on the corresponding reports of the auditor of such Subsidiary Company incorporated in India.

For **Rajendra & Co.**  
Chartered Accountants  
Firm Regn. No. 108355W

For **O. P. Dad & Co.**  
Chartered Accountants  
Firm Regn. No. 002330C

**Akshay R. Shah**  
Partner  
Membership No.103316  
Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

**O. P. Dad**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019





# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4	64,752	69,863
Capital Work-in-Progress		1,014	877
Intangible Assets	5	88	99
Intangible Assets under Development		168	64
<b>Financial Assets</b>			
(i) Investments	6	585	585
(ii) Other Financial Assets	7	1,021	666
Other Non Current Assets	8	837	767
<b>TOTAL NON-CURRENT ASSETS</b>		<b>68,465</b>	<b>72,921</b>
<b>CURRENT ASSETS</b>			
Inventories	9	36,080	36,004
<b>Financial Assets</b>			
(i) Trade Receivables	10	34,988	31,790
(ii) Cash and Cash equivalents	11	39	64
(iii) Bank balances other than (ii) above	12	29	104
(iv) Other Current Financial Assets	13	4,786	5,833
Current Tax Assets (Net)	14	835	3,035
Other Current Assets	15	8,218	8,224
<b>TOTAL CURRENT ASSETS</b>		<b>84,975</b>	<b>85,054</b>
<b>TOTAL ASSETS</b>		<b>1,53,440</b>	<b>1,57,975</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	3,942	3,942
Other Equity	17	48,128	47,233
<b>TOTAL EQUITY</b>		<b>52,070</b>	<b>51,175</b>
<b>LIABILITY</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	18	28,517	34,430
Deferred Tax Liabilities (Net)	19	4,598	4,287
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,115</b>	<b>38,717</b>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	20	35,507	37,230
(ii) Trade Payables			
a) Total outstanding dues of Micro enterprises and Small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and Small enterprises	21	16,458	15,094
(iii) Other Financial Liabilities	22	13,731	13,894
Other Current Liabilities	23	1,208	862
Provisions	24	1,351	1,003
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,255</b>	<b>68,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,53,440</b>	<b>1,57,975</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 48

As per our Report of even date

For **Rajendra & Co.**

Chartered Accountants

(Firm Regn. No.108355W)

For **O. P. Dad & Co.**

Chartered Accountants

(Firm Regn. No. 002330C)

For and on the Behalf of the Board

(Akshay R. Shah)

Partner

Membership No.103316

(O. P. Dad)

Partner

Membership No. 035373

(R.P. Soni)

Chairman

(DIN 00401439)

(S. N. Modani)

Managing Director &amp; CEO

(DIN 00401498)

(V. K. Sodani)

Executive Director

(DIN 00403740)

Camp : Bhilwara

Date: 28<sup>th</sup> May, 2019

Place : Bhilwara

Date: 28<sup>th</sup> May, 2019

(Anil Jain)

CFO &amp; Company Secretary

(M No.: F-3147)

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)			
Particulars	Note	2018-19	2017-18
<b>INCOME</b>			
Revenue from Operations	25	1,87,353	1,64,838
Other Income	26	900	2,522
<b>TOTAL INCOME</b>		<b>1,88,253</b>	<b>1,67,360</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	27	1,05,159	93,666
Purchases of Traded Goods	28	2,954	3,893
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	1,328	(3,315)
Excise Duty on Sale of Goods		-	1,112
Employee Benefits Expense	30	19,010	17,550
Power & Fuel		24,755	23,127
Finance Costs	31	6,661	6,283
Depreciation and Amortisation Expense	32	8,053	7,709
Other Expenses	33	18,224	16,335
<b>TOTAL EXPENSES</b>		<b>1,86,144</b>	<b>1,66,360</b>
Profit Before Exceptional Item and Tax		2,109	1,000
Exceptional Items		-	-
Profit Before Tax		2,109	1,000
<b>Tax Expenses</b>			
Current Tax		823	-
Deferred Tax		(37)	622
Tax Expense for Earlier Years		-	(2,484)
<b>Profit for the year</b>		<b>1,323</b>	<b>2,862</b>
<b>Other comprehensive income</b>	34		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		71	104
Tax relating to remeasurement of defined benefit plans		(24)	(37)
<b>Total other comprehensive income for the period (B)</b>		<b>47</b>	<b>67</b>
<b>Total comprehensive income for the period (A + B)</b>		<b>1,370</b>	<b>2,929</b>
Earnings per equity share of face value of ₹ 10 each	35		
Basic and Diluted (in ₹)		3.36	7.26
Significant Accounting Policies and Notes on Financial Statements		1 to 48	

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

(Akshay R. Shah)  
Partner  
Membership No.103316

(O. P. Dad)  
Partner  
Membership No. 035373

(R.P. Soni)  
Chairman  
(DIN 00401439)

(S. N. Modani)  
Managing Director & CEO  
(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)



# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2019

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	2,109	1,000
Adjustments for :-		
Depreciation and Amortisation Expense	8,053	7,709
Finance Costs	6,660	6,283
Allowance for Doubtful Debts	55	65
Interest Income	(654)	(1,219)
Foreign Exchange Fluctuation	172	30
Profit on Sale of Fixed Assets (Net)	(188)	(191)
<b>Operating Profit before working capital changes</b>	<b>16,207</b>	<b>13,677</b>
Movements in Working Capital :-		
(Increase) / Decrease in Inventories	(76)	73
(Increase) / Decrease in Trade Receivables	(3,417)	(6,387)
(Increase) / Decrease in Other Financial Assets	1,089	(1,089)
(Increase) / Decrease in Other Assets	(419)	(1,396)
Increase / (Decrease) in Trade Payables	1,357	4,871
Increase / (Decrease) in Other Financial Liabilities	195	145
Increase / (Decrease) in Provisions	419	389
Increase / (Decrease) in Other Liabilities	345	(10)
<b>Cash Generated from Operations</b>	<b>15,700</b>	<b>10,273</b>
Taxes Paid / (Refund) (Net)	(1,702)	747
<b>Net Cash Inflow / (Out Flow) from Operating Activities</b>	<b>17,402</b>	<b>9,526</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(3,295)	(12,220)
Sale of Fixed Assets	312	363
Interest Income	611	1,174
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(2,372)</b>	<b>(10,683)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	1,860	8,664
Repayment of Long Term Borrowings	(8,146)	(5,990)
Increase / (Decrease) in Short- Term Borrowings	(1,723)	5,239
Finance Costs	(6,645)	(6,204)
Dividend Paid (Including Tax on Dividend)	(476)	(953)
<b>Net Cash Inflow / (Out Flow) from Financing Activities</b>	<b>(15,130)</b>	<b>756</b>
Net Increase/(Decrease) in Cash & Cash equivalents	(100)	(401)
Cash and Cash Equivalents at the Beginning	168	569
Cash and Cash Equivalents at the End	68	168

## Change in Liability arising from financing activities

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April, 2018	Cash Flow	As at 31 <sup>st</sup> March, 2019
Borrowing - Non Current (Refer Note 18)	41,509	(6,286)	35,223
Borrowing - Current (Refer Note 20)	37,230	(1,723)	35,507
<b>Total</b>	<b>78,739</b>	<b>(8,009)</b>	<b>70,730</b>

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

(Akshay R. Shah)  
Partner  
Membership No.103316

(O. P. Dad)  
Partner  
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(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2019

## (a) Equity share capital

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	3,94,21,559	3,942	3,94,21,559	3,942
Changes in equity share capital during the year	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>3,94,21,559</b>	<b>3,942</b>	<b>3,94,21,559</b>	<b>3,942</b>

## (b) Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus						Total
	General Reserve	Retained Earnings	Capital Reserve	Preference Share Capital Redemption Reserve	Securities Premium	Remeasurement of defined benefit plans	
<b>Balance at 31<sup>st</sup> March 2017</b>	22,818	15,115	297	1,178	5,868	(24)	45,252
Profit for the year	-	2,862	-	-	-	-	2,862
Other comprehensive income for the year	-	-	-	-	-	67	67
<b>Total comprehensive income for the year</b>	-	<b>2,862</b>	-	-	-	<b>67</b>	<b>2,929</b>
Dividend paid	-	(788)	-	-	-	-	(788)
Dividend distribution tax	-	(160)	-	-	-	-	(160)
<b>Balance at 31<sup>st</sup> March 2018</b>	<b>22,818</b>	<b>17,029</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>43</b>	<b>47,233</b>
<b>Restated balance at the beginning of the reporting period</b>	<b>22,818</b>	<b>17,029</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>43</b>	<b>47,233</b>
Profit for the year	-	1,323	-	-	-	-	1,323
Other comprehensive income for the year	-	-	-	-	-	47	47
<b>Total comprehensive income for the year</b>	-	<b>1,323</b>	-	-	-	<b>47</b>	<b>1,370</b>
Dividend paid	-	(394)	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>22,818</b>	<b>17,877</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>48,128</b>

The accompanying notes are an integral part of these financial statements

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

(Akshay R. Shah)  
Partner  
Membership No.103316

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

(O. P. Dad)  
Partner  
Membership No. 035373

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

For and on the Behalf of the Board

(R.P. Soni)  
Chairman  
(DIN 00401439)

(S. N. Modani)  
Managing Director & CEO  
(DIN 00401498)

(V. K. Sodani)  
Executive Director  
(DIN 00403740)

(Anil Jain)  
CFO & Company Secretary  
(M No.: F-3147)



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 1. GENERAL INFORMATION:

Sangam (India) Limited ("the Holding Company"), is a public limited company domiciled in India and was incorporated on 29.12.1984 under the provisions of the Companies Act, 1956 (now replaced by Companies Act 2013) as applicable in India. Its shares are listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) of India.

The registered office of the Company is located at Atun, Chittorgarh Road, Bhilwara – 311 001, Rajasthan, India.

The Company is principally engaged in the business of manufacturing and selling of Synthetic Blended, Cotton & Texturised yarn, Fabrics, Denim Fabrics and readymade seamless garment.

The Company has manufacturing facilities at Atun, Biliya kalan & Sareri in district Bhilwara and Soniyana in district Chittorgarh in Rajasthan and caters both the domestic and export markets.

The Company is having 5MW Wind Power Generation facility at Jaisalmer, Rajasthan.

The holding company has a wholly owned subsidiary company (hereinafter collectively called "the group" or "the company") and accordingly these consolidated financial statements have been prepared by the group consisting of accounts of the parent and its wholly owned subsidiary.

### 2. BASIS OF ACCOUNTING

**2.1** The notes including significant policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

**2.2** The list of subsidiaries included in the Consolidated Financial Statements are as under:

Sl. No.	Name of subsidiary company	Country of incorporation	Proportion of ownership interest and voting power (%)
1.	Sangam Lifestyle Ventures Limited	India	100%

The subsidiary company was incorporated on 14<sup>th</sup> June, 2016 and became the wholly owned subsidiary of the parent company from the date of incorporation.

**2.3** Other Equity shown in the Consolidated Balance Sheet and profit in the Consolidated Statement of Profit & Loss, Other Comprehensive income, Total

Comprehensive income is after setting off the Group's share in the loss of the wholly owned subsidiary.

### 2(A) Principles of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Parent Company and its wholly owned subsidiary. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as a subsidiary. The Parent Company together with its subsidiary constitutes the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

(ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

(iii) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiary line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealized profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiary have been harmonized to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company.

(iv) The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control are recognized



# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

directly in other equity attributable to the owners of the Parent Company.

### 3. BASIS OF PREPARATION:

#### A. Statement of compliance

These consolidated financial statements of the group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and division II of Schedule III of the Companies Act 2013.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 28<sup>th</sup> May 2019.

#### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lakhs, except as stated otherwise.

#### C. Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis. The following items are measured on each reporting date as under:

Items	Measurement Basis
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

#### D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance or operating lease
- Leases: whether an arrangement contains a lease.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included below:

- Estimation of current and deferred tax expense and asset/ liability.
- Estimated useful life of property, plant and equipment.
- Estimation of defined benefit obligation.
- Measurement and likelihood of occurrence of provisions and contingencies.
- Impairment of trade receivables.

#### E. Measurement of fair values

Company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the controller.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized in a fair value hierarchy based on the inputs used in the valuation techniques as under:

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted price included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 3.1 SIGNIFICANT ACCOUNTING POLICIES:

#### A. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

##### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;

- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets/ liabilities are classified as non-current.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

#### B. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognised at their cash values. For qualifying assets, borrowing costs are capitalized in accordance with the company's accounting policy.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the company for similar assets.

Freehold land is not depreciated.

An item of Property, plant and equipment is derecognized when it is estimated that Company will not receive future economic benefits from its use or upon its disposal. Any gains and losses on disposal of such item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

### C. Depreciation and amortisation:

Depreciation method, estimated useful lives and residual values are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of Property, Plant & Equipment is aligned to the useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation in the following case:

Assets	Useful Life estimated by the management (Based on Technical Evaluation)
Plant and Equipment and Electrical Installations:	
(i) For Textiles	9.19 years
(ii) For Power Generation	18 years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the Property, Plant and Equipment are likely to be used.

Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.

Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of property, plant and equipment is sold, discarded, demolished or scrapped.

Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

### D. Intangible assets

Intangible assets that are acquired by the company, that have finite useful lives, are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditures related to an item of intangible assets are added to its carrying amount when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Any gains and losses on disposal of such intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

Finite life intangible assets are amortised on a straight line basis over the period of their expected useful lives.

### Amortisation

A summary of the policies applied to the intangible assets is, as follows:

Intangible assets	Useful life Amortisation method used
Computer software	Finite (5 years)

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

### E. Research and development expenditure on new products:

- (i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- (ii) Development expenditure on new products is capitalized as intangible asset, if all of the following can be demonstrated:
  - A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - B. the company has intention to complete the intangible asset and use or sell it;
  - C. the company has ability to use or sell the intangible asset;
  - D. the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
  - E. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - F. the company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

### F. Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary company to determine whether there is any indication that those assets have suffered an

impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. The intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### G. Financial Instruments

#### i. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognised at fair value on initial recognition.

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

### Impairment of financial assets

The Company recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost has impaired and provisions are made for impairment accordingly. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after

the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

## ii. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.



# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### **Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### **iii. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### **H. Borrowing costs**

Borrowing costs include interest expense calculated using the effective interest method (EIR), finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, which are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### **I. Income tax**

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- Temporary differences related to investment in subsidiary to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets- unrecognized or recognized, are reviewed at each reporting date and are recognized /reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### J. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolesces and damages as under:

(i) Raw and packing materials, stores and spares including fuel	At Cost on FIFO/ weighted Averages basis
(ii) Stock in process	At Cost plus appropriate related production overheads
(iii) Stock in trade and Finished Goods	At Cost, plus appropriate production overheads

Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### K. Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

### L. Foreign currency translation

- (i) The functional currency and presentation currency of the company is Indian Rupee.
- (ii) Transactions in currencies other than the company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of

monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:

- A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- B. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### M. Employee benefits

#### i. Defined benefit obligations

##### (a) Post-employment benefits (Gratuity):

The liability recognised in balance sheet in respect of gratuity (unfunded) is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using projected unit credit method.

Remeasurement actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement if changes in equity and in the balance sheet.

##### (b) Other employee benefits:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method.

#### ii. Defined contribution plan:

Company pays contributions to provident fund, employee pension scheme and employee state insurance as per statutes/ amounts as advised by the Authorities. The Company has no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognised as employee benefit expense when they are due.



# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### iii. Short-term benefits:

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of reporting period in which the employees rendered the related services are recognised in respect of employee's service up to the end of reporting period and are measured at the amount expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

### N. Provision and contingent liabilities

The Company sets up a provision when there is a present legal or constructive obligation as a result of a past event and it will probably requires an outflow of resources to settle the obligation and a reliable estimate can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

A disclosure for a contingent liability is made where there is a 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 not within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or where reliable estimate of the obligation cannot be made. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### O. Contingent Assets

Contingent Assets are not recognised in the financial statements. However, these are disclosed in the Director's report.

### P. Revenue recognition

#### (i) Revenue from operations

Revenue from contracts with customers is recognised when control of the goods or services

are transferred to the customer at an amount that reflects the consideration the company is entitled in exchange for those goods or services.

#### A. Sale of goods

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

#### B. Rendering of services

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

In case of discounts, rebates, credits, price incentives or similar terms, consideration are determined based on its most likely amount, which is assessed at each reporting period.

#### C. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### (ii) Other income

A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

B. Dividend income is accounted in the period in which the right to receive the same is established.

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

- C. Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

### Q. Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

### R. Government grants

Grants from government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss account over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

### S. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM').

The Company's Board has identified the CODM who is responsible for financial decision making and assessing performance. The Company has a single operating segment as the operating results of the Company are reviewed on an overall basis by the CODM.

### T. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

### (i) Finance leases:

- A. Leases where the company has substantially all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance leases are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

### (ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

- A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.
- B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

### U. Earnings per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 4. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block			Depreciation				Net Block		
	As at 31 <sup>st</sup> March 2018	Additions	Deletions	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018	Additions	Deletions	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Tangible Assets</b>										
Freehold land	1,265	-	-	1,265	-	-	-	-	1,265	1,265
Building	20,287	439	-	20,726	1,314	766	-	2,080	18,646	18,973
Plant and Machinery	54,632	1,795	99	56,328	11,647	6,258	2	17,903	38,425	42,985
Wind Power Machines	874	-	-	874	228	114	-	342	532	646
Electric installation	4,444	456	1	4,899	1,019	505	-	1,524	3,375	3,425
Water supply installation	529	30	-	559	37	22	-	59	500	492
Furniture and fixtures	1,320	40	1	1,359	262	137	-	399	960	1,058
Vehicles	1,031	218	37	1,212	263	148	12	399	813	768
Office equipments	58	10	-	68	24	10	-	34	34	34
Computers	270	54	-	324	101	68	-	169	155	169
<b>Assets under Finance Lease</b>										
Leasehold land	50			50	2	1	-	3	47	48
<b>Total</b>	<b>84,760</b>	<b>3,042</b>	<b>138</b>	<b>87,664</b>	<b>14,897</b>	<b>8,029</b>	<b>14</b>	<b>22,912</b>	<b>64,752</b>	<b>69,863</b>
Previous Year	72,629	12,330	199	84,760	7,232	7,692	27	14,897	69,863	65,397
Capital Work-in-progress									1,014	877

## 5. INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Gross Block			Depreciation				Net Block		
	As at 31 <sup>st</sup> March 2018	Additions	Deletions	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018	Additions	Deletions	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Intangible Assets</b>										
Software IT (ERP)	132	13	-	145	33	24	-	57	88	99
<b>Total</b>	<b>132</b>	<b>13</b>	<b>-</b>	<b>145</b>	<b>33</b>	<b>24</b>	<b>-</b>	<b>57</b>	<b>88</b>	<b>99</b>
Previous Year	85	47	-	132	16	17	-	33	99	69
Intangible Assets under Development									168	64

Break up of Pre - Operative Expenses capitalised / deferred for capitalisation under Capital Work in Progress:

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
Opening Balance	27	70
Financial Charges	58	246
Direct Costs Attributable to Project	-	56
<b>Total Amount</b>	<b>85</b>	<b>372</b>
Less: Exp. Apportioned to fixed assets	54	345
<b>Balance yet to be allocated</b>	<b>31</b>	<b>27</b>

Note 1:- Borrowing cost capitalized refer Note No. 31

Note 2:- Property, Plant and Equipment given as security for borrowings refer Note No. 18



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 6. INVESTMENTS-NON CURRENT

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Unquoted Non - Trade Investments In Equity Instrument (Measured at Cost)</b>		
<b>Unquoted, fully paid up</b>		
Equity Shares of ₹ 10/- each fully paid up		
Keti Sangam Infrastructure (India) Ltd.	581	581
580600 (Previous Year 580600)		
PKSS Infrastructure Pvt. Ltd.	-	-
3900 (Previous Year 3900) ₹ 0.39 Lakh (Previous Year ₹ 0.39 Lakh)		
Kalyan Sangam Infratech Ltd.	4	4
37500 (Previous Year 37500)		
Equity Shares of ₹ 20/- each fully paid		
AP Mahesh Co-Operative Bank Ltd.	-	-
50 (Previous Year 50)		
₹ 0.01 Lakh (Previous Year ₹ 0.01 Lakh)		
<b>Aggregate Amount of unquoted investments</b>	<b>585</b>	<b>585</b>

## 7. OTHER FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Security Deposits	1,021	666
<b>TOTAL</b>	<b>1,021</b>	<b>666</b>

## 8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Capital Advances - Others	724	696
Other Loans & Advances	20	20
Less : Allowance for Loans & Advances	(20)	(20)
Prepaid Expenses	113	71
<b>TOTAL</b>	<b>837</b>	<b>767</b>

## 9. INVENTORIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Raw Materials	10,636	9,379
Stock-in-Process	6,411	6,118
Finished Goods	16,139	17,760
Traded Goods	81	24
Stores, Spares & Fuel	2,813	2,723
<b>TOTAL</b>	<b>36,080</b>	<b>36,004</b>

9.1 For basis of valuation of inventories Refer Note No. 3.1 J

9.2 Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 20.1)



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 10. TRADE RECEIVABLES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Trade Receivables considered good - Unsecured	34,988	31,790
Trade Receivables - Credit Impaired	267	297
	<b>35,255</b>	<b>32,087</b>
Less: Provision for Trade Receivables	267	297
<b>TOTAL</b>	<b>34,988</b>	<b>31,790</b>
10.1 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of	165	1,730
10.2 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 20.1)		

## 11. CASH & CASH EQUIVALENTS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Balance with Banks	32	56
Cash on Hand	7	8
<b>TOTAL</b>	<b>39</b>	<b>64</b>

## 12. OTHER BANK BALANCES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Earmarked Balances with banks for Unclaimed & Unpaid Dividends	24	25
Fixed Deposits with banks against Margin Money*	5	79
<b>TOTAL</b>	<b>29</b>	<b>104</b>

\* These term deposits are placed as a security in favour of bank guarantees issued to various government authorities.

## 13. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(Considered Good)</b>		
Security Deposits	267	296
Recoverable from NHAI UP Towards Arbitration Award (Refer Note No. 36)	1,367	1,367
Export Incentive Receivable	464	523
Export Growth Entitlement Receivables	408	408
IGST Refund Receivable (Export)	775	1,322
Subsidy Receivable	1,192	1,367
Electricity Duty Receivable	14	-
IGST / TED (EPCG) Receivable	1	315
Advance to Employees	58	49
Interest Receivable	184	141
Accrued Income	22	33
Insurance Claim Receivable	34	12
<b>TOTAL</b>	<b>4,786</b>	<b>5,833</b>

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 14. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Income Tax Refund Receivable	835	3,035
<b>TOTAL</b>	<b>835</b>	<b>3,035</b>

## 15. OTHER CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Recoverable from Govt. / Others	40	37
Advance against Supplies	3,356	2,552
GST Balances	4,440	5,273
GST / Excise / VAT Recoverable	142	225
Prepaid Expenses	240	137
<b>TOTAL</b>	<b>8,218</b>	<b>8,224</b>

## 16. EQUITY SHARE CAPITAL

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Authorised Share Capital:</b>		
6,40,00,000 (Previous Year 6,40,00,000) Equity share of ₹ 10 each	6,400	6,400
1,85,00,000 (Previous Year 1,85,00,000) Non - Cumulative Redeemable Preference Shares of ₹ 10 each	1,850	1,850
<b>TOTAL</b>	<b>8,250</b>	<b>8,250</b>
<b>Issued, Subscribed and Paid Up:</b>		
3,94,21,559 (Previous Year 3,94,21,559) Equity share of ₹ 10 each fully paid up	3,942	3,942
<b>TOTAL</b>	<b>3,942</b>	<b>3,942</b>

### a. Terms and Rights attached to Equity Shares

Each holder of Equity Shares is entitled to one vote per share. 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. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Equity Shares as at 31 <sup>st</sup> March, 2018	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-
Equity Shares as at 31 <sup>st</sup> March, 2019	<b>3,94,21,559</b>	<b>3,94,21,559</b>



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## c. Shareholders' holding more than 5% shares in the Company:

(₹ in Lakhs)

Name of the Shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	% held	No. of Shares	% held
Sangam Business Credit Ltd.	59,82,812	15.18	59,82,812	15.18
Nidhi Mercantiles Ltd.	48,98,833	12.43	48,98,833	12.43
Altura Capital Advisors LLP	47,21,092	11.98	-	-
Anurag Soni	27,10,397	6.87	-	-
Hawamahal Finance Pvt. Ltd.	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Ltd.	22,16,145	5.62	22,16,145	5.62
Mentor Capital Ltd.	-	-	42,34,835	10.74

## 17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Capital Reserve</b>		
Balance at the beginning of the year	297	297
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>297</b>	<b>297</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	5,868	5,868
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>5,868</b>	<b>5,868</b>
<b>Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the year	1,178	1,178
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>1,178</b>	<b>1,178</b>
<b>General Reserve</b>		
Balance at the beginning of the year	22,818	22,818
Add: Transferred from Retained Earnings	-	-
<b>Balance at the end of the year</b>	<b>22,818</b>	<b>22,818</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	17,029	15,115
Add: Profit for the year	1,323	2,862
Less: Appropriations		
Transferred to General Reserve	-	-
Dividend on Equity Shares	394	788
Tax on Dividend	81	160
<b>Balance at the end of the year</b>	<b>17,877</b>	<b>17,029</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	43	(24)
Addition during the year	47	67
<b>Balance at the end of the year</b>	<b>90</b>	<b>43</b>
<b>TOTAL</b>	<b>48,128</b>	<b>47,233</b>

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## Nature and Purpose of Other Reserves / Other Equity

### 17.1 Capital Reserve

Capital Reserve created on account of merger/ amalgamation. The balance will be utilized for issue of fully paid bonus shares and as per provisions of the Companies Act, 2013.

### 17.2 Securities Premium

Balance of Security premium consist of premium on issue of share over its face value. The balance will be utilised for issue of fully paid bonus shares , buy-back of its own share as per provisions of the Companies Act, 2013.

### 17.3 Preference Share Capital Redemption Reserve

Preference Share Capital Redemption Reserve represents the statutory reserves created when the capital is redeemed and the same will be utilised for issue of bonus share as per provisions of the Companies Act, 2013.

### 17.4 General Reserve

The Company appropriates a portion to General Reserves out of the profits voluntarily to meet future contingencies. The said reserves is available for payment of dividend to the shareholders as per the provisions of the of the Companies Act, 2013.

### 17.5 Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) Actuarial Gains and Losses
- (b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

### 17.6 Dividend

The following dividends were declared and paid by the Company during the year.

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Final dividend for the year ended 31 <sup>st</sup> March 2018 ₹ 1 per share (31 <sup>st</sup> March 2017: ₹ 2 per share)	394	788
Dividend Distribution tax on final dividend	81	160
<b>TOTAL</b>	<b>475</b>	<b>948</b>

## 18. BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Secured</b>		
<b>Term Loans From Banks</b>		
Rupee Loans	28,269	34,238
<b>Vehicle Loans From Banks</b>	246	187
<b>Vehicle Loans From Others</b>	2	5
<b>TOTAL</b>	<b>28,517</b>	<b>34,430</b>

**18.1** All Term Loans from banks (including current maturities) except vehicle loan are secured by a joint equitable mortgage by deposit of title deeds in respect of all immovable properties and first hypothecation of the entire moveable properties of the company , both present and future (save and except book debts) subject to prior charges created/to be created in favour of bankers for securing working capital borrowing, ranking pari-passu with the charges created / to be created in favour of other participating bankers. The above Term Loans are further secured by personal guarantee of two directors of the company.





# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

18.2 Vehicle Loans (including current maturities) are secured by hypothecation of respective vehicle(s)

18.3 There is no default in repayment or interest of any loans on due dates.

## A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 4.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March 2019			Installments due after 31 <sup>st</sup> March 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
1 <sup>st</sup> January, 2020	287	-	287	4
31 <sup>st</sup> December, 2020	3,557	1,499	2,058	7
30 <sup>th</sup> June, 2024	5,737	4,537	1,200	21
31 <sup>st</sup> December, 2024	960	814	146	23
1 <sup>st</sup> January, 2025	5,378	4,692	686	24
31 <sup>st</sup> March, 2026	9,600	9,300	300	28
<b>Sub Total (A)</b>	<b>25,519</b>	<b>20,842</b>	<b>4,677</b>	<b>-</b>

## B) Carrying interest rate (Fixed Rate @ 9.15% to 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March 2019			Installments due after 31 <sup>st</sup> March 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March, 2021	1,316	640	676	8
20 <sup>th</sup> September, 2023	2,550	2,100	450	18
31 <sup>st</sup> December, 2023	3,800	3,000	800	19
30 <sup>th</sup> September, 2027	1,687	1,687	-	28
<b>Sub Total (B)</b>	<b>9,353</b>	<b>7,427</b>	<b>1,926</b>	<b>-</b>
<b>Total Rupee Term Loan (A+B)</b>	<b>34,872</b>	<b>28,269</b>	<b>6,603</b>	<b>-</b>

## Vehicle Loans from Banks & Financial Institutions

## C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March 2019			Installments due after 31 <sup>st</sup> March 2019 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	347	246	101	5 - 59
From Institutions	4	2	2	1 - 21
<b>Sub Total (C)</b>	<b>351</b>	<b>248</b>	<b>103</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>35,223</b>	<b>28,517</b>	<b>6,706</b>	<b>-</b>

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## Term Loans from Banks & Financial Institutions

### A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 1.80%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March 2018			Installments due after 31 <sup>st</sup> March 2018 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
1 <sup>st</sup> January, 2020	575	287	288	8
1 <sup>st</sup> January, 2021	6,154	4,076	2,078	12
1 <sup>st</sup> July, 2024	7,237	6,037	1,200	26
1 <sup>st</sup> January, 2025	7,229	6,372	857	28
31 <sup>st</sup> March, 2026	10,350	9,600	750	32
<b>Sub Total (A)</b>	<b>31,545</b>	<b>26,372</b>	<b>5,173</b>	<b>-</b>

### B) Carrying interest rate (Floating Rate MCLR +2.10% upto 31.10.17 & Fixed Rate @ 9.15% w.e.f. 01.11.17).

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March 2018			Installments due after 31 <sup>st</sup> March 2018 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March, 2021	1,992	1,316	676	12
20 <sup>th</sup> September, 2023	2,850	2,550	300	22
31 <sup>st</sup> March, 2024	4,800	4,000	800	24
<b>Sub Total (B)</b>	<b>9,642</b>	<b>7,866</b>	<b>1,776</b>	<b>-</b>
<b>Total Rupee Term Loan (A+B)</b>	<b>41,187</b>	<b>34,238</b>	<b>6,949</b>	<b>-</b>

## Vehicle Loans from Banks & Financial Institutions

### C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March 2018			Installments due after 31 <sup>st</sup> March 2018 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	309	187	122	1 - 71
From Institutions	13	5	8	12 - 33
<b>Sub Total (C)</b>	<b>322</b>	<b>192</b>	<b>130</b>	<b>-</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>41,509</b>	<b>34,430</b>	<b>7,079</b>	<b>-</b>

## 19. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred Tax Assets</b>		
Accrued expenses allowable on payment basis	624	531
Related to Unabsorbed Depreciation & losses	205	107
Allowance for Bad & Doubtful Debts	101	111
<b>Sub total (a)</b>	<b>930</b>	<b>749</b>
<b>Deferred Tax Liabilities</b>		
Related to Property, Plant and Equipment and Intangible Assets	6,646	6,447
Others	-	32
<b>Sub total (b)</b>	<b>6,646</b>	<b>6,479</b>
Less : MAT Credit Entitlement (c)	1,118	1,443
<b>Deferred Tax Liabilities (Net) (b)-(a)-(c)</b>	<b>4,598</b>	<b>4,287</b>



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## A. Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 18	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2019
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	531	117	(24)	624
Related to Unabsorbed Depreciation & losses	107	98	-	205
Allowance for Bad & Doubtful Debts	111	(10)	-	101
<b>Sub-Total (a)</b>	<b>749</b>	<b>205</b>	<b>(24)</b>	<b>930</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,448	199	-	6,647
Others	31	(31)	-	-
<b>Sub-Total (b)</b>	<b>6,479</b>	<b>168</b>	<b>-</b>	<b>6,647</b>
<b>(c) MAT Credit</b>				
MAT Credit Entitlement	660	-	-	660
MAT Credit Earlier Year	783	-	-	783
MAT Credit Current Year	-	-	-	(325)
<b>Sub-Total (c)</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,118</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,287</b>	<b>(37)</b>	<b>24</b>	<b>4,599</b>

## Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 17	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2018
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	416	152	(37)	531
Related to Unabsorbed Depreciation & losses	28	79	-	107
Allowance for Bad & Doubtful Debts	87	24	-	111
<b>Sub-Total (a)</b>	<b>531</b>	<b>255</b>	<b>(37)</b>	<b>749</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	5,602	846	-	6,448
Others	-	31	-	31
<b>Sub-Total (b)</b>	<b>5,602</b>	<b>877</b>	<b>-</b>	<b>6,479</b>
<b>(c) MAT Credit</b>				
MAT Credit Entitlement	660	-	-	660
MAT Credit Current Year	-	-	-	306
MAT Credit Earlier Year	-	-	-	477
<b>Sub-Total (c)</b>	<b>660</b>	<b>-</b>	<b>-</b>	<b>1,443</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,411</b>	<b>622</b>	<b>37</b>	<b>4,287</b>

## B. Amounts recognised in profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Current tax expense</b>		
Current year	823	306
MAT Credit Entitlement	-	(306)
Earlier Years (Refer Note No. 37)	-	(2,484)
	<b>823</b>	<b>(2,484)</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(37)	622
	<b>(37)</b>	<b>622</b>
<b>Total Tax Expense</b>	<b>786</b>	<b>(1,862)</b>

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## C. Amounts recognised in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2019			For the year ended 31 <sup>st</sup> March 2018		
	Before tax	Tax (Expense) / Income	Net of tax	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	71	(24)	47	104	(37)	67
<b>TOTAL</b>	<b>71</b>	<b>(24)</b>	<b>47</b>	<b>104</b>	<b>(37)</b>	<b>67</b>

## D. The income tax expenses for the year reconciled to the accounting profit as follows :

(₹ in Lakhs)

Particulars	2018-19	2017-18
Profit Before Tax	2,109	1,000
Applicable Tax Rate	34.94%	34.61%
Computed Tax Expense	737	346
<b>Tax effect of :</b>		
Exempted income / Items Considered Separately	(66)	(66)
Expenses Disallowed	414	394
Additional Allowances	(375)	(862)
MAT Credit Entitlement	(325)	(271)
<b>Current Tax Provision (Net of MAT Credit) (A)</b>	<b>498</b>	<b>(370)</b>
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	62	704
Incremental Deferred Tax on account of Unabsorbed Business Losses	(99)	(82)
<b>Taxes recognised in Statement of Profit &amp; Loss (B)</b>	<b>(37)</b>	<b>622</b>
<b>Net Taxes (A+B)</b>	<b>461</b>	<b>252</b>
Effective Tax Rate	21.86%	25.20%

## 20. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Secured</b>		
<b>Loans Repayable on Demand from Banks</b>		
Rupee Loans	29,184	31,418
Foreign Currency Loans	6,262	5,812
<b>TOTAL (A)</b>	<b>35,446</b>	<b>37,230</b>
<b>Unsecured</b>		
<b>Loans Repayable on Demand from Others</b>		
Rupee Loans (Refer Note No. 20.4)	61	-
<b>TOTAL (B)</b>	<b>61</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>35,507</b>	<b>37,230</b>

**20.1** Borrowings from Banks for working capital are secured by hypothecation of inventories and charge on book debts both present and future and second charge on all the immoveable and moveable Property, Plant & Equipments of the company. The above borrowing are further secured by personal guarantee of two directors of the company. There is no default in repayment or interest of any loans on due dates.

**20.2** Rupee Loans carry floating interest rate from 8.10% to 10.10% per annum, computed monthly.

**20.3** Foreign Currency Loans carry floating interest rate LIBOR+1.30 to 2% per annum, computed monthly.

**20.4** Unsecured Rupee Loan from others carrying interest rate 11.00% per annum, computed monthly.



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 21. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Total outstanding dues of Micro enterprises and Small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and Small enterprises	16,458	15,094
<b>TOTAL</b>	<b>16,458</b>	<b>15,094</b>

### 21.1 Dues to Micro, Small & Medium Enterprises:-

The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Since the relevant information is not readily available, necessary disclosure required under MSME Act, 2006 can not be made. However, the company generally makes payment to its suppliers within agreed credit period and thus the management is confident that the liability of interest under this Act, if any, would not be material.

## 22. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current maturities of long term debt	6,706	7,079
Interest accrued but not due on borrowings	96	81
Unpaid Dividends #	24	25
Creditors for Capital Expenditure	149	679
Security Deposit	328	343
Liability towards Staff and Workers	1,760	1,621
Commission Payable on Sales	1,675	1,278
Liabilities for Expenses	2,993	2,788
<b>TOTAL</b>	<b>13,731</b>	<b>13,894</b>

# There is no overdue amount to be credited to investor education & protection fund.

## 23. OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Security Deposit	167	147
Advance from Customers	675	314
Liabilities for Expenses	88	94
Statutory Dues	278	307
<b>TOTAL</b>	<b>1,208</b>	<b>862</b>

## 24. PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provisions for Employee Benefits	1,351	1,003
<b>TOTAL</b>	<b>1,351</b>	<b>1,003</b>



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 25. REVENUE FROM OPERATIONS

(₹ in Lakhs)		
Particulars	2018-19	2017-18
<b>PARTICULARS OF SALE OF PRODUCTS/SERVICES</b>		
<b>a) Sale of Products</b>		
Finished Goods	1,75,354	1,51,991
Traded Goods	2,941	4,009
<b>Sub Total (a)</b>	<b>1,78,295</b>	<b>1,56,000</b>
<b>b) Sale of Services</b>		
Job Processing	6,564	6,392
<b>Sub Total (b)</b>	<b>6,564</b>	<b>6,392</b>
<b>c) Other Operating Revenues</b>		
Sale of Waste	972	920
Export Benefits / Incentives	1,522	1,526
<b>Sub Total (c)</b>	<b>2,494</b>	<b>2,446</b>
<b>TOTAL (a+b+c)</b>	<b>1,87,353</b>	<b>1,64,838</b>

## 26. OTHER INCOME

(₹ in Lakhs)		
Particulars	2018-19	2017-18
<b>Interest Income on Financial Assets at amortized cost</b>		
from Customers	545	659
from Others	109	560
<b>Other Non-Operating Income</b>		
Insurance Claim	3	25
Net Gain on Foreign Currency Fluctuation	-	968
Profit on Sale of Property, Plant & Equipment (Net)	188	191
Miscellaneous Receipts	55	119
<b>TOTAL</b>	<b>900</b>	<b>2,522</b>

## 27. COST OF MATERIALS CONSUMED

(₹ in Lakhs)		
Particulars	2018-19	2017-18
Raw Material Consumed	97,159	87,315
Consumption of Dyes & Chemical	8,000	6,351
<b>TOTAL</b>	<b>1,05,159</b>	<b>93,666</b>

## 28. PURCHASES OF STOCK IN TRADE

(₹ in Lakhs)		
Particulars	2018-19	2017-18
Stock in Trade – Yarn	148	1,191
Stock in Trade – Fabric	2,550	2,667
Stock in Trade – Readymade Garment	168	34
Stock in Trade – Seamless Garment	88	1
<b>TOTAL</b>	<b>2,954</b>	<b>3,893</b>



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>Inventories at the end of the year</b>		
Finished Goods	16,139	17,760
Work-in-Progress	6,411	6,118
<b>TOTAL</b>	<b>22,550</b>	<b>23,878</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	17,760	14,311
Work-in-Progress	6,118	6,252
<b>TOTAL</b>	<b>23,878</b>	<b>20,563</b>
<b>(INCREASE) / DECREASE IN INVENTORY</b>	<b>1,328</b>	<b>(3,315)</b>

## 30. EMPLOYEE BENEFITS EXPENSE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Salaries and Wages	17,690	16,203
Contribution to Provident and Other Funds	1,227	1,249
Staff Welfare Expenses	93	98
<b>TOTAL</b>	<b>19,010</b>	<b>17,550</b>

## 31. FINANCE COSTS

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Interest Expenses	6,196	5,659
Other Borrowing Costs	465	449
Loss / (Gain) on foreign currency transactions and translation (Considered as finance cost)	-	175
<b>TOTAL</b>	<b>6,661</b>	<b>6,283</b>
31.1 Net of Interest Capitalised (Refer Note No. 4)	49	262
31.2 Net of Interest Subsidy (TUF/RIPS)	1,060	1,146

## 32. DEPRECIATION AND AMORTISATION EXPENSE

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Depreciation on Tangible Assets	8,029	7,692
Amortisation of Intangible Assets	24	17
<b>TOTAL</b>	<b>8,053</b>	<b>7,709</b>

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 33. OTHER EXPENSES

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>A. Manufacturing Expenses</b>		
Stores & Spares Consumed	3,309	3,363
Packing Material Consumed	2,098	2,033
Processing and Job Charges	1,793	1,875
Repairs To : Plant & Machinery	479	391
Repairs To : Building	127	78
Repairs To : Others	40	40
Misc. Manufacturing Expenses	2,114	1,580
<b>Sub Total (A)</b>	<b>9,960</b>	<b>9,360</b>
<b>B. Administrative Expenses</b>		
Rent	165	205
Rates & Taxes	79	51
Payments to Auditors : Statutory Audit Fees	15	13
Reimbursement of Expenses	2	2
Cost Audit Fees	2	1
Insurance Premium	144	142
Directors' Travelling	13	18
Travelling & Conveyance	384	342
Telephone & Postage	95	87
Directors' Remuneration	451	389
Printing & Stationery	46	42
Legal & Professional Fees	246	251
Vehicle Running & Maintenance	491	441
Director's Sitting Fees	9	10
Charity and Donations	2	11
Miscellaneous Expenses	214	217
Contribution towards CSR (Refer Note No. 44)	181	137
<b>Sub Total (B)</b>	<b>2,539</b>	<b>2,359</b>
<b>C. Selling and Distribution Expenses</b>		
Sales Commission & Brokerage	2,136	1,600
Freight, Octroi and Other Selling Expenses	2,957	2,951
Allowance for Doubtful Debts*	55	65
<b>Sub Total (C)</b>	<b>5,148</b>	<b>4,616</b>
<b>D. Other Expenses</b>		
Loss on Foreign Currency Fluctuation	577	-
<b>Sub Total (D)</b>	<b>577</b>	<b>-</b>
<b>TOTAL (A+B+C+D)</b>	<b>18,224</b>	<b>16,335</b>

\*(Bad Debts Written Off ₹ 84 Lakhs (Previous Year NIL) out of Provision for Trade Receivables)

## 34. OTHER COMPREHENSIVE INCOME

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plans	71	104
Tax relating to remeasurement of defined benefit plans	(24)	(37)
<b>Total other comprehensive income for the period</b>	<b>47</b>	<b>67</b>



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 35. EARNINGS PER SHARE (EPS)

(₹ in Lakhs)		
Particulars	2018-19	2017-18
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ in Lakhs	1,323	2,862
ii) Weighted Average number of equity shares used as denominator for calculating EPS	3,94,21,559	3,94,21,559
iii) Basic and Diluted Earning per share (₹)	3.36	7.26
iv) Face Value per equity share (₹)	10	10

- 36** The Company had undertaken a Toll user collection contract with National High Way Authority of India (NHAI) for Ushaka Toll Plaza on N.H. No. 25. Due to Dispute with NHAI the contract was terminated and the matter was referred to arbitration. The Arbitrator had given the award in favour of the company during F.Y. 2015-16 which was disputed by NHAI and filed an appeal against the same with the single bench of Delhi High Court, which referred the matter back for arbitration. The Company has objected to the above decision before the division bench of Delhi High Court and filed an appeal to stay the order. The Delhi High Court has admitted the appeal and stayed the said order.

Based on the legal provisions and the facts, the management is of the opinion that the company would be successful in its claim for recovery of the dispute amount. The other current financial asset includes the above claim amounting to ₹ 1367/-Lakhs.

- 37** The Company is entitled for interest subsidy on certain term loans obtained under Technology Upgradation Fund Scheme ("TUFS") of Central Government and Interest subsidy from Rajasthan Govt. under Rajasthan Investment Promotion Policy (RIPS) 2003/2014, which had been considered as revenue income instead of capital receipts by the company while computing the total income upto financial year 2014-15. However based on the judicial decisions the same had been claimed as capital receipt on the assessment / revised returns during the F.Y.2017-18. The effect thereof on tax had been included in earlier years tax adjustments for F.Y. 2018-19 ₹ NIL (Previous Year ₹ 2194 Lakhs).

With the amendment in the taxation provisions to treat the above income and incentives as revenue items w.e.f. F.Y. 2015-16, the same are accounted for as revenue items since then in compliance with the above amendments.

## 38. DISCLOSURE OF RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 " RELATED PARTY DISCLOSURES".

### (A) Details of Related Parties

<b>1</b>	<b>Key Managerial Personnel (KMP)</b>	
	Shri R.P. Soni	Chairman
	Shri S.N. Modani	Managing Director & CEO
	Shri V.K. Sodani	Executive Director
	Shri Anil Jain	CFO and Company Secretary
<b>2</b>	<b>Non Executive Director/ Independent Director</b>	
	Shri Ramawatar Jaju	
	Shri Achintya Karati	
	Shri T.K. Mukhopadhyay	
	Ms. Seema Srivastava	
<b>3</b>	<b>Relatives of Key Managerial Personnel (KMP)</b>	
	Smt. Radha Devi	
	Smt. Mamta Modani	
	Smt. Archana Sodani	
	Smt. Anjana Thakur	
	Smt. Antima Bass	
	Shri Anurag Soni	
	Shri Pranal Modani	

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

<b>4</b>	<b>Other Related Parties</b>
	Mahalaxmi TMT Private Limited (Director common)
	Raj Rajeshwar Enterprises Private Limited (Relative of Director is member)
	Shri R.P. Soni HUF (Director is karta)
	M/s Badri Lal Soni Charitable Trust (Director is trustee)
	M/s Kesar Bai Soni Charitable Trust (Director is trustee)
	Sangam Business Credit Limited (Person Acting in Concert)
	Nikita Credits Private Limited (Person Acting in Concert)
	Fashion Funda.Com Private Limited (Person Acting in Concert)

**(B) Disclosure of related party transactions:**

				(₹ in Lakhs)	
Sr. No.	Nature of transaction/relationship/major parties	Relationship	2018-19 Amount	2017-18 Amount	
<b>1</b>	<b>Purchase of goods &amp; services (including commission paid)</b>				
	<b>(a) Purchase of Service</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	12	
	<b>(b) Purchase of Goods</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	5	-	
	<b>(c) Purchase of Capital Goods</b>				
	Mahalaxmi TMT Private Limited	Other Related Parties	-	90	
<b>2</b>	<b>Sale of goods/contract revenue &amp; services</b>				
	<b>(a) Sale of Goods</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	237	
	<b>(b) Sale of Services</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	4	
<b>3</b>	<b>Rent paid</b>				
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	48	48	
	Smt. Mamta Modani	Relatives of Key Managerial Personnel (KMP)	4	4	
	Sh. Anurag Soni	Relatives of Key Managerial Personnel (KMP)	6	6	
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	11	11	
	Sh. R.P.Soni HUF	Other Related Parties	6	6	
<b>4</b>	<b>Interest received from</b>				
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	19	
<b>5</b>	<b>Insurance paid for</b>				
	<b>(a) Key Managerial Personnel</b>				
	Shri S.N. Modani		5	4	
	Shri V.K. Sodani		3	3	
<b>6</b>	<b>Compensation paid to key management personnel:</b>				
	<b>Remuneration</b>				
	<b>(1) Short-term employment benefits / Salary</b>				
	<b>(i) Key Managerial Personnel</b>				
	Shri R.P. Soni		215	196	
	Shri S.N. Modani		120	109	
	Shri V.K. Sodani		56	47	
	Shri Anil Jain		36	32	





# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

(₹ in Lakhs)				
Sr. No.	Nature of transaction/relationship/major parties	Relationship	2018-19 Amount	2017-18 Amount
	<b>(ii) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		55	43
	Smt. Antima Bass		11	9
	Shri Pranal Modani		39	32
	<b>(2) Director Sitting fees</b>			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		4	5
	Shri T.K. Mukhopadhyay		4	3
	Ms. Seema Srivastava		1	1
	<b>(3) Commission</b>			
	Shri R.P. Soni		27	16
	Shri S.N. Modani		27	15
	Shri V.K. Sodani		7	4
7	<b>Expenditure Incurred in CSR</b>			
	(i) M/S Badri Lal Soni Charitable Trust	Other Related Parties	105	80
	(ii) M/S Kesar Bai Soni Charitable Trust	Other Related Parties	61	21

## 39. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)			
Particulars	2018-19	2017-18	
<b>(I) Contingent Liabilities:</b>			
<b>(a) Guarantees:</b>			
Outstanding Bank Guarantees (Excluding Financial Guarantees)	338	426	
<b>(b) Other Money for which the Company is contingently liable:</b>			
1 Stamp Duty dispute pending with Rajasthan High Court, Jodhpur under Rajasthan Stamp Duty Act, 1998.	109	109	
2 Various cases pending with Central Excise under Central Excise Act, 1944 & Service Tax cases under Finance Act, 1994 (Net of amount fully provided).	616	940	
3 Dispute of Fixed Charges recovery pending with Rajasthan High Court, Jodhpur under Electricity Act, 2003.	20	20	
4 Entry Tax dispute for the year 2014-15 & 2015-16 under The Rajasthan Tax on Entry of Goods into Local Area Act, 1999 regarding to interest /penalty.	213	213	
<b>5 Disputed VAT liability under The Rajasthan Value Added Tax Act, 2003 in respect of :</b>			
5.1 Input Tax Credit	94	94	
5.2 VAT with RIPS incentive on exports.	341	341	
5.3 Incentive Benefit	35	35	
6 Disputes on various tolls for which company is contingently liable.	243	243	
<b>(II) Commitments:</b>			
<b>(a)</b> Estimated amount of contracts (Net of advances) remaining to be executed on capital and not provided for.	2,076	2,460	
<b>(b)</b> In respect of Capital goods imported at the concessional rate of duty under the Export Promotion Capital goods scheme, the company has approximate exports obligations which is required to be met at the different due dates before 31 <sup>st</sup> March, 2025. In the event of non-fulfillment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	1,560	2,806	

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 40. SEGMENT INFORMATION

### Operating Segment

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker ("CODM") evaluates the company's performance and allocates resources based on an analysis of various indicators of business segment/s in which the company operates. The Company is primarily engaged in the business of textile manufacturing which the management and CODM recognise as the sole business segment. Hence disclosure of segment-wise information is not required and accordingly not provided.

The other applicable information applicable where there is only one segment as required in accordance with IND AS 108 – Operating Segments, are as under:

- (a) The company does not have the information in respect of the revenues from external customers for each product and service, or each group of similar products and services, and the cost to develop such system will be highly excessive. Accordingly such information is not disclosed as allowed by para 32 of IND AS 108.

### (b) Revenues

	(₹ in Lakhs)	
Particulars	2018-19	2017-18
Domestic	1,37,882	1,20,751
Export	49,471	44,087
<b>TOTAL</b>	<b>1,87,353</b>	<b>1,64,838</b>

Revenues from external customers attributed to an individual foreign country are not material. The revenue from the foreign countries are attributed from the countries wherein the actual exports are made.

There are no assets in foreign countries held by the Company except the amounts due from the exports.

- (c) The company does not have any major single customers / group of external customer having 10% of its revenue.

## 41. EMPLOYEE BENEFITS

The Company contributes to the following post-employment defined benefit plans in India.

### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	(₹ in Lakhs)	
	For the year ended	
Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Contribution to government Provident Fund	763	869

### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company.

Company makes contributions to Group Gratuity Schemes administrated by the LIC of India.

### Other long term employee benefit plans

#### Compensated absences

Every employee is entitled to paid leave as per the company's policies. The employees are allowed to avail leave and carry forward a specified number of days, the same is encashable during the service period and at the time of separation from the company or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31<sup>st</sup> March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	Gratuity (Funded)			Leave encashment	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Net defined benefit (liability) / asset	1,101.15	790.81	249.87	212.12	-
Non-current	-	-	-	-	-
Current	1,101.15	790.81	249.87	212.12	-

(₹ in Lakhs)

## B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity (Funded)						Leave Encashment (Funded)					
	31 <sup>st</sup> March, 2019			31 <sup>st</sup> March, 2018			31 <sup>st</sup> March, 2019			31 <sup>st</sup> March, 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 <sup>st</sup> April	1,567.82	777.01	790.81	1,407.47	850.80	556.67	474.34	262.22	212.12	404.51	243.55	160.96
<b>Included in profit or loss</b>												
Current service cost	373.54	-	373.54	321.34	-	321.34	275.83	-	275.83	256.21	-	256.21
Interest cost (income)	113.62	-	113.62	98.98	-	98.98	33.30	-	33.30	27.24	-	27.24
<b>Total</b>	<b>487.16</b>	<b>-</b>	<b>487.16</b>	<b>420.32</b>	<b>-</b>	<b>420.32</b>	<b>309.13</b>	<b>-</b>	<b>309.13</b>	<b>283.45</b>	<b>-</b>	<b>283.45</b>
<b>Included in OCI</b>												
Remeasurements loss (gain)	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial loss (gain) arising from:												
- demographic assumptions	-	-	-	-	-	-	-	-	-	-	-	-
- financial assumptions	5.82	-	5.82	(40.59)	-	(40.59)	1.59	-	1.59	(11.64)	-	(11.64)
- experience adjustment	(78.15)	-	(78.15)	(65.30)	-	(65.30)	(174.03)	-	(174.03)	(125.28)	-	(125.28)
- on plan assets	-	(2.91)	2.91	-	(1.51)	1.51	-	(2.23)	2.23	-	(1.02)	1.02
<b>Total</b>	<b>(72.33)</b>	<b>(2.91)</b>	<b>(69.42)</b>	<b>(105.89)</b>	<b>(1.51)</b>	<b>(104.38)</b>	<b>(172.44)</b>	<b>(2.23)</b>	<b>(170.21)</b>	<b>(136.92)</b>	<b>(1.02)</b>	<b>(135.90)</b>
<b>Other</b>												
Contributions paid by the employer	-	52.42	(52.42)	-	23.36	(23.36)	-	81.04	(81.04)	-	78.21	(78.21)
Benefits paid	(172.84)	(172.84)	-	(154.08)	(154.08)	-	(80.61)	(80.61)	-	(76.70)	(76.70)	-
Expected Return on Plan Assets	-	54.98	(54.98)	-	58.44	(58.44)	-	20.13	(20.13)	-	18.18	(18.18)
<b>Total</b>	<b>(172.84)</b>	<b>(65.44)</b>	<b>(107.40)</b>	<b>(154.08)</b>	<b>(72.28)</b>	<b>(81.80)</b>	<b>(80.61)</b>	<b>20.56</b>	<b>(101.17)</b>	<b>(76.70)</b>	<b>19.69</b>	<b>(96.39)</b>
Balance as at 31 March	1,809.81	708.66	1,101.15	1,567.82	777.01	790.81	530.42	280.55	249.87	474.34	262.22	212.12

(₹ in Lakhs)

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## C. Plan assets

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Fund managed by insurer	100%	100%
	<b>100%</b>	<b>100%</b>

## D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Discount rate	7.64%	7.67%
Expected rate of future salary increase	5.50%	5.50%
Mortality	100% of IALM (2006 - 08) Ult.	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

## E. Sensitivity analysis

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

(₹ in Lakhs)

Particulars	Gratuity				Leave Encashment			
	31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,632.00	2,023.49	1,409.14	1,758.84	481.82	588.73	428.42	529.63
Expected rate of future salary increase (1% movement)	2,023.68	1,629.11	1,759.06	1,406.54	588.75	481.06	529.65	427.70

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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

## F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

## G. Expected maturity analysis of the undiscounted gratuity benefits is as follows

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Duration of defined benefit payments</b>		
Less than 1 year	121.91	95.65
Between 1-2 years	77.89	68.58
Between 2-5 years	418.69	533.96
Over 5 years	621.93	1,426.85
<b>Total</b>	<b>1,240.42</b>	<b>2,125.04</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.97 to 19.32 years (31<sup>st</sup> March 2018: 19.19 to 19.78 years)



# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 42. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### I. Fair value measurements Hierarchy

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2019				31 <sup>st</sup> March, 2018			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
Investments	585	-	-	-	585	-	-	-
Other Non-Current Financial Assets	1,021	-	-	-	666	-	-	-
Trade Receivables	34,988	-	-	-	31,790	-	-	-
Cash and Cash Equivalents	39	-	-	-	64	-	-	-
Bank Balances other than above	29	-	-	-	104	-	-	-
Other Current Financial Assets	4,786	-	-	-	5,833	-	-	-
<b>TOTAL</b>	<b>41,448</b>	-	-	-	<b>39,042</b>	-	-	-
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	28,517	-	-	-	34,430	-	-	-
Short Term Borrowings	35,507	-	-	-	37,230	-	-	-
Trade Payables	16,458	-	-	-	15,094	-	-	-
Other Current Financial Liabilities	13,883	-	-	-	13,984	-	-	-
<b>At Fair Value through P&amp;L</b>								
Other Current Financial Liabilities	(152)	-	(152)	-	(90)	-	(90)	-
<b>TOTAL</b>	<b>94,213</b>	-	<b>(152)</b>	-	<b>1,00,648</b>	-	<b>(90)</b>	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### II. Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### ii. Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The gross carrying amount of trade receivables is ₹ 35255 Lakhs (31<sup>st</sup> March 2018 – ₹ 32087 Lakhs).

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

#### Reconciliation of Loss Allowance Provision – Trade Receivables

(₹ in Lakhs)		
Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Opening Balances	297	232
Impairment Loss Recognised	55	65
Amount written back	85	-
<b>Closing balance</b>	<b>267</b>	<b>297</b>

### iii. Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## (a) Maturities of financial liabilities

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

(₹ in Lakhs)

Particulars	Carrying Amounts	Contractual Cash Flows			
	31 <sup>st</sup> March, 2019	Total	Within 1 Year	1–5 Years	More than 5 Years
<b>Non-derivative financial liabilities</b>					
Borrowings	28,517	28,517	-	26,107	2,410
Short term borrowings	35,507	35,507	35,507	-	-
Trade payables	16,458	16,458	16,458	-	-
Other current financial liabilities	13,731	13,731	13,731	-	-
<b>Total non-derivative liabilities</b>	<b>94,213</b>	<b>94,213</b>	<b>65,696</b>	<b>26,107</b>	<b>2,410</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in Lakhs)

Particulars	Carrying Amounts	Contractual Cash Flows			
	31 <sup>st</sup> March, 2018	Total	Within 1 Year	1–5 Years	More than 5 Years
<b>Non-derivative financial liabilities</b>					
Borrowings	34,430	34,430	-	29,393	5,037
Short term borrowings	37,230	37,230	37,230	-	-
Trade payables	15,094	15,094	15,094	-	-
Other current financial liabilities	13,894	13,894	13,894	-	-
<b>Total non-derivative liabilities</b>	<b>1,00,648</b>	<b>1,00,648</b>	<b>66,218</b>	<b>29,393</b>	<b>5,037</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows (Amounts in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	USD	EUR	USD	EUR
<b>Financial Instruments</b>				
Trade receivables	121	-	121	2
Trade payables	(2)	-	-	-
Borrowings	(91)	-	-	-
Derivatives - Forward Contracts	(94)	-	(317)	(7)
<b>Net statement of financial position exposure</b>	<b>(66)</b>	<b>-</b>	<b>(196)</b>	<b>(5)</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss	
	Strengthening	Weakening
<b>31<sup>st</sup> March 2019</b>		
USD (1% movement)	(46)	46
EUR (1% movement)	-	-
<b>31<sup>st</sup> March 2018</b>		
USD (1% movement)	(128)	128
EUR (1% movement)	(4)	4

### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	351	322
<b>TOTAL</b>	<b>351</b>	<b>322</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	34,872	41,187
<b>TOTAL</b>	<b>34,872</b>	<b>41,187</b>

# Notes

## On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
<b>31<sup>st</sup> March 2019</b>		
Variable-rate instruments	(349)	349
<b>Cash flow sensitivity</b>	<b>(349)</b>	<b>349</b>
<b>31<sup>st</sup> March 2018</b>		
Variable-rate instruments	(412)	412
<b>Cash flow sensitivity</b>	<b>(412)</b>	<b>412</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Hedge Accounting

The company's business objective includes safe-guarding its earnings against foreign exchange fluctuations.

The Company has adopted a structured risk management policy to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for Fair Value hedges. Hedging instruments include forwards contracts to achieve this objective. The table below shows the position of hedging instruments and hedged items as on the balance sheet date.

### Disclosure of effect of Hedge Accounting:

#### Fair Value Hedge

#### Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	6,712	(152)	(152)	May 2019 to December 2019	Other Current Financial Liabilities

#### Hedged Items

(₹ in Lakhs)

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Trade Receivables	8,358	-	Financial Assets - Trade Receivables

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 43. GENERAL INFORMATION:

- 1 The Consolidated Financial Statements present the Consolidated Accounts of Sangam (India) Limited with its Subsidiary Company:

Name	Country of Incorporation	Proportion of Ownership of Interest	
		As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Sangam Lifestyle Ventures Limited	India	100%	100%

- 2 Disclosures mandated by Schedule III of the Companies Act 2013, by way of additional information:

Name of the Entities	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in Lakhs)	As a % of Consolidated Profit	Amount (₹ in Lakhs)	As a % of Consolidated Other Comprehensive Income	Amount (₹ in Lakhs)	As a % of Consolidated Total Comprehensive Income	Amount (₹ in Lakhs)
<b>Parent : Sangam India Limited</b>	101.17%	52,681	117.99%	1561	95.74%	45	117.23%	1,606
Subsidiary : Sangam Lifestyle Ventures Limited	-1.13%	(591)	-21.01%	(278)	4.26%	2	-20.15%	(276)
<b>Sub Total</b>		<b>52,090</b>		<b>1,283</b>		<b>47</b>		<b>1,330</b>
Inter - Company Elimination & Consolidation Adjustments	-0.04%	(20)	3.02%	40	0.00%	-	2.92%	40
<b>Grand Total</b>	<b>100.00%</b>	<b>52,070</b>	<b>100.00%</b>	<b>1,323</b>	<b>100.00%</b>	<b>47</b>	<b>100.00%</b>	<b>1,370</b>

- 3 Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understand the consolidated position of the Companies. Recognising this purpose, the company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY AS PER COMPANIES ACT, 2013

(₹ in Lakhs)

Sr. No.	Name of Subsidiary Company	Sangam Lifestyle Ventures Limited
1	The date since which Subsidiary was incorporated and acquired	14.06.2016
2	Reporting Currency	₹
3	Equity Share Capital	5
4	Other Equity	(596)
5	Total Assets	1,458
6	Total Liabilities	2,049
7	Investments	-
8	Revenue from Operations / Total Income	1,296
9	Profit Before Taxation	(377)
10	Provision for Taxation	(99)
11	Profit After Taxation	(278)
12	Other Comprehensive Income	2
13	Total Comprehensive Income	(276)
14	% of Shareholding	100%





# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 44. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

- a) The Gross amount required to be spent by the company during the year
- b) The Details of the amount spent during the year on CSR activities as follow.

(₹ in Lakhs)

Particulars	Expenditure incurred in Cash	Expenditure incurred in Cash
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Construction / acquisition of any asset	-	-
On purpose other than (i) above	181	137
<b>Total</b>	<b>181</b>	<b>137</b>

- c) Out of above ₹ 105 Lakhs (Previous Year ₹ 80 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 61 Lakhs (Previous year ₹ 21 Lakhs) has been spent through M/s Kesar Bai Soni Charitable Trust, which are related parties.

Breakup of the expenditure incurred through the trust during the year is as under.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Environmental Sustainability	28	20
Promoting Education	75	60
Promoting Health Care	45	-
Eradication Hunger, Poverty and Malnutrition	16	21
Promoting Sports	2	-
<b>Total</b>	<b>166</b>	<b>101</b>

## 45. STANDARD ISSUED BUT NOT EFFECTIVE

On 30<sup>th</sup> March, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1<sup>st</sup> April, 2019.

### (a) Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17 -Leases. As per Ind AS 116 the lessor will have to bring the books all the non-cancellable portion of leasing arrangements.

### (b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- Ind AS 101 - First time adoption of Indian Accounting Standards.
- Ind AS 103 – Business Combinations
- Ind AS 109 - Financial Instruments .
- Ind AS 111 – Joint Arrangements.
- Ind AS 12 – Income Taxes.
- Ind AS 19 – Employee Benefits.
- Ind AS 23 – Borrowing Costs.
- Ind AS 28 - Investment in Associates and Joint Ventures.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

# Notes

On Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Contd.)

## 46. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

47. Sangam Lifestyle Ventures Limited (Subsidiary Company) of Sangam (India) Limited has accumulated losses resulting in complete erosion of net worth and has incurred net cash losses in the current and immediate preceding financial year. The Subsidiary Company is incurring operating losses since commencement of business operation but financial statements of the Subsidiary Company are prepared on going concern basis on the fact that the Subsidiary Company is presently fully funded by the Holding Company and Holding Company is committed to infuse additional funds and to provide reasonable credit lines to the Subsidiary Company.

## 48. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 28<sup>th</sup> May, 2019

The Board of Directors have recommended a dividend @ 10% on equity share, subject to approval from the shareholders at the ensuing AGM.

As per our Report of even date

For **Rajendra & Co.**  
Chartered Accountants  
(Firm Regn. No.108355W)

For **O. P. Dad & Co.**  
Chartered Accountants  
(Firm Regn. No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**  
Partner  
Membership No.103316

**(O. P. Dad)**  
Partner  
Membership No. 035373

**(R.P. Soni)**  
Chairman  
(DIN 00401439)

**(S. N. Modani)**  
Managing Director & CEO  
(DIN 00401498)

**(V. K. Sodani)**  
Executive Director  
(DIN 00403740)

Camp : Bhilwara  
Date: 28<sup>th</sup> May, 2019

Place : Bhilwara  
Date: 28<sup>th</sup> May, 2019

**(Anil Jain)**  
CFO & Company Secretary  
(M No.: F-3147)

# Notes

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# corporate Information

## Auditors

**M/s. Rajendra & Co.**  
Mumbai

**M/s. O.P. Dad & Co.**  
Bhilwara

## Bankers

State Bank of India

Punjab National Bank

IDBI Bank Ltd.

Central Bank of India

Export-Import Bank of India

## Registered Office

Atun, Chittorgarh Road,  
Bhilwara - 311 001, Rajasthan, India

**Tel No.:** +91-1482-245400-406

**Fax No.:** +91-1482-245450

**e-mail:** secretarial@sangamgroup.com

## Principal & Head Office

B/306-309, Dynasty Business Park,  
Andheri Kurla Road,  
J B Nagar Andheri (E)

Mumbai 400 059, India

**Tel No.:** +91-22-6111 5222 / 5200

**Fax No.:** +91-22-2822 7865 / 6111 5265

## Plant Locations

### **Spinning Unit-I**

Village Biliya Kalan, Chittorgarh Road,  
Bhilwara - 311 001, Rajasthan

### **Spinning Unit-II**

91, Km Stone, N.H No. 79, Village Sareri,  
Bhilwara - 311 024, Rajasthan

### **Spinning Unit-III**

N.H. 79, Village Soniyana,  
Tehsil: Gangrar - 312 901, Chittorgarh

### **Weaving, Processing & Seamless Garment Unit**

Village Atun, Chittorgarh Road,  
Bhilwara - 311 001, Rajasthan

### **Denim Unit**

Village Biliya Kalan, Chittorgarh Road,  
Bhilwara - 311 001, Rajasthan



Value through values

**Sangam (India) Limited**  
[www.sangamgroup.com](http://www.sangamgroup.com)



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