



Value through values



**MANAGING THE PRESENT,
CREATING A BRIGHTER FUTURE.**

Sangam (India) Limited
Annual Report 2017-18

NAVIGATING THROUGH THE PAGES

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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 Discussion and Analysis of the Annual Report 2017-18.

INVESTOR INFORMATION

Market Capitalisation as on 31st March, 2018: ₹ **476.41 Crores**

BSE Code: **514234**

NSE Symbol: **SANGAMIND**

Bloomberg Code: **SNGM:IN**

AGM Date: **Saturday, the 29th September, 2018**

AGM Venue: **"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)**


To download the online version please follow the link below:

<http://www.sangamgroup.com/financials.php>

OR



Scan the QR Code



We have always been confident and convinced about our vision and views about the textile industry. Our conviction and belief have shaped our strategy and plan to overcome an interlude and focus on business enhancement in high-end segments. Built on the strong foundation of our values, nurtured over three decades, we are sure to move on with our head high in the future like a broad but steady river.

With unparalleled expertise and lineage, we believe in pushing our limits across verticals and this enables us to create a great balance between our present and future. Our underpinned customer-centric approach helps us to perform and excel consistently, resulting into a positive customer experience. We have trusted our strategic decisions and have always focused on delivering complete customer experience from spinning to weaving to processing to garmenting.

Today, we partner customer aspirations and transform their wardrobe spaces. Through this journey, we have evolved as professional creators and curators of colours and designs that encourage patrons to enrich their way of life.

**THIS IS SANGAM OF TODAY,
PREPARED FOR BRIGHTER
FUTURE OF TOMORROW.**

₹ **1,649** CRORES

Total Revenue in
2017-18

₹ **134** CRORES

EBIDTA in 2017-18

₹ **30** CRORES

PAT in 2017-18

*EBIDTA – Earnings Before Interest Depreciation Taxes and Amortisation

*PAT – Profit After Tax



SANGAM (INDIA) LIMITED: THE IDENTITY

Established in 1985, Sangam (India) Limited (referred as 'Sangam' or 'the Company') has come a long way on the path of progress. Over the past 33 years of operations, the Company has evolved as one of the largest manufacturers of PV dyed yarn in Asia. It is the flagship company of the Sangam Group, established under the able leadership of Mr. R.P. Soni, with business spread across textiles, steel, real estate, power and energy sectors.

Backed by the power of 7,000 employees, Sangam has positioned itself as a business giant in the textile industry. The Company has a strong presence in man-made textile sector, due to integrated reach across the value chain from spinning to weaving to processing and garmenting. It has manufacturing capacities located at Bhilwara and Chittorgarh in Rajasthan.

Sangam is the first company in the textile space in India to install a captive Thermal Power Plant. It is amongst the big denim fabric manufacturers in the country.

OUR VISION

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

OUR 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 stakeholder's 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.



Quality:

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



Professionalism:

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



Adaptability:

We remain steadfastly adaptable to changing dynamic environment for we know it is neither the strongest species nor the most intelligent would survive.



33 YEARS

Of presence in
the industry

ABOUT
25% MARKET SHARE

in the PV dyed yarn segment

80,000 MTPA

Capacity of yarn production

7,000+

Employees

50+ COUNTRIES

Export presence

VAST NETWORK OF
DEALERS AND RETAILERS
ACROSS INDIA



JOURNEY OF MERITS



1984

Incorporated as a Private Limited Company promoted by Shri R. P. Soni under the style M/S Arun Synthetics Private Limited

1991-92

Converted into a Public Limited Company and name changed to 'Sangam (India) Limited

1995

Backward integration into spinning (Installed 17,280 spindles for PV dyed yarn)

2000

Added 8,640 spindles, 16 weaving machines and 1.9 MW FO-based power plant

1993

IPO of 3.2 Mn shares at ₹ 15 each

1985

Commenced operations with 8 weaving machines

1995-98

Added 11,520 spindles to spinning capacity and 3.8 MW FO-based power plant

2003

Added 26,592 spindles and 10 MW Coal-based thermal power plant

**2006**

Amalgamation of SPBL Limited (A process house) with the Company

2011-12

Implemented expansion in weaving/processing unit at village Atun. Installed equipment for modernization of existing captive thermal power plants

2014-15

Installation of balancing machineries on its existing units

2016-17

Installed 26,736 spindles for manufacturing of PV dyed yarn at new site: village Soniyana district Chittorgarh

74 brand new weaving machines (looms) at existing weaving unit village Atun, Bhilwara

One Denim fabric processing line at existing denim unit at village Biliya Kalan, Bhilwara and some other balancing machines

2017-18

Installed one machine of Rope (24 Rope) dyeing, 78 looms at Denim unit and initiated balancing and modernization at its existing units

2007-09

Installed 1.13 Lakhs spindles, 130 weaving machines and 12 knitting machines and captive thermal power plant of 6 & 15 MW

2012-13

Undertaken major expansion project for denim capacity, process expansion, texturizing yarn, expansion of open end yarn division, knitting unit expansion and spinning balancing at its existing units

2015-16

Diversification into seamless garment manufacturing facilities, 10,080 spindles and 56 weaving machines



WELL-KNITTED BASKET OF PRODUCT OFFERINGS

With a legacy of 33 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
- Texturized yarn
- Synthetic blended fabric
- Fabric processing
- Cotton knitted fabric
- Denim fabric
- Seamless garments
- Readymade garments

RENOWNED BRANDS



Sangam Denims



Sangam Suitings



Sangam Yarns



C9 Airwear

COLOSSAL CAPACITY

2,38,608

Spindles

526

Weaving machines

36

Seamless garment
knitting machines

511 MTPA

Garment processing

3

Texturizing
machines

5 MW

Wind power plants
at Jaisalmer



WIDESPREAD MANUFACTURING LOCATIONS

LOCATION	FACILITY
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

3,128

Open end rotors

22

Knitting machines

53.40 MPPA

Processing of synthetic fabric

5 LINES (48 MN. METERS P.A.)

Denim processing lines

31 MW

Coal based captive thermal power plant

1 MW

Captive solar power plant





MOVING WITH CONVICTION FOR A BRIGHTER FUTURE

Sangam, with its intrinsic strengths and strong foundation of values, is all set to move ahead to take the business to the new highs. Our conviction indicates that the future is brighter and that we're headed in the right direction.

KEY INITIATIVES IN 2017-18:

In 2017-18, the Company has spent ₹135 Crores on capacity expansion plan for installation of one machine of Rope (24 Rope) dyeing, 78 Looms at our Denim unit and balancing and modernization at its existing units.

KEY OUTCOMES:

Achieved 6% increase in total yarn production

From 67,984 tonnes in 2016-17 to 71,828 tonnes in 2017-18

Achieved 9% increase in fabric production

From 47 Mn metres in 2016-17 to 51 Mn metres in 2017-18

Achieved 4% increase in exports

From ₹ 424 Crores in 2016-17 to ₹ 441 Crores in 2017-18

AMPLIFYING THE SEAMLESS GARMENT BRAND

Improving the seamless garment segment brand through digital and retail space:

Digital

- Online portal – www.c9airwear.com
- Number of customers visiting our online portal – 6 Lakhs approx
- Around 72,000 orders placed on online portal

Retail

- Exclusive store of C9 garment at Bathinda, Punjab



GROWING THROUGH QUALITY, INNOVATION AND COST CONTROL

At Sangam, we are constantly on the lookout for numerous ways to improve and grow further. We produce better fabric and finished products with an innovative design and look because of the skilled and dynamic team that works collectively. As a significant industry player, we regularly evaluate our products and then find the ways to make them even better.

Our stringent quality standards have qualified us to have the ISO 9001: 2008 certification. It helps us employ international quality standards and strict cost control measures across all the manufacturing units. Additionally, the processes of reduction in wastage and optimization of resources have enabled us to strengthen the position in the industry.

NURTURING AND CARING FOR THE EMPLOYEES AND THE COMMUNITY

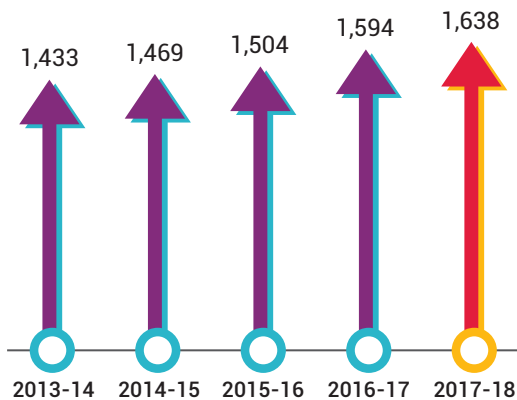
Since inception, Sangam has believed in the intrinsic strength of its human capital and the community to which it belongs. It has invested in the well-being of its employees and society as a regular business practice. Many people and communities are positively impacted by this business approach. Sangam ensures a transparent and progressing work culture across all the units. The focus is on creating rewarding and friendly environment for the stakeholders and for their overall development.



THE NUMBER STORY

NET TURNOVER

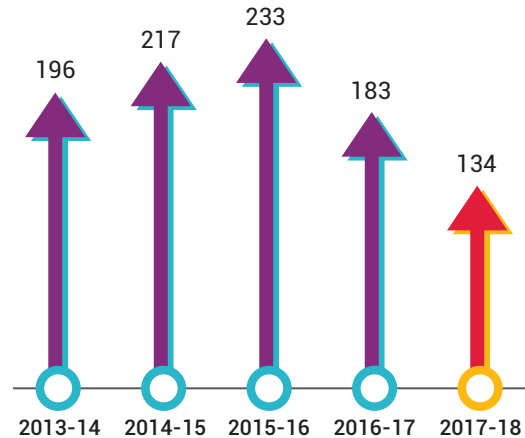
(₹ Crores)



YoY Growth: 2.8% | 5 Years CAGR: 2.1%

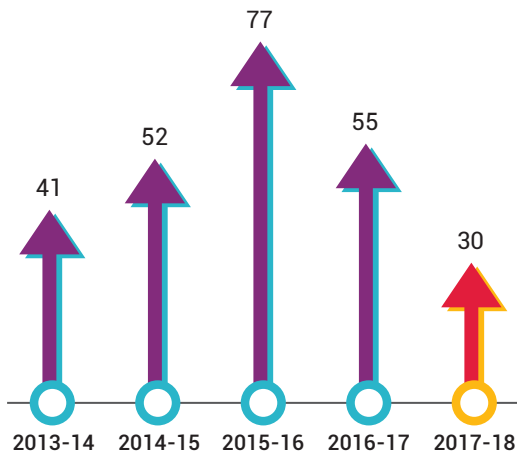
EBIDTA

(₹ Crores)



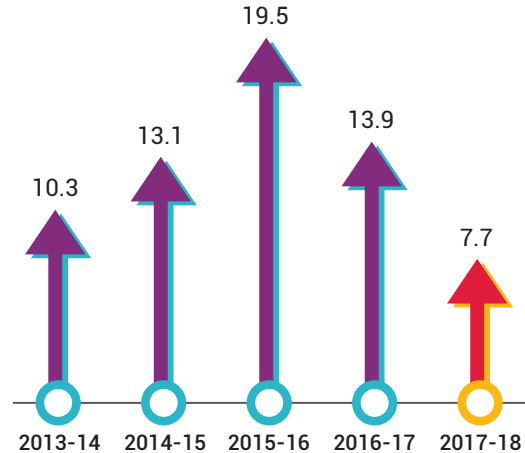
NET PROFIT

(₹ Crores)



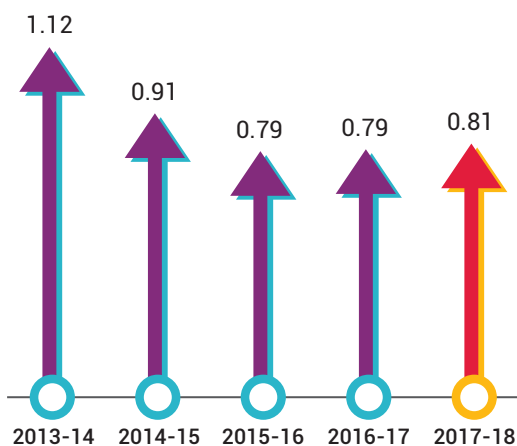
EARNINGS PER SHARE

(In ₹)



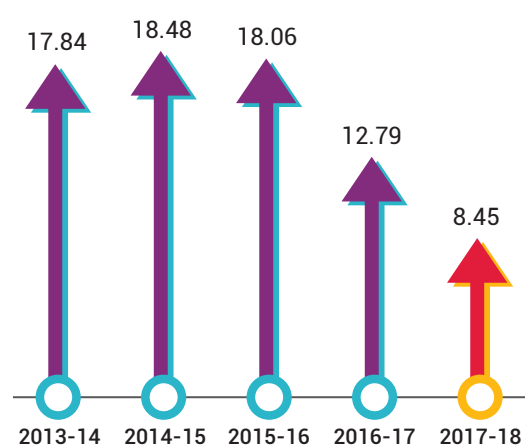
DEBT-EQUITY RATIO

(x)



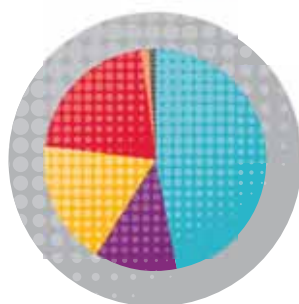
RETURN ON CAPITAL EMPLOYED

(%)





PRODUCT-WISE REVENUES



2017-18

47%
PV Yarn

18%
Denim Fabric

1%
Garment

12%
Cotton Yarn

21%
Woven Fabric with Processing

1%
Others



2016-17

45%
PV Yarn

18%
Denim Fabric

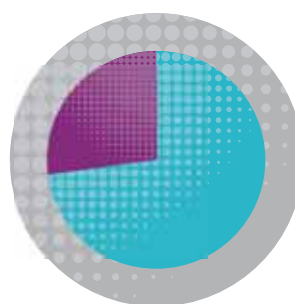
1%
Garment

13%
Cotton Yarn

22%
Woven Fabric with Processing

1%
Others

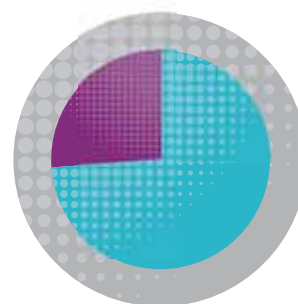
GEOGRAPHY-WISE REVENUES



2017-18

73%
Domestic

27%
Export



2016-17

74%
Domestic

26%
Export



MESSAGE FROM THE CHAIRMAN





With our highly integrated business model across the value chain, right from yarn to branded garments, combined with ongoing modernization initiatives, we are evenly poised to benefit from the opportunities in the years to come

Dear Shareholders,

It gives me a good opportunity to connect with you through our annual report every year. The year went by saw us focussing on strengthening our core business amidst regulatory uncertainties that created a temporary curiosity.

India emerged as the fastest growing economy globally with a GDP of 6.7%. The year witnessed the implementation of one of the biggest economic reforms – the Goods and Service Tax (GST). The whole nation under the regime of one tax, initially had a wave of uncertainty set about its practical implementation. The textile industry was also no exception. But subsequently the teething problems were resolved and there was a smooth transition. This move will subsequently make the textile industry more organized and consolidate in the years to come. Right from the raw material suppliers to the end-consumers, a single tax regime will ensure smooth movement of business and benefitting the economy as a whole.

At Sangam, while we were already grappling with the raw material supplies post-demonetisation, GST implementation further posed as another temporary hurdle. Besides this, there was an increase in the power tariff from the Rajasthan Government, which led to an increase in power cost by 3.29%. All these combined, impacted the Company's bottom line.

During the year under review, the net revenue increased from ₹1,594 Crores in 2016-17 to ₹1,638 Crores in 2017-18. EBIDTA changed from ₹183 Crores in 2016-17 to ₹134 Crores in 2017-18. The Net Profit declined from ₹55 Crores in 2016-17 to ₹30 Crores in 2017-18, largely attributable to the challenges faced during the year.

We at Sangam did not get fazed by the temporary hiccups. Instead, we continued to implement the strategic initiatives charted out in the previous year. We continued our focus on the seamless garment segment, as per the growth path laid down in the previous year. We aspire to be a key player in this segment where exists a huge growth potential owing to substantial proportion of young population, coupled with the rising aspirations of emerging India, consumption and affordability. We also foresee a huge scope beyond the urban metros, that upholds the power to fuel the nation's economic engine. Besides, as a part of our capex plan of ₹135 Crores, we installed a rope dyeing machine, 78 looms at our denim unit and initiated balancing and modernization of our existing units.

With our highly integrated business model across the value chain, right from yarn to branded garments, combined with ongoing modernization initiatives, we are evenly poised to benefit from the opportunities in the years to come. I appreciate the efforts and determination of the Team Sangam for positively accepting the challenges and moving ahead with a solution-centric approach. I would like to thank the investors and stakeholders for their unwavering trust. We hope to continue this association for the years to come.

Best Wishes,

R. P. Soni

Chairman



COMMITTED TO CREATE A STRONG VALUE





It is said that commitment is an act, not just a word. We at Sangam follow the same principle in every aspect of our business. Commitment towards value creation is ingrained since inception at Sangam.

We started our journey with a clear vision of offering complete customer experience right from conceptualization and ideation up to the delivery of the finer finished product. We work in such a manner that empower and create strong value for all stakeholders, while remaining fully committed to our vision and mission.

We invested in backward integration of finished PV and denim fabric by installing yarn manufacturing capacities.

We invested in forward integration by venturing into the denim and seamless garment segments.

We invested periodically towards expanding capacities have given a favourable outcome of cost advantage and increased the operational efficiency.

By adopting the strategy, we not only strengthen our in-house manufacturing capabilities, we also strengthened our focus on high-margin accretive business segments.

18%

In-house consumption of the PV yarn production

49%

In-house consumption of the cotton yarn production





EXPLORING THE RIGHT OPPORTUNITY AT THE RIGHT TIME





Success is accomplished when preparation and opportunity meet. We at Sangam have won the trust of millions of customers for over three decades because of our quality offerings, timely response and continuous innovation of products and services with customer centricity at the heart of everything we do.

In order to stay one step ahead in the competition, the Company has tapped into different markets by capitalising on the right opportunities at the right time. The timely launch of our fashion brand C9 in 2015, has allowed us to capture the new market segment of active wear and seamless garments. With the help of experienced creative brains, we have designed and crafted our C9 brand in such a manner that it suits the modern age women who prefer the best in design, style and comfort. It also offers a variety of products in different categories such as intimate wear, shape wear, active wear, leisure wear and casual wear.

36

Seamless garment
knitting machines

3.6 MN PIECES

Seamless garment
knitting production
capacity per annum





TAPPING INTO BRIGHTER FUTURE





SHOPPING EXPERIENCE - DIGITAL AND PHYSICAL

World has become global village due to latest technology, this leads to changes in consumer tastes and preference which ultimately results in faster change fashion world. Consumers are shopping in numerous micro-seconds every day looking for the best price deals and quality and then buying with a single click through their smart gadgets. Increasing availability of disposable income, increasing population of young generation, shift in spending habits, easy access to global trends in the world of fashion are all the fuelling factors for the growth of garment segment of the textile industry. The retail stores and largely the e-commerce portals together are building a strong global presence for the potential customers from various segments of the society. To build upon this opportunity, Sangam is functional through several e-commerce market places such as Flipkart, Amazon, Myntra, Jabong, Snapdeal and Paytm.

2,000

**Multi-brand outlets
across 27 states**

In the offline marketplace, the presence across different states through multi-brand outlets has enabled Sangam to maintain the brand loyalty from its growing customer base. Additionally, the product portfolio of the Company is improvised through the real time feedback from the online customers and recommendations from the distribution partners.





THE BRAND

"C9" symbolizes the multiple facets of a woman's life - the spaces she navigates every day and the forms in which she expresses herself. It encompasses the essence of what it means to be a woman through a myriad of roles, which she performs, in her everyday life from 9 to 9 throughout the day.

AIR WEAR

"Airwear" launched by C9 is a progressive range of women's apparels that is inspired from the Athleisure trend which allows women to seamlessly transition from one walk of life to another. Airwear offers utmost breathability and fluidity, maximizes mobility with its 4D stretch while enhancing comfort and confidence. Airwear boosts performance through its functional structures and engineered construction and its moisture management keeps you fresh all day long.

Each and every Airwear product is crafted with a unique design keeping our fashion conscious consumers in mind. This seamless technology garments are converted from yarn to finished products directly eliminating the fabric phase. This process greatly reduces the number of stitches on the garment, which increases its comfort and durability. The concept of Airwear has been incorporated in the entire range of C9's apparels, contemporary & stylish – Airwear aspires to establish a new outlook for the women of today, who is fuss-free and always on the move.



BENEFITS OF AIRWEAR



Seamless Technology



Anti-Chafing



4-way Stretchability



Rapid Dry



Breathable Fabric



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C9
AIRWEAR





BOARD OF DIRECTORS

“Leaders Translate Vision into Reality”



R. P. SONI
Chairman



S. N. MODANI
CEO & Managing Director



V. K. SODANI
Executive Director



ACHINTYA KARATI
Independent Director



RAMAWATAR JAJU
Independent Director



T. K. MUKHOPADHYAY
Independent Director



SEEMA SRIVASTAVA
Independent Director



MANAGEMENT TEAM



ANURAG SONI

Chief Business Strategist



PRANAL MODANI

Chief, Business Development



ANIL JAIN

CFO & Company Secretary



DR. NARESH MAHESHWARI

Business Head (Yarn Business)



L. L. SONI

President (Corporate Affairs)



G.S. PRABHAKAR

Technical Advisor (Spinning)



S. K. PANDEY

President (Works)



ANIL SHARMA

President (Works)



KAMLESH SONI

Plant Head (Denim Unit)



S. K. BAGHELA

Sr. Jt. President (Works)



LALIT JAIN

Jt. President (Fin. & Accts.)



M. BHANU PRATAP

Jt. President (Thermal Power Plant)



SOCIAL ACTIVITIES

Carried out by the Group:

Healthcare

- Sangam has set up Smt. Kesar Bai Soni Memorial Hospital & Research Centre and is assisted by Apollo Hospitals which is well-furnished with all the modern healthcare and tele-medicine facilities

Education

- It has set up an Institute of Technology and Management, which is approved by the AICTE and the Government of Rajasthan. The institute has all the modern facilities for the Engineering and MBA Students
- With a vision to make the same a world-class educational institution, in the year 2012-13, the group had started the Sangam University as per Rajasthan State Legislative Assembly Act No. 12 of 2012, duly recognised by UGC under the UGC Act, 1956
- Set up Sangam School of Excellence, an ISO 9001:2008 Certified School, having one of the most modern education facilities in Rajasthan and is also affiliated with CBSE and IB (IGCSE)

Environment

- Stationed effluent treatment plant and water Conservation facility at the manufacturing unit
- Stationed 5 MW wind energy and 1 MW solar energy plant to retain sustainable growth with a focus on environment conservation



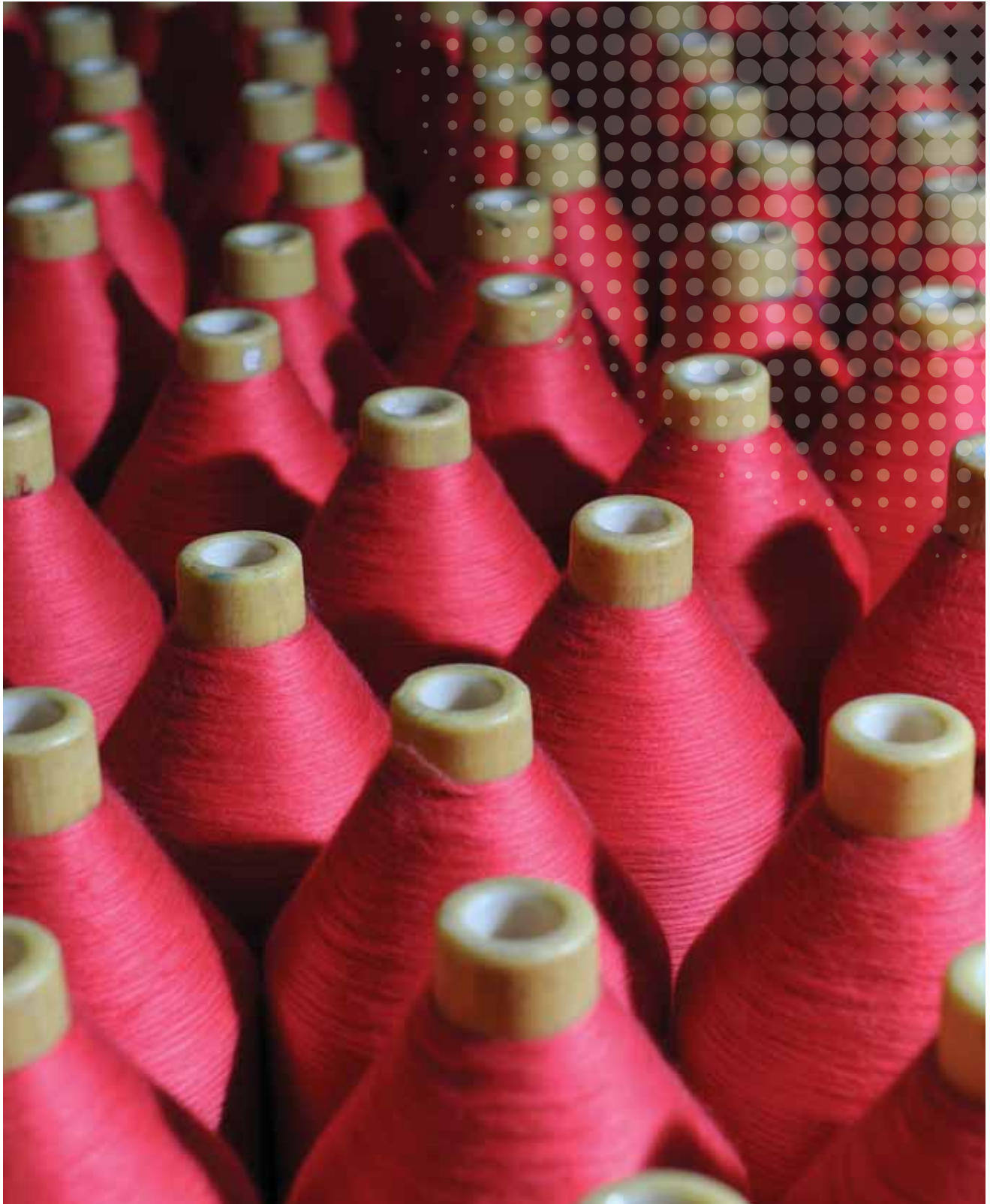
**Smt. Kesar Bai Soni Memorial
Hospital & Research Centre**



Sangam School of Excellence



Sangam University



MANAGEMENT DISCUSSION & ANALYSIS

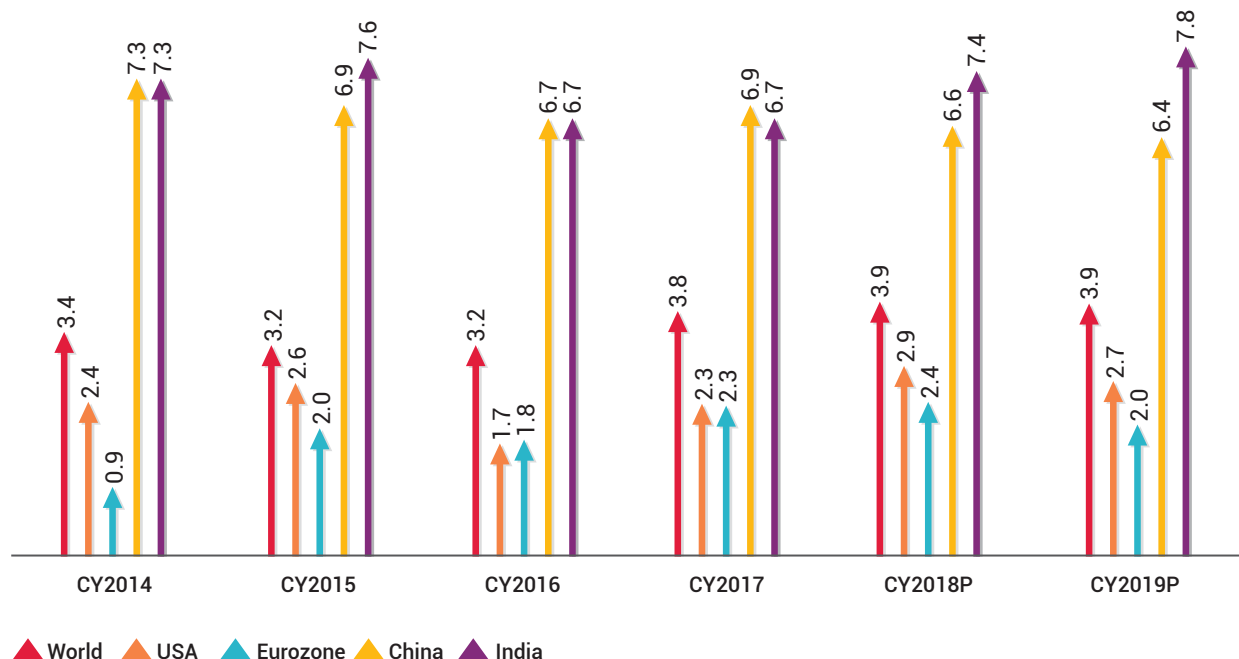
GLOBAL ECONOMY OVERVIEW

On the global canvas, the growth picture looks quite colourful in 2017-18. The rebound in world trade results in strong global growth to 3.8% in 2017, which is the fastest since 2011. The fuelling factors for the growth were majorly driven by advanced economies' investment recovery, strong and continued growth in emerging Asian countries as well as emerging Europe and the recovery of the commodity markets. Global growth rate is expected to increase to 3.9% aided by advantageous market situation and strong momentum. Further, the condition of the commodity exporters is gradually improving due to partial recovery in commodity prices.

In the meanwhile, over the medium term, global growth is expected to come to 3.7%. Once the cyclical upward trend and the US fiscal impetus have run their course, the prospects for advanced economies remain sombre, given their slow potential growth. While growth among Emerging Market and Developing Economies (EMDE) countries accelerated to 4.7% in 2017 from 4.4% in 2016, indicating firming up of activity within commodity traders. This broad-based recovery can be assigned to a few reasons. First reason is the rise in real world trade volume growth of goods and services from 4.7% in 2017 as against 2.5% in 2016. Another reason was commodity producers such as Brazil, Russia and Saudi Arabia who have benefitted from the upward trend in demand.

GDP GROWTH ACROSS REGIONS

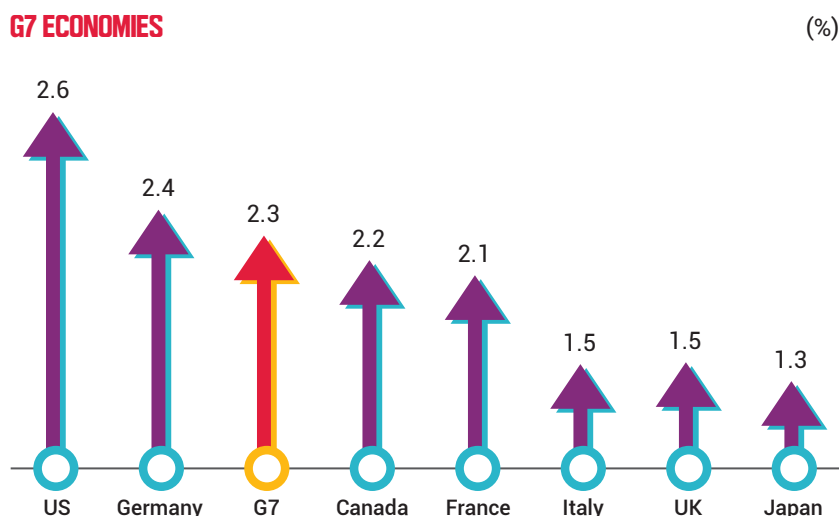
(%)



Source: IMF Report 2018, World Bank, RBI



G7 ECONOMIES



2018 GDP Growth Forecasts, Annual Variation in %

Source: FOCUSECONOMICS

US: An expected increase in federal outlays from the budget deal should support growth in 2018 & 2019

UK: Economy to lose momentum this year as private consumption growth slows and fixed investment is curtailed by Brexit uncertainty

Japan: Bank of Japan's ultra-loose monetary policy, a tight labor market and resilient global growth will shore up economic activity this year

Germany: Solid economic growth projected for 2018 on the back of buoyant private consumption, fixed investment and external demand

INDIAN ECONOMY OVERVIEW

The Indian economy has turned out to be the fastest growing emerging economy, witnessing a GDP growth rate of 6.7% in 2017-18. The supportive factors were robust private consumption, firming investment, rise in exports, an increase in industrial production and hike in auto sales. The services sector continued to be the driving force behind the growth.

During the year, the disruption caused by the implementation of the Goods and Service Tax (GST) and demonetisation has now faded away. However, the efficiency relating to GST can be seen in the coming years in terms of decrease in internal trade barrier, rise in logistics efficiency and better tax compliance. Looking ahead, growth in India is

expected to be about 7.3% in CY 2019 and 7.5% in year 2020. The reform measures undertaken in 2017-18 are expected to strengthen the growth momentum.

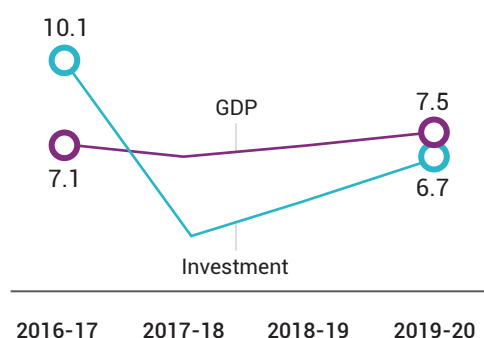
The Government's continuous efforts towards promoting the domestic industry through initiatives like 'Make in India' will encourage the organized sector activity, widen the tax base and enhance long-term growth prospects. Also, due to new Insolvency and Bankruptcy Code (IBC) rules, the country can see some improvement in bank credit and economic growth. Further, the process of recapitalisation of public sector banks and resolution of distressed assets under the IBC are expected to improve the business and investment environment.

India seen growing at 7.3% in 2018-19

The World Bank has projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20

GDP AND INVESTMENT

(Year-on-year change in %)

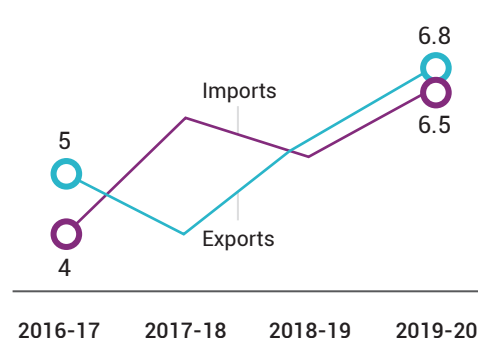


Projection

Source: The World Bank

TRADE

(Year-on-year change in %)

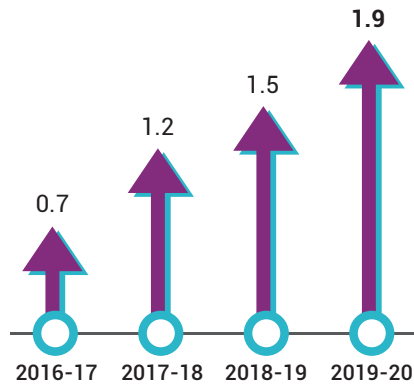


Projection

Source: The World Bank



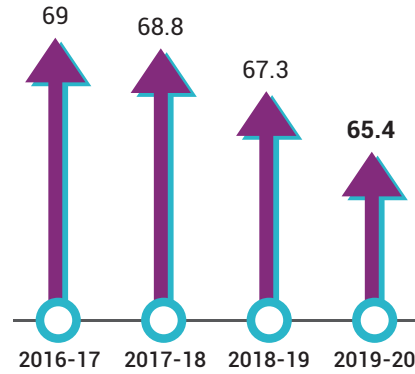
CURRENT ACCOUNT DEFICIT (CAD) (As % of GDP)



Projection

Source: The World Bank

GOVT DEBT (STATES + CENTRE) (As % of GDP)



Projection

Source: The World Bank

KEY SEGMENTS OF THE TEXTILE INDUSTRY

PROCESS



OUTPUT



Yarn and fibre segment

- Woollen textiles
- Silk textiles
- Jute textiles
- Technical textiles

Source: IBEF



GLOBAL TEXTILES AND APPAREL INDUSTRY

Global textile and apparel sector is highly sensitive to the macro-economic development happening world over. Due to the optimism about the global economy, the textile and apparel industry is expected to witness growth across the developed as well as emerging markets. However, globally the apparel industry is majorly dominated by the European Union and the United States. At the same time, countries such as China, India and Italy are emerging as significant exporters.

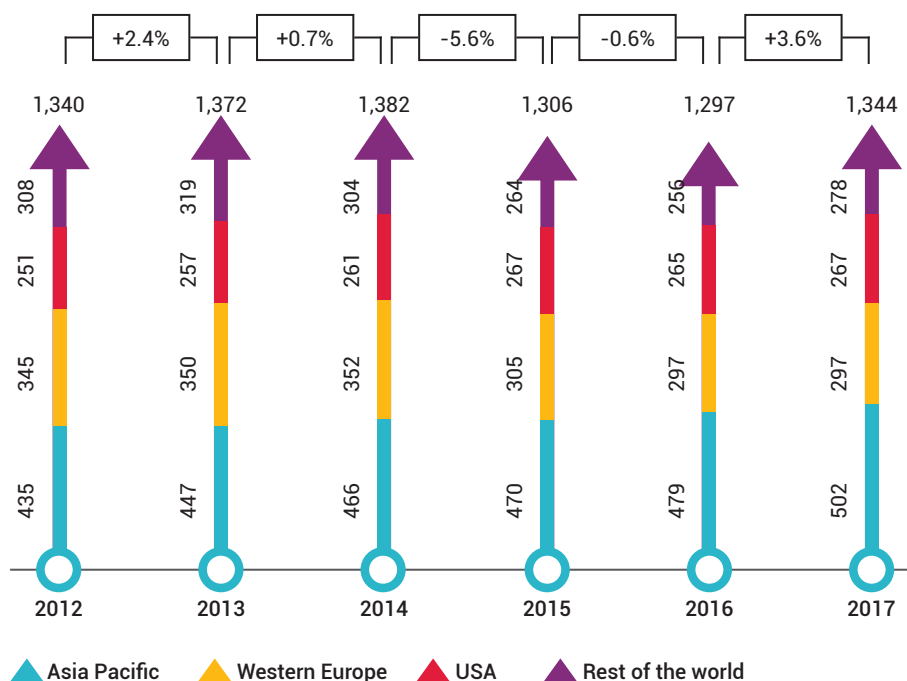
In 2017, the global apparel market witnessed a growth of 3.6% due to approximately 5% increase in Asia Pacific and 8% in rest of the world markets. Key economies such as China and India have led the strong growth chart in 2017. On the other hand, Western Europe and the USA, continue to struggle and rise less than 1% in 2017. Due to the continued strong performance by the Asia Pacific region and steady improvement in 2017, global fashion industry

is expected to continue its recovery in 2018 to register an approximate 5% growth. Globally, the apparel segment and textile trade is expected to witness a CAGR of 5% and 3% respectively over 2016-26. Fabric is believed to lead the category, followed by fibre and yarns.

Due to changing customer preferences, the global fashion industry has undergone massive shift, majorly because of large scale adoption of digital technology. Further, there is rising focus on variety, quality, convenience and personalization. Most of the global brands are already facing tough time due of fast changing fashion trends. Frequently changing customer preferences are compelling them to improve upon their supply-chain strategy to compete better. Brands are now ensuring that their merchandising, logistics and suppliers are more coherent than before to reduce the lead time of sourcing.

GLOBAL APPAREL RETAIL

(in US\$ Bn)



Source: Euromonitor



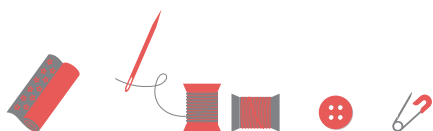
INDIAN TEXTILES INDUSTRY

The Indian textile sector is one of the largest and oldest in the world with a large manufacturing strength and raw material base across the value chain. The speciality of the industry lies in its strength i.e. both in the capital-intensive mill sector and in hand-woven sector. With 3,400 textile mills, having installed capacity of more than 50 Mn spindles and 8,42,000 rotors, the Indian textile industry is the second largest in the world. Traditional segments in this industry such as handicrafts, handloom and small-scale power-loom units are the massive source of employment (second largest after agriculture) for millions of people in semi-urban and rural areas.

The Indian textile sector has inherent linkage with tradition, culture and agriculture of the country making for its all-round spread of products suitable for both, domestic and the export markets. The sector is labour-intensive and employs approximately 60 Mn workers indirectly and 45 Mn workers through

the direct mode. The textile sector occupies a notable space in the country as it contributes 2% to the GDP, 15% to the export earnings and 7% to the industry output in value terms.

As a goal of making India's progress inclusive and participative, the Government's central focus has been an increase in textile manufacturing by setting up the best-in-class manufacturing infrastructure, enhancing skills, upgradation of technology fostering innovation and traditional strengths in the textile sector. The industry went through a rough patch in 2017 due to implementation of the GST and the decrease in export incentives. Though the disruption caused by the GST is gradually settling down, decrease in export incentives has a profound impact on decreasing the export competitiveness of the country.

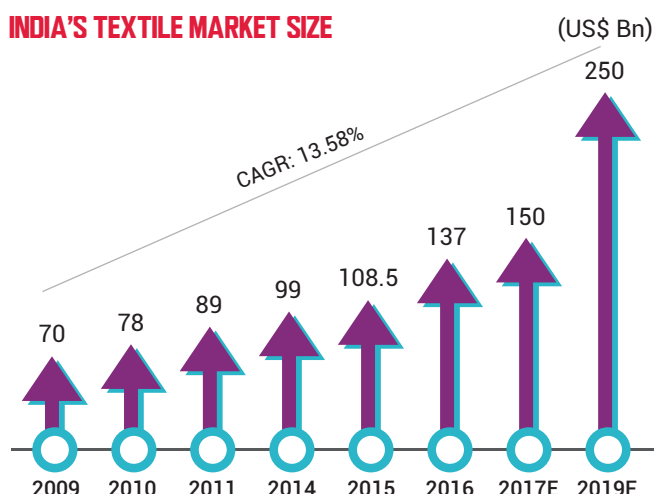


Market size

The market size of Indian textile industry in 2017 was approximately US\$ 150 Bn and is expected to reach US\$ 250 Bn by 2019, witnessing a CAGR of 13.58% since 2009 to 2019.

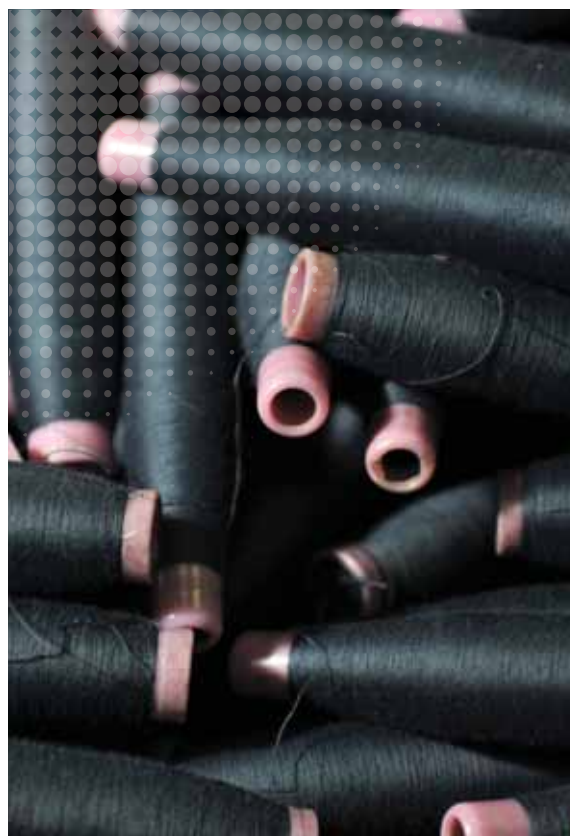
(Source:IBEF)

INDIA'S TEXTILE MARKET SIZE



Notes: CAGR - Compound Annual Growth Rate, E - Estimated

(Source: Technopark, Make in India, News articles, Ministry of Textiles, Aranca Research, IBEF)



Advantage India

Robust Demand

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

Increasing Investment

- Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP)-(US\$ 184.98 million) and Technology Upgradation Fund Scheme (TUFS)-(US\$ 216.25 million released in 2017) to encourage more private equity and to train workforce
- In May 2018, textiles sector recorded investments worth ₹ 27,000 Crore (US\$ 4.19 billion) since June 2017

Competitive Advantage

- Abundant availability of raw materials such as cotton, wool, silk and jute
- India enjoys a comparative advantage in terms of skilled manpower and 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 exports

Note: SITP - Scheme for Integrated Textile Park; FDI - Foreign Direct Investment, ASEAN - Association of Southeast Asian Nations, E - Estimate; F-Forecasted
(Source: PHD Chamber of Commerce; Federation of Indian Chambers of Commerce and Industry, Aranca Research)



Cotton

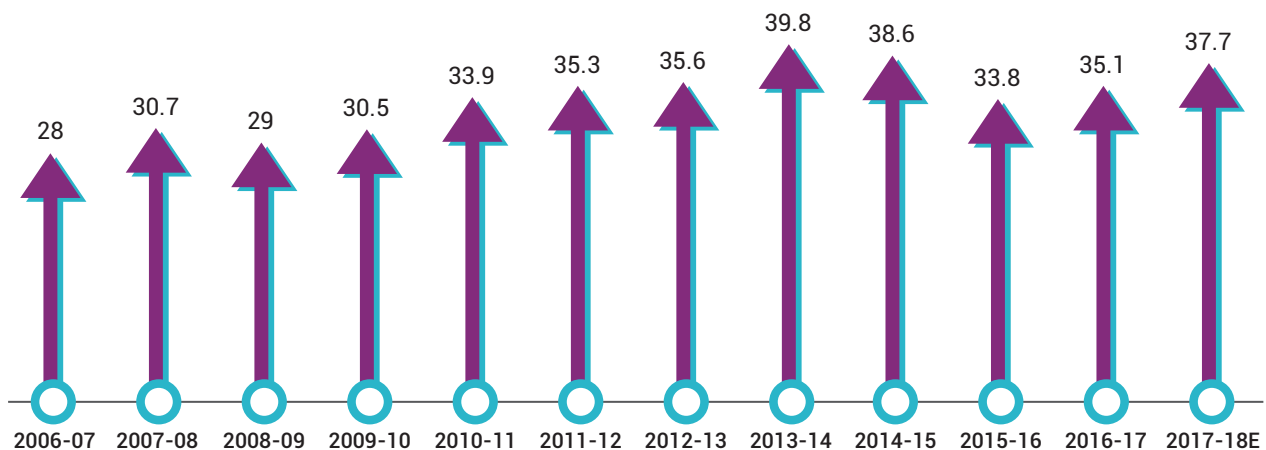
Cotton continues to dominate the Indian textile industry by acquiring almost 3/4th of the total fibre consumption in the country. According to Confederation of Indian Textile Industry (CITI), cotton production in India was estimated to grow by 8.11% to 377 Lakhs Bales in 2017-18 as against the previous year. Due to last year's inventory and relatively lower imports, the total supply of cotton was likely to be 410 lakhs bales in 2017-18 as against 401 lakhs bales in 2016-17.

In 2017-18, the cotton prices experienced volatility of around 19% (annualised). The cotton industry faced annualised price risk of over ₹ 13,000 Crores with

physical market size of cotton estimated at around ₹ 68,000 Crores. The area under cotton cultivation in India may contract by 10 - 15% from 123 Lakh acres in 2017 to 110 Lakh acres in 2018. However, there may not be much decrease in the total production, as the area under cotton cultivation in other states may compensate for any decrease in area in pink boll-worm-affected states. Furthermore, a 19% rise in cotton acreage and a resultant 11% gush in crop output in two previous fiscals are anticipated to moderate cotton prices in 2018-19, notwithstanding the increasing prices in the last few months due to the pink boll-worm issue.

PRODUCTION OF RAW COTTON

(Mn Bales)

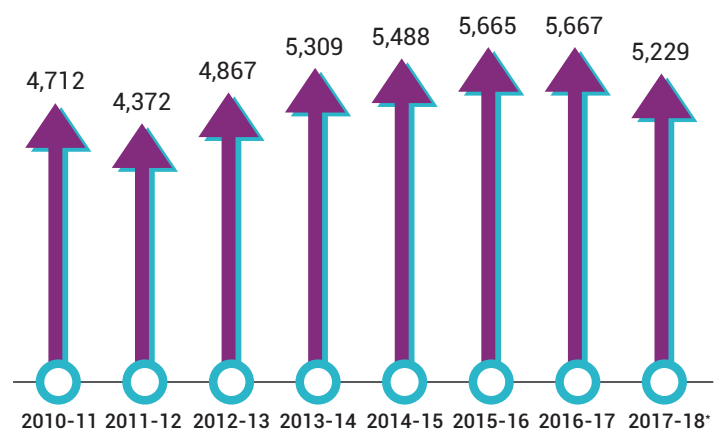


PRODUCTION OF YARN

(Mn Kg)

India is one of the largest manufacturers and exporters of cotton yarn. The ratio of the usage of cotton to manmade fibres and filament yarn is 60:40. However, this scenario is changing rapidly as manufacturers and brands are majorly looking towards manmade fibre options, mainly into polyester.

- Production of yarn was estimated to increase 5,229 Mn Kgs in 2017-18 from 4,712 Mn Kgs in 2010-11



(Source: Cotton Association of India, Ministry of Textile, IBEF)

*Provisional figures as of February 2018



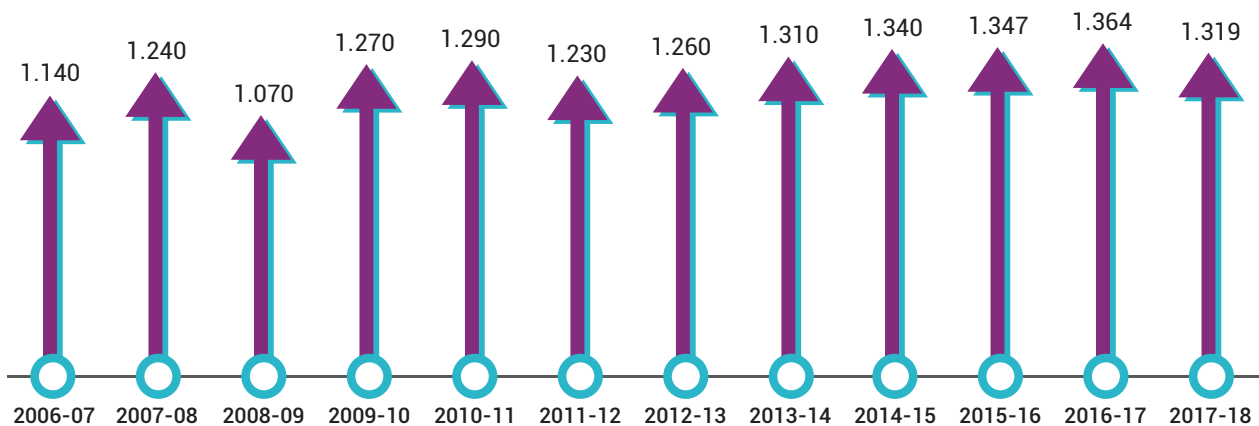
Manmade fibre

- During 2016-17, production of manmade fibre in India reached 1.364 Mn tonnes and in 2016-17, it was 1.319 Mn tonnes

The demand for manmade fibre from the textile sector is majorly driven by the growing use of blended fabrics to meet the augmented demand for the home textiles, apparels and technical textiles.

PRODUCTION OF MAN-MADE FIBRE

(Mn Tonnes)



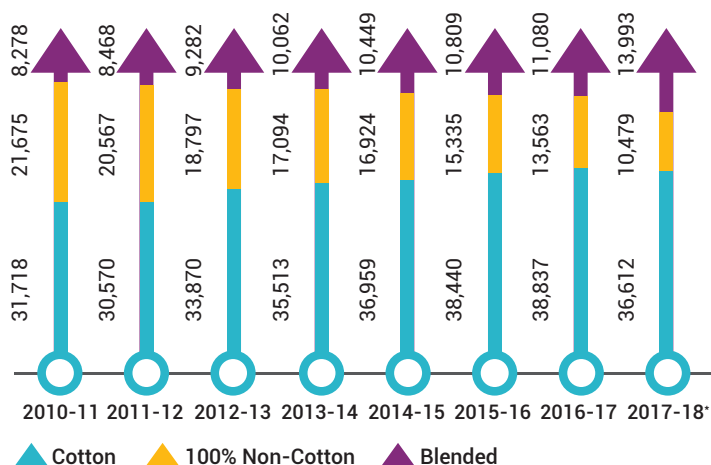
(Source: The Cotton Corporation of India Ltd, Aranca Research, BusinessLine, IBEF)

Fabric

- Fabric production in the country increased to 61,084 Mn square metres in 2017-18 from 59,605 Mn square metres in 2011-12
- Cotton yarn, a significant segment in 2010-11, occupies more than 51.43% share in fabric production, with the share touching to 59.94% in 2017-18*

FABRIC PRODUCTION

(Mn Square Metre)



(Source: Ministry of Textiles, TechSci Research, IBEF)

Note: Figures mentioned are as per latest data available (* Provisional figures till March 2018)



Exports in 2017-18

The Indian textile sector is the second largest manufacturer and exporter in the world after China. The industry holds significant importance for the economy with a share of 12.4% of the total exports from the country and 5% of the global trade in the textiles and apparel market.

Exports have been at the core of India's textile and apparel sector, which reached US\$ 37.74 Bn during 2017-18. The Goods and Service Tax (GST) implementation started since July 2017 is expected to make imported garments cheaper by 5 to 6%, as the GST regime will impose 5% tax for both, the domestic textile producers and the importers. Manmade garments occupy 25.60% in textile exports and have reached US\$ 5,413 Mn.

(Source- Ministry of textiles. IBEF).

SHARES IN INDIA'S TEXTILE EXPORTS



2017-18

51.01%
Cotton

0.88%
Jute

0.34%
Silk

1.64%
Wool

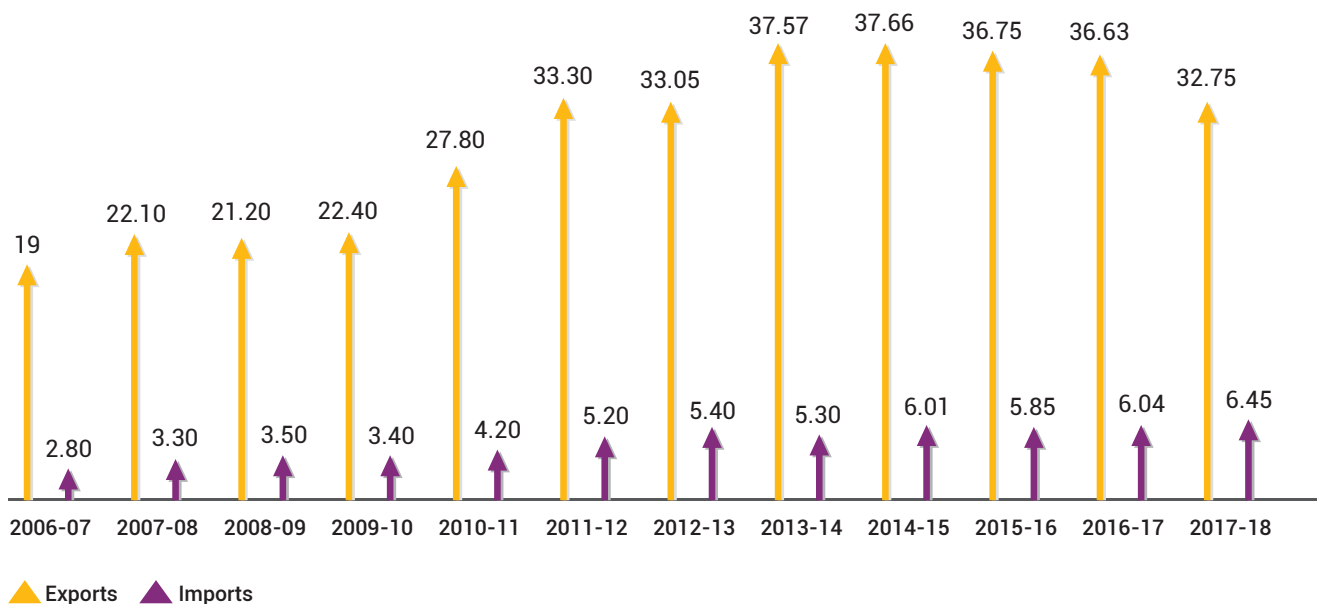
25.60%
Manmade

20.53%
Other Items

(Source: Ministry of Textiles, TechSci Research, IBEF)

INDIA'S TEXTILE TRADE

(US\$ Bn)



(Source: Ministry of Textiles, Budget 2015, TechSci Research, IBEF)



Impact due to the Goods and Service Tax (GST)

In July 2017, the Government implemented the GST to bring several tax regimes under one roof. This move helped abolish multiple taxes at varied manufacturing stages. However, in the midway, due to the resistance for the new regime across the textile value chain, it has affected the textile trade adversely. Further, the profitability was impacted due to decrease in duty drawbacks, disruption in textile trade and time consumed in passing on the impact of GST in the market. But with the markets in the stabilising stage, the temporary negative impact has faded away and the economy is moving ahead progressively towards a steady and sustainable growth.

Strengths

- Huge textile production capacity
- Efficient multi-fibre raw material manufacturing capacity
- Large pool of skilled and cheap work force
- Entrepreneurial skills
- Huge export potential
- Large domestic market
- Very low import content
- Flexible textile manufacturing systems
- Country's major costs such as cotton, yarn, power, wages, dyes and chemicals are internationally competitive
- The Government of India also allows 100% FDI through the automatic route in the textile sector
- Technology Upgradation Fund Scheme (TUFS) has given a major boost to this sector. The TUFS scheme aims at making available funds to the domestic textile industry for technology up-gradation and setting up of new units

Weaknesses

- Increased global competition
- Imports of cheap textiles from other Asian neighbours

- Use of outdated manufacturing technology
- Poor supply chain management
- Huge unorganized and decentralized sector
- High production cost with respect to other Asian competitors
- Rigid labour laws have stymied the growth of the sector where labour involvement is maximum

Growth Drivers

- Encouraging trade policies and better quality will drive textile exports
- Rising young population, favourable demographics and a shift in consumer preference for branded products are expected to hike the demand
- Increase in per capita income and a rising magnitude of the middle class will give a boost to the apparel sector demand
- Upswing in domestic demand along with encouraging policies initiated by the Government will drive the industry
- The rising female workforce participation in the country will boost the demand further

The Government Initiatives

Following initiatives have been taken by the Government to promote the textile sector:

- Technology Upgradation Fund Scheme
- Silk Sector Scheme
- Skill Development Scheme
- 100% Foreign Direct Investment (FDI) under direct route
- Integrated Wool Development Programme
- Powerloom Sector Schemes

Further, as per the Union Budget 2018-19, the fund allocation to the textile industry increased 14.7% to ₹ 7,148 Crores as against the previous year.

(Source: Business Line)

Incentives to boost employment and skilling

The textile industry is set for an employment boost as the cabinet confirms ₹ 1,300 Crores worth skill-development scheme. According to the Cabinet Committee on Economic Affairs (CCEA) the Prime Minister's Employment Generation Programme (PMEGP) will continue with the outlay of ₹ 5,500 Crores for three years starting from 2017-18

(Source: Economic Times)

The Indian Denim Sector

Going by the latest trend, the Indian denim segment in the textile industry is the front runner in the fashion industry. Global denim market is estimated to grow at about 6.4% annually from \$57 Bn in 2016 (US accounts for 24% of this size) to \$75 Bn in 2021. Despite reduction in denim apparel exports, the denim sector in India is witnessing a consistent CAGR of 13% to 15% per year due to escalating local demand. India's contribution in global denim jeans trade account for 2.5% along with 10% share in global denim manufacturing capacities. The Indian denim industry benefits from the advantage of suitable cotton, induction of state-of-the-art manufacturing plants and huge local market with rising denim consumption amongst the growing youth population.

The Indian denim industry is primarily aiming to hike its share in exports, which currently stands at around 33% of total production. The country's total denim fabric capacity stands at 1.2 Bn metres/ annum reporting a utilisation capacity of 75%, out of which only 28% is exported. Further, the urban and rural Indian markets contribute to the overall share of denim, the average number of denim items owned by Indian consumers is much lower (0.3) as against other markets such as the US (9), the UK (8) and Brazil (7). This indicates a huge potential that still remains untapped in the domestic market.

(Source: JCR-VIS Credit Rating Company Limited)

Demand Drivers

- Due to rising disposable income and inclination towards Western fashion trends, the country is switching their purchasing patterns towards denim jeans as part of their casual wear
- Durability, higher quality, comfort level, low maintenance and easy availability are the key reasons for increasing demand for denim products amongst the youth
- Despite rising acceptance of denim products across all age groups, demand for men is forecasted to surpass that for women
- Evolution of e-commerce has increased accessibility thereby improving distribution channel and facilitating consumption

(Source- JCR-VIS Credit Rating Company Limited)

Domestic apparel industry

The domestic apparel market, estimated to be at USD 46 Bn is expected to grow at a CAGR of 9.7% over the period 2016-26, driven by factors such as increase in the per capita consumption and the average spends on apparel. Currently, at 41%, men's wear is the biggest category in the Indian apparel market; however, the rate of growth in women's wear and kid's wear has been rapid. On the exports front, the apparel exports estimated at USD17 Bn, is expected to grow at 10% over 2016-26.

Indian inner wear segment

- Indians are preferring to wear premium inner wear as a changing trend, resulting in huge growth potential in this segment
- The current market size of the inner wear market is worth ₹ 27,931 Crores as per the market analysis by Technopak
- It is estimated to witness a CAGR of 10% over the next decade to touch ₹ 74,258 Crores by 2027

(Source: Image Business of Fashion)



Indian active wear segment

- The market is expected to grow annually by 11% (CAGR 2018-2021) due to hike in media coverage of sports and success of top Indian athletes
- Revenue in the sports & swim wear segment reached US\$3,393 Mn in 2018
- Growth will be supported by increasing participation from girls in sports, in addition to rise in investment for sports infrastructure

(Source: Statista)

AN OVERVIEW ABOUT THE COMPANY

Sangam (India) Limited is the leading manufacturer of PV yarn in India. It is the flagship company of Sangam group. The Company was known as a fabric producing unit, under the name "Arun Synthetics Private Limited", by Mr. R.P. Soni and Mr. S.N. Modani. It is one of the largest polyester-viscose (PV) dyed yarn producer with approximately 25% market share in the domestic market. Over the last decades, it has emerged as one of the most vertically-integrated textile players across the country.

The strategic decision of backward integration was taken by the Company way back in 1995 to foray into spinning by installing 17,280 spindles to produce PV dyed yarn. Due to presence across the textile value chain, starting from spinning to weaving and processing to garmenting, now it is self-sufficient in all aspects. It also has presence in the Indian synthetic blended fabric and denim segment with brands such as Sangam Suitings and Sangam Denim. Additionally, Sangam has extended its wings into branded seamless wear for women under its brand name 'C9', by floating a 100% subsidiary Sangam Lifestyle Ventures Limited in its retail business segment.

Sangam has a strong client base such as S Kumar Nationwide, Banswara Syntex, Siyaram, BSL, Vimal, RSWM Ltd., Arvind Limited, Trident Limited, Welspun India Limited, Reliance, Pantaloons, Being Human and Westside. The Company has a spinning capacity of 2,38,608 spindles and 3,128 rotors; weaving capacity of 526 looms; fabric processing capacity of 53.40 Mn metres P.A. and garment processing capacity of 511 MTPA. It has a network of more than 100 dealers and 1000 retailers across India. The Company has its manufacturing facilities in Bhilwara district and Chittorgarh district in Rajasthan.





Company Foundation

Parameter	Yarn	Fabric	Garments
Revenue contribution (2017-18)	PV yarn 47%	Woven fabric with processing 21%	Garments 2%
	Cotton yarn 12%	Denim fabric 18%	
Geographic presence (by revenue share)	Domestic: 70%	Domestic: 74%	Domestic: 97%
	Exports: 30%	Exports: 26%	Exports: 3%
Market position	Approximately 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
Five Years Sales growth (2012-13 – 2017-18 CAGR)	PV yarn: 4.2%	Woven fabric: 4.4%	Not applicable
	Cotton yarn: 3.7%	Denim fabric: -0.9%	

C9 STRATEGIC VENTURE

Sangam had entered into new market by ventured into garmenting in the financial year 2014-15 with the focus on the high-potential women innerwear segment. Currently, the Indian innerwear market is about ₹ 27,931 Crores in size. Also, it is one of the fastest growing categories within women's apparel segment.

The Company also sells its products through the e-commerce portal www.c9airwear.com. Further, the product offered by the Company for women has focus on leisure wear, casual wear, active wear, intimate wear and shape wear through the brand "C9". The brand has always been at the edge of bringing latest innovations and technology to the Indian consumer. The Company uses imported machines from Italy to manufacture seamless garments. Currently, the seamless garment capacity stands at 3.6 Mn piece/ annum.





Capacities

Particulars	FY16	FY17	FY18
Spindles (Nos.)	2,25,168	2,38,608	2,38,608
Fibre Dying Capacity (In % of Finished Production)	100%	100%	100%
Open End Rotors (Nos.)	3,128	3,128	3,128
Texturising Machines (Nos.)	3	3	3
Knitting Machines (Nos.)	22	22	22
Denim Fabric Processing (No. of Line)	5	5	5
Weaving Machines (No. of Looms)	483	510	526
Fabric Processing (in Mn. Meter P.A.)	53	53	53
Garment Processing (in M.T.P.A.)	511	511	511
Seamless Garments Knitting (No. of Pcs. in Lakhs)	36	36	36
Coal Based Captive Thermal Power Plants (in MW)	31	31	31
Captive Solar Power Plants (in MW)	1	1	1
Wind Power Plants (in MW) at Jaisalmer	5	5	5

FINANCIAL PERFORMANCE

Sangam recorded net revenue of ₹ 1,649 Crores in 2017-18 as against ₹ 1,631 Crores in 2016-17, reflecting a hike of 1.1%. 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 EBIDTA of the Company decreased by 26.8% to ₹ 134 Crores in 2017-18 as compared to ₹ 183 Crores in 2016-17. The Company reported a net profit of ₹ 30 Crores during the year which is 44.5% less against ₹ 55 Crores in 2016-17. The Company reported lower interest costs as it continued to reduce the debt burden.

Yarn Division

The Company is a big player in the Indian PV dyed yarn market and is one of the largest manufacturer of blended dyed yarn at a single location.

- Locations:** Biliya Kalan and Sareri, Bhilwara and Soniyana, Chittorgarh, Rajasthan
- Products:** PV-Dyed & Grey Yarn, Cotton Spun & Open-ended Yarn and Texturized Yarn

- Capacities:** Biliya Kalan – 96,864 spindles and 3 Texturising Machines
 - Sareri – 1,15,008 spindles, 3,128 open end Rotors and 22 knitting machines
 - Soniyana – 26,736 spindles
- Contribution:** 59% of the Company's total revenue

Rationale

Traditionally, PV yarn has been the Company's core focus. It also produces cotton yarn to support its denim operations. Due to its presence in three key segments – denim fabrics, seamless garments and blended suiting fabrics, it consumes its production in-house about 50% of cotton yarn and about 20% of PV yarn. It is present in varieties of yarn such as Cotton Spun and Open-ended Yarn, Blended PV Yarn and Texturized Yarn, resulting into prevention from any risks arising out of changing preferences of the consumer. While the denim segment is supplied with the cotton and blended yarns, the seamless garments and blended fabrics primarily require manmade yarns.



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 - 53.40 Mn metres P.A
- **Contribution:** 21% of the total revenues of the Company

Rationale

Rising demand and newer distribution platforms spurring consumer spends have led the Company to refocus on its fabrics business. The Company offers multiple range of woven PV fabrics, used for suitings and bottom wear.

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.)
One Indigo Rope Dyeing Range - 24 Ropes
- **Contribution:** 18% of the total revenues

Rationale

The Company has clearly emerged as a branded denim producer and ranks amongst the top six denim producers across the country. Denim segment has continued to provide high growth due to the varieties of finishes, latest designs, better quality and value for money supported by a huge distribution network.

Seamless Garment Division

- **Locations:** Atun, Bhilwara
- **Products:** 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:** 1% of the total revenues

STRENGTHS

Robust business model

Right from yarn to branded garments, the Company operates with a highly integrated business model throughout the textile value chain to rationalise cost of production and increase the margins. It offers superior insulation against the market volatilities. The Company's continued investment in capacity expansion has resulted in venturing into denim and seamless garments in a short span of time.

Basket of product portfolio

From PV to Cotton to Texturized Yarn - the Company strategically offers wide variety of yarns. During the same tenure, the Company has developed the ability to deliver huge quantities with almost any shade of colour. Its colour bank consists of more than 5,000 shades and manufactures 6-50 counts of yarns.

Research & Development and Quality

Sangam has ISO 9001:2000 certified research units, furnished with world-class and advanced quality testing equipment such as Uster tester, evenness tester and hairiness tester. All the equipment ensure that the yarn produced is free of neps and other faults such as less strength, colour-fading, unevenness in colour, etc. Strict quality checks are undertaken at regular interval to manufacture premium quality yarn.



The research teams continuously try to develop new and value-added products and introduce colour shades to suit the needs of the end consumer. The plants are equipped with world class labs, advanced and latest equipment and qualified professionals to ensure fast and smooth turnaround of new products.

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 a customised SAP solution for diverse activities of spinning, weaving, garmenting and processing in its operations to achieve greater productivity and efficiency and to use information technology (IT) extensively.

HUMAN RESOURCES

At Sangam, employees are considered as the most valuable asset of the Company and also the key driver of its performance. The Company makes sure that the working environment is always encouraging for the employees to perform with full potential. The Company also takes initiatives such as training and development for its employees to increase the performance. This also encourages the employees to shoulder more responsibilities and take part in the growth of the Company's business. The Company believes that, by effectively managing and developing

human resources, it can achieve its vision. The aim of the Human Resource strategies is attracting, developing and retaining pool of talented people in the Company. As on 31st March, 2018, the number of employees was about 7000. The industrial relations were also cordial during the period under review.

INTERNAL CONTROL SYSTEM

The Company follows an adequate internal controls system to safeguard and protect from loss, unauthorized 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 AND CONCERNS

The Company is exposed to normal 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.



DIRECTOR REPORT

The Board of Directors' present the 32nd Annual Report of the Company together with the Audited Financial Statements of Accounts for the Financial Year ended 31st March, 2018.

FINANCIAL RESULTS

The Company 's financial performance, for the year ended 31st March, 2018 is summarized below:

Particulars	(₹ in Crores)	
	31st March, 2018	31st March, 2017
Revenue from Operations	1,649.03	1,630.67
Profit before Tax & Depreciation	89.70	135.53
Depreciation	77.05	72.58
Profit before Tax	12.65	62.95
Tax Expense		
Current Tax	-	6.85
Deferred Tax	7.04	9.06
Tax Expense for Earlier Years	(24.84)	(7.80)
Profit after Tax	30.45	54.84

INDIAN ACCOUNTING STANDARDS (IND AS)

The Ministry of Corporate Affairs, vide its notification in the Official Gazette dated 16th February, 2015, notified the Indian Accounting Standard ("Ind AS") applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014. Ind AS is applicable on the Company from 1st April, 2017, with a transition date of 1st April, 2016. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in the notes to accounts in the standalone financial statement and in the notes to accounts in the consolidated financial statement.

OPERATIONAL RESULTS AND STATE OF AFFAIRS

The Company Revenue from Operations during 2017-18 is ₹ 1,649 Crores as against ₹ 1,631 Crores during 2016-17.

The profit before interest, depreciation and tax (PBITD) is ₹ 153 Crores during 2017-18 as against ₹ 199 Crores in previous year. The profit after tax of the Company is ₹ 30 Crores in the current year as against ₹ 55 Crores in previous year.

During the year, the Company had export revenue of ₹ 441 Crores as against ₹ 424 Crores in previous year. The exports constituted about 27% of the total revenue of the Company.

EXPANSION

The Company's project of ₹ 135 Crores taken in hand in the previous year for installation of one Rope Indigo Dyeing Line with 73 new wide width imported Weaving Machines, Machinery for modernization and balancing in spinning and processing divisions and pollution control

equipment. 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

In view of the satisfactory performance, your directors are pleased to recommend for your approval, dividend @10% on 3,94,21,559 equity shares of ₹ 10/- each (₹ 1.00 per Equity Share) for the financial year 2017-18 aggregating to ₹ 3.94 Crores which is subject to approval at the forthcoming Annual General Meeting. The Company would also pay dividend distribution tax on distributed dividend.

WHOLLY OWNED SUBSIDIARY COMPANY

Sangam Lifestyle Ventures Limited ("SLVL") is a Wholly Own Subsidiary of the Company. The revenue from operation of the Company has increased to ₹ 684.43 Lakhs from ₹ 84.26 Lakhs in the last year.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures is given in Form AOC-1 and forming part of the report as Annexure-I.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the applicable provisions of Companies Act, 2013 including the Ind AS 110 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2017-18.



DIRECTORS' REPORT (CONTD.)

INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government after the completion of seven years from the date of completion. The shareholders whose dividends have been transferred to the IEPF Authority can claim their dividend from the Authority. The unclaimed or unpaid dividend relating to the financial year 2010-11 is due for remittance on 06th November, 2018 to the Investor Education and Protection Fund established by the Central Government.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the IEPF Authority. In accordance with new Rules, the Company sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published requisite advertisement in the newspaper.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the general public within the meaning of Section 73 to 76 of the Companies Act, 2013 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 and 197 of the Companies Act 2013, consent of the members were taken for re-appointment of Shri V.K. Sodani as Whole Time Director designated as Executive Director of the Company for a period of 5 years with effective from 1st October, 2017 to 30th September, 2022.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of the provisions of the Companies Act, 2013 Shri V.K. Sodani Whole-time Director of the Company retires 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 Companies Act 2013 and in terms of Articles of Association of the Company, Shri R.P. Soni, Whole Time Director, designated as Chairman is proposed to re-appointed for a period of 3 years with effective from 1st September, 2018 at the ensuing 32nd AGM.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel ("KMP") of your company are Shri R.P. Soni, Chairman & Whole Time Director, Shri S.N. Modani, Managing Director & CEO, Shri V.K. Sodani, Whole Time Director and Shri Anil Jain, CFO & Company Secretary. There has been no change in KMP's during the year.

NUMBER OF MEETINGS OF THE BOARD

Five 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 consists of Shri Achintya Karati, Independent Director, Shri T.K. Mukhopadhyay, Independent Director and Shri R.P. Soni, Executive Director. Shri Achintya Karati is the Chairman of the Committee and Mr. Anil Jain is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

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 Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, Directors, key managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. There are no material subsidiary companies as define in Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



DIRECTORS' REPORT (CONTD.)

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>.

Particulars of Related Parties contracts or arrangements under section 188 of the Companies Act, 2013 are given in Form AOC-2 and forming part of the report as Annexure-II.

Your Directors draw attention of the members to Note no.40 to the 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 THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE 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 Report.

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 policy of the familiarization programme are put up on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/FP%20Policy.pdf>.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Your Company is committed to and fully aware of its CSR, the guidelines in respect of which were more clearly laid down in the Companies Act, 2013. 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 Corporate Social Responsibility Committee comprises Shri R.P. Soni, Shri S.N. Modani and Shri Ramawatar Jaju. Shri R.P. Soni is chairman of the Committee.

The Company has identified following focus areas for CSR:

- Eradicating hunger, poverty and malnutrition
- Promoting Health care including Preventive Health care
- Ensuring environmental sustainability and ecological balance through
- Employment and livelihood enhancing vocational skills and projects
- Promotion of education especially among children, women, elderly and the differently abled
- Promoting gender equality and empowering women
- Contribution or funds provided to technology incubators located within academic institutions
- Rural Development Projects

During the financial year 2017-18, your Company has spent ₹ 136.65 Lakhs towards CSR activities. The details of the CSR spend by the Company is annexed as Annexure III forming part of this report. The CSR Policy may be accessed on the website of the Company's at web link: <http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf>.

EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The performance of the Board as a whole, Committees and individual Directors was evaluated by seeking inputs from all Directors based on certain parameters such as: Degree of fulfilment of key responsibilities; Board structure and composition; Establishment and delineation of responsibilities to various Committees; Effectiveness of Board processes, information and functioning; Board culture and dynamics and Quality of relationship between the Board and the Management.



DIRECTORS' REPORT (CONTD.)

The Directors also made a self-assessment of certain parameters - Attendance, Contribution at Meetings and guidance/support extended to the Management. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their annual separate Meeting. At the separate Meeting of Independent Directors, performance of Non-independent directors, including Chairman, Board as a whole was discussed. The performance of the individual Directors, including Independent Directors, performance and role of the Board/Committees was also discussed at the Board Meeting.

INTERNAL FINANCIAL CONTROL

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Directors inform the members that in pursuit of strengthening internal control systems, your Company has put in place a system whereby all areas of the operations of the Company are reviewed by the internal as well as external professionals and independent audit firms. Your Company takes adequate measures with respect to gaps, if any, reported. The Audit Committee of your Company regularly monitors the annual operating plans, risk assessment and minimisation procedures as well as mitigation plans. Your Directors endeavour to continuously improve and monitor the internal control systems.

A Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 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 Board of Directors has adopted Whistle Blower Policy/Vigil Mechanism. The Whistle Blower Policy/Vigil

Mechanism aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. A mechanism has been established for employees to report concerns about unethical behaviour, 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 Policy has been posted on the website of the Company <http://www.sangamgroup.com/financials/Policies/Whistle%20Blower%20Policy.pdf>.

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 Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report. 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 of the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with 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 31st Annual General Meeting of the Company held on 29th September, 2017 till the conclusion of the 36th Annual General Meeting to be held in the year 2022 (subject to ratification of their appointment by the members at every Annual General Meeting held after this Annual General Meeting). In accordance with the provisions of Companies (Amendment) Act, 2017 notified w.e.f. 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditor is not required to be ratified at every AGM.

As required under the provisions of Section 139 of the Companies Act, 2013, 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 Companies Act, 2013.



DIRECTORS' REPORT (CONTD.)

AUDITORS' REPORT

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

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

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 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 2018-19. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

The Cost Audit Report for the Financial Year 2017-18 does not contain any qualification, reservation or adverse remark. The Company has obtained Cost Audit Report for the year 2017-18 and is in process to file the same with the Central Government.

SECRETARIAL AUDITOR

The Secretarial Audit Report for the financial year 2017-18 received from M/s S.P. Jethlia & Co., Practicing Company Secretary, Bhilwara, 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 31st March, 2018 is annexed herewith and forming part of the report as Annexure-IV.

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors has appointed to M/s V.M. & Associates, Company Secretaries in Practice (Firm Registration No. P1984RJ039200) as Secretarial Auditor of the Company for the financial year 2018-19.

PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

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 up to redress complaints received regarding sexual harassment. During the Financial Year ended 31st March, 2018, the Company has not received any Complaints pertaining to Sexual Harassment.

PARTICULARS OF REMUNERATION OF DIRECTORS/ KMP/EMPLOYEES

Disclosure pertaining to remuneration and other details as required Under Section 197(12) of the Companies Act, 2013 and Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached 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 Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is given in Annexure VI to this 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 or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013 the Board of Directors, to the best of their knowledge and ability, 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



DIRECTORS' REPORT (CONTD.)

give a true and fair view of the state of affairs of the Company as at 31st March, 2018 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 Companies Act, 2013 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 31st March, 2018 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 as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and

Administration) Rules 2014, the extract of annual return is annexed herewith and forming part of the 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

R.P. Soni

Chairman

Place: Bhilwara

Date: 9th August, 2018

(DIN 00401439)

**ANNEXURE-I****FORM 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

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Description
1.	Name of the subsidiary	Sangam Lifestyle Ventures Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2018
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	5,00,000
5.	Reserves & surplus	(3,20,26,359)
6.	Total assets	9,05,91,992
7.	Total Liabilities	9,05,91,992
8.	Investments	0
9.	Turnover	6,84,42,758
10.	Profit before taxation	(3,37,72,922)
11.	Provision for taxation	(81,99,970)
12.	Profit after taxation	(2,55,72,952)
13.	Proposed Dividend	0
14.	% of shareholding	100

Note

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

For and on 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)

Place: Bhilwara

Date: 9th August, 2018



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

R.P. Soni

Chairman

Place: Bhilwara

Date: August 09, 2018

(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 31ST MARCH, 2018

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 registered trust/society of the Company. 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 2017-18 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 (Executive Director as Chairman)
- Shri S.N. Modani (Executive Director as Member)
- Shri Ramawatar Jaju (Non-executive Director as member)

3. AVERAGE NET PROFIT

The Average Net Profit of the Company for last three financial years is ₹ 8180.62 Lakhs.

4. PRESCRIBED CSR EXPENDITURE

Prescribed CSR Expenditure is ₹ 163.61 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: ₹ 163.61 Lakhs
- Total amount spent by the Company during the financial year: ₹ 136.65 Lakhs
- Amount unspent, if any: ₹ 26.96 Lakhs

(Amount in ₹)

Sl. 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, Computer Lab etc. in various Govt. Schools	Promoting education	Rajasthan (Dist. Bhilwara)	75,00,000	73,32,856	-	73,32,856	Direct and through M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)
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)	22,00,000	22,41,790	-	22,41,790	Direct and through M/s Kesar bai Soni Charitable Trust, Bhilwara (Raj.)



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 31ST MARCH, 2018 (CONTD.)

(Amount in ₹)

Sl. 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		
3	Construction of Road and boundary wall and provide infrastructure facility	Rural Development	Rajasthan (Dist. Bhilwara & Chittorgarh)	21,00,000	20,74,960	-	20,74,960	Direct
4	Distribution of Tree guard and plants in Bhilwara City and for other CSR activities	Ensuring Environmental sustainability	Rajasthan (Dist. Bhilwara)	20,00,000	20,00,000	-	20,00,000	M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)
5	Contribution to Armed Forces	Measures for the benefits of armed forces veterans, war widows and their dependents..	Rajasthan (Bhilwara)	-	15,000	-	15,000	Direct
TOTAL					1,36,64,606	-	1,36,64,606	

6. The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013.

However, the Company has identified long term projects where the unspent amount will be incurred. The CSR activities are scalable which coupled with new initiatives that may be considered in future,

moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

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.

By Order of the Board of Directors

For Sangam (India) Limited

(R.P. Soni)

(DIN 00401439)

Chairman of CSR Committee

Place: Bhilwara

Date: 9th August, 2018

(S.N.Modani)

(DIN : 00401498)

Managing Director



ANNEXURE -IV

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Sangam (India) Limited
Atun, Chittorgarh Road, Bhilwara – 311001

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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 (Not applicable to the Company during the Audit period);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);
- (f) 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 (Not applicable to the Company during the Audit period);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period);

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The Listing Regulations) entered into by the Company with Stock Exchanges,

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



ANNEXURE -IV

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018 (CONTD.)

The Company was required to spend Rs. 163.61 Lakhs on CSR activities as mentioned in Schedule VII, pursuant of Section 135(5) of the Companies Act, 2013. Out of above stated amount, Company spent Rs. 136.65 lakhs during the year

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of 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, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I 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.

I further report that during the audit period the Company has undertaken the following events/actions in pursuance of the above laws, rules, regulations, guidelines, standards etc. which in our opinion have a major bearing on the Company's affairs:

- (a) Re-appointment of Shri V.K. Sodani as Whole Time Director designated as Executive Director under sections 196, 197, 198 and 203 read with schedule V of the Companies Act, 2013;
- (b) Approval of Revision in terms of Remuneration of Shri Anurag Soni, to hold an office or place of profit under section 188 of the Companies Act, 2013 read with rules 15 of Companies (Meeting of board and its Powers) Rules, 2014;
- (c) Appointment of Shri Pranal Modani, to hold an office or place of profit under section 188 of the Companies Act, 2013 read with rules 15 of Companies (Meeting of board and its Powers) Rules, 2014.

For M/s S.P. Jethlia & Co.
Practicing Company Secretaries

SP Jethlia

Place: Bhilwara
Date: 9th August, 2018

FCS No. 3464, CP No.4844

**ANNEXURE - V**

DISCLOSURE AS PER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULES 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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 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	Designation	Remuneration of Director/ KMP (₹ in Lakhs)	Percentage increase/ decrease in remuneration	Ratio of remuneration of Director to median remuneration of employees
1	Shri R.P. Soni	Chairman/Executive Director	215.77	(14.53%)	241.53 : 1
2	Shri S.N. Modani	Managing Director & CEO/ Executive Director	134.53	(24.04%)	150.59 : 1
3	Shri V.K. Sodani	Whole-time Director/ Executive Director	66.67	20.91%	74.63 : 1
4	Shri Achintya Karati	Independent Director/Non-executive	4.30	17.81%	4.81 : 1
5	Shri Ramawatar Jaju	Independent Director/Non-executive	1.25	47.06%	1.40 : 1
6	Shri T.K. Mukhopadhyay	Independent Director/Non-executive	3.25	25.00%	3.64 : 1
7	Ms Seema Srivastava	Independent Director/Non-executive	0.80	100.00%	0.90 : 1
8	Shri Anil Jain	CFO & Company Secretary	31.55	(3.22%)	35.32 : 1

2. No. of permanent employees who worked for whole year on the rolls of the Company as on 31st March, 2018 was 4804 Nos. and as on 31st March, 2017 was 3420 Nos.;
3. The median remuneration of employees of the Company during the financial year was ₹ 89,333/- . In the financial year, there was no increase in the median remuneration of employees.
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:

There was no increase in average percentage in the salaries of employees other than the managerial personnel for the year 2017-18.

5. No employee has received remuneration in excess of highest paid Director of the Company during the financial year 2017-18.
6. It is hereby affirmed that the remuneration paid as per Remuneration Policy for Director, 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 2018
1	Shri R.P. Soni	Chairman/Executive Director	215.77
2	Shri S.N. Modani	Managing Director & CEO/ Executive Director	134.53
3	Shri V.K. Sodani	Whole-time Director/ Executive Director	66.67
4	Shri Anurag Soni	Chief Business Strategist	42.75
5	Shri Anil Sharma	President (Works-Processing)	40.48
6	Shri Susheel Kumar Pandey	President (Works-Spinning Unit-II)	31.82
7	Shri Anil Jain	CFO & Company Secretary	31.55
8	Shri Jyotirmay Garg	Vice President (Export Marketing)	31.31
9	Shri Pranal Modani	Chief Business Development	29.18
10	Shri Bhanu Pratap	Jt. President (Thermal Power Plant)	26.92

(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	Whether Permanent/ Contractual	Age (Year)	Particular of Last Employment
1.	Shri R.P. Soni	Chairman/ Executive Director	215.77	B.Sc., Diploma Civil Engineering	34	31.12.1984	453950	Permanent	72	Junior Engineer in Irrigation Department in 1964
2	Shri S.N. Modani	Managing Director & CEO Executive Director	134.53	M. Sc. (Chemistry), M.B.A., Post-Graduate Diploma in Cement Technology from NCBM, Faridabad.	29	20.06.1989	99779	Permanent	55	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 Son 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 equipments;

The company has invested ₹ 75 Lakhs during the year on energy efficient tube lights and energy efficient motors

(B) 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 gridnle yarn. Variety of seamless garments have been developed.



ANNEXURE -VI (CONTD.)

- (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.

- (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 ₹ 1.75 Crores on research and development during the year.

FOREIGN EXCHANGE EARNING AND OUTGO

		(₹ in Crores)	
Particulars		31st March, 2018	31st March, 2017
a)	Total Foreign Exchange used	68.40	53.20
b)	Earning in Foreign Exchange	434.26	402.58



ANNEXURE -VII

EXTRACT OF ANNUAL RETURN

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

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	Address of the Registered office & contact details	
	Address :	Atun, Chittorgarh Road,
	Town / City :	Bhilwara
	State :	Rajasthan-311001
	Country Name :	India
	Telephone (with STD Code) :	01482-305000
	Fax Number :	01482-304120
	Email Address :	secretarial@sangamgroup.com
	Website, if any:	www.sangamgroup.com
vi	Whether listed company	Yes
vii	Name and Address of Registrar & Transfer Agents (RTA):-	
	Name of RTA:	Bigshare Services Private Limited
	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@bgshareonline.com

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

S I. 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

S. 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

EXTRACT OF ANNUAL RETURN (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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	PROMOTER S										
	(1)	Indian									
	a)	Individual/ HUF	3169433	-	3169433	8.04%	3169433	-	3169433	8.04%	0.00%
	b)	Central Govt	-	-	-	-	-	-	-	-	-
	c)	State Govt(s)	-	-	-	-	-	-	-	-	-
	d)	Bodies Corp.	15497693	-	15497693	39.31%	15497693	-	15497693	39.31%	0.00%
	e)	Banks / FI	-	-	-	-	-	-	-	-	-
	f)	Any other	-	-	-	-	-	-	-	-	-
	(2)	Foreign									
	a)	NRI- Individual/	-	-	-	-	-	-	-	-	-
	b)	Other-Individual/	-	-	-	-	-	-	-	-	-
	c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
	d)	Banks / FI	-	-	-	-	-	-	-	-	-
	e)	Any Others	-	-	-	-	-	-	-	-	-
	TOTAL SHAREHOLDING OF PROMOTER (A)		18667126	-	18667126	47.35%	18667126	-	18667126	47.35%	0.00%
B.	PUBLIC SHAREHOLDING										
	1.	Institutions									
	a)	Mutual Funds	-	-	-	-	-	-	-	-	-
	b)	Banks / FI	52534	-	52534	0.13%	48765	-	48765	0.12%	-0.01%
	c)	Central Govt	-	-	-	-	-	-	-	-	-
	d)	State Govt(s)	-	-	-	-	-	-	-	-	-
	e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f)	Insurance Companies	1119612	-	1119612	2.84%	1078838	-	1078838	2.74%	-0.10%
	g)	FIs	1025367	-	1025367	2.60%	7507	-	7507	0.02%	-2.58%
	h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i)	Forign Portfolio Investors	4363583	-	4363583	11.07%	2933781	-	2933781	7.44%	-3.63%
	j)	Others (specify)	-	-	-	-	-	-	-	-	-
	SUB-TOTAL (B)(1):-		6561096	-	6561096	16.64%	4068891	-	4068891	10.32%	-6.32%
	2.	Non-Institutions									
	a)	Bodies Corp.									
	i)	Indian	10178548	1500	10180048	25.82%	12521497	1500	12522997	31.77%	5.94%
	ii)	Overseas	-	-	-	-	-	-	-	-	-
	b)	Individuals									
	i)	Individual shareholders holding nominal share capital upto Rs. 1 Lakhs	1450825	183634	1634459	4.15%	1970792	177688	2148480	5.45%	1.30%
	ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakhs	717422	-	717422	1.82%	513549	-	513549	1.30%	-0.52%

**ANNEXURE -VII****EXTRACT OF ANNUAL RETURN (CONTD.)**

Category of Shareholders				No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
				Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	c)	NBFCs		21010	-	21010	0.05%	10	-	10	0.00%	-0.05%
	d)	Others										
		Trust		-	-	-	-	-	-	-	-	-
		Clearing Member		147008	-	147008	0.37%	137232	-	137232	0.35%	-0.02%
		NRI		1465784	27606	1493390	3.79%	1336268	27006	1363274	3.46%	-0.33%
SUB-TOTAL (B)(2):-				13980597	212740	14193337	36.00%	16479348	206194	16685542	42.33%	6.32%
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+ (B)(2)				20541693	212740	20754433	52.65%	20548239	206194	20754433	52.65%	0.00%
	C.	Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)				39208819	212740	39421559	100.00%	39215365	206194	39421559	100.00%	0.00%

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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%	-	Nil
2	ANTIMA SONI	46050	0.12%	-	46050	0.12%	-	Nil
3	ANURAG SONI	1645397	4.17%	-	1645397	4.17%	-	Nil
4	ARCHANA SODANI	60774	0.15%	-	60774	0.15%	-	Nil
5	BADRILAL RAMPAL SONI HUF	128268	0.33%	-	128268	0.33%	-	Nil
6	MAMTA MODANI	105404	0.27%	-	105404	0.27%	-	Nil
7	RADHA DEVI SONI	377761	0.96%	-	377761	0.96%	-	Nil
8	RAMPAL SONI	453950	1.15%	-	453950	1.15%	-	Nil
9	RAMPAL SONI HUF	248300	0.63%	-	248300	0.63%	-	Nil
10	S.N. MODANI	99779	0.25%	-	99779	0.25%	-	Nil
11	FINWORTH INVESTMENT PRIVATE LIMITED	475260	1.21%	-	475260	1.21%	-	Nil
12	HAWAMAHAL FINANCE PRIVATE LIMITED	2335500	5.92%	-	2335500	5.92%	-	Nil
13	NECCO SHIPPING COMPANY PRIVATE LIMITED	282450	0.72%	-	282450	0.72%	-	Nil
14	NEELGAGAN COMMERCIAL CO LIMITED	1400000	3.55%	-	1400000	3.55%	-	Nil
15	NIKITA CREDITS PRIVATE LIMITED	358200	0.91%	-	358200	0.91%	-	Nil
16	PARK VIEW INVESTMENT PRIVATE LIMITED	226065	0.57%	-	226065	0.57%	-	Nil
17	SAHYOG FINANCE LIMITED	172750	0.44%	-	172750	0.44%	-	Nil
18	SANGAM BUSINESS CREDIT LIMITED	5982812	15.18%	-	5982812	15.18%	-	Nil
19	SANGAM FINCAP LIMITED	2216145	5.62%	-	2216145	5.62%	-	Nil



ANNEXURE -VII

EXTRACT OF ANNUAL RETURN (CONTD.)

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	
20	SANGAM GRANITES PRIVATE LIMITED	120815	0.31%	-	120815	0.31%	-	Nil
21	SANGAM SUITING PRIVATE LIMITED	263670	0.67%	-	263670	0.67%	-	Nil
22	SARVODAYA HOLDING PRIVATE LIMITED	1127771	2.86%	-	1127771	2.86%	-	Nil
23	SCORPIO CREDITS PRIVATE LIMITED	536255	1.36%	-	536255	1.36%	-	Nil
TOTAL		18667126	47.35%	-	18667126	47.35%	-	

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

Sl No.	Name of Promoter	Shareholding at the beginning of the year 01.04.2017		Transaction Detail			Shareholding at the end of the year 31.03.2018	
		No. of shares	% of total shares of the company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the company

N/A

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 01.04.2017		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31.03.2018	
		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 MARCENTILE LIMITED	4898833	12.43%	0	0.00	4898833	12.43
2	MENTOR CAPITAL LIMITED	3153602	8.00%	1081233	2.74	4234835	10.74
3	GMO EMERGING DOMESTIC OPPORTUNITIES FUND, A SERIES OF GMO TRUST	1607271	4.08%	-98329	-0.25	1508942	3.83
4	ANAND RATHI GLOBAL FINANCE LIMITED	0	0.00%	1147681	2.91	1147681	2.91
5	SATPAL KHATTAR	1140000	2.89%	0	0.00	1140000	2.89
6	POLUS GLOBAL FUND	860000	2.18%	-860000	-2.18	0	0.00
7	ELARA INDIA OPPORTUNITIES FUND LIMITED	799786	2.03%	-799786	-2.03	0	0.00
8	SHILPA STOCK BROKER PRIVATE LIMITED	664929	1.69%	185426	0.47	850355	2.16
9	GENERAL INSURANCE CORPORATION OF INDIA	688423	1.75%	-40774	-0.11	647649	1.64
10	GMO EMERGING MARKETS FUND, A SERIES OF GMO TRUST	532104	1.35%	-3771	-0.01	528333	1.34
11	ALBULA INVESTMENT FUND LIMITED	0	0.00%	508517	1.29	508517	1.29
12	VESPERA FUND LIMITED	499331	1.27%	-499331	-1.27	0	0.00
13	LIFE INSURANCE CORPORATION OF INDIA	431189	1.09%	0	0.00	431189	1.09

**ANNEXURE -VII****EXTRACT OF ANNUAL RETURN (CONTD.)****v Shareholding of Directors and Key Managerial Personnel:**

Sl No.	Name of Director and KMP		Shareholding at the beginning of the year 01.04.2017		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31.03.2018	
			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
a.	Directors							
	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.	Key Managerial Personnel (KMP)							
	1	Shri Anil Jain	-	-	-	-	-	-

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lakhs)

Name of Director and KMP		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i)	Principal Amount	70826	-	-	70826
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	2	-	-	2
TOTAL (I+II+III)		70828	0	-	70828
	* Addition	13903	-	-	13903
	* Reduction	5911	-	-	5911
	Net Change	7992	0	-	7992
i)	Principal Amount	78739	-	-	78739
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	81	-	-	81
TOTAL (I+II+III)		78820	-	-	78,820

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/WTD/ Manager			Total Amount
		Shri Shri Niwas 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	99.35	42.45	179.54	321.34
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.54	16.32	4.18	31.04



ANNEXURE -VII

EXTRACT OF ANNUAL RETURN (CONTD.)

A. Remuneration to Managing Director, Whole-time Directors and/or Manager. (₹ In Lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Shri Shri Niwas Modani (Managing Director & CEO)	Shri Vinod Kumar Sodani (Executive Director)	Shri Ram Pal Soni (Whole Time Director)	
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	15.34	3.84	15.34	34.52
	- as % of profit	1%	0.25%	1%	
	- others, specify	-	-	-	-
5	Others, please specify Provident Fund (Co's Contribution), Medical Reimbursement (Exempted), HRA (Exempted)	9.30	4.06	16.71	30.07
TOTAL (A)		134.53	66.67	215.77	416.97
	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			

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	Independent Directors					
	Fee for attending board committee meetings	4.30	3.25	1.25	0.80	9.60
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
TOTAL (1)		4.30	3.25	1.25	0.80	9.60
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
TOTAL (2)		-	-	-	-	-
TOTAL (B)=(1+2)		4.30	3.25	1.25	0.80	9.60
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				

**ANNEXURE -VII****EXTRACT OF ANNUAL RETURN (CONTD.)****C. Remuneration To Key Managerial Personnel other than MD/Manager/WTd**

(₹ In Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Anil Jain, CFO & Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		28.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.09
	(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)		2.89
TOTAL			31.55

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)
A. COMPANY					
Penalty / Punishment/ Compounding	Section 193/118 of the Companies Act 1956/2013	Few pages of minutes books are not initiated by the Chairman	₹ 25000	Registrar of Companies, Jaipur, Rajasthan	N.A
	Section 193/118 of the Companies Act 1956/2013	Minutues Books are typed on one side of the page	₹ 25000	Registrar of Companies, Jaipur, Rajasthan	N.A
B. DIRECTORS					
Penalty / Punishment/ Compounding	Section 193/118 of the Companies Act 1956/2013	Few pages of minutes books are not initiated by the Chairman	₹ 15000	Registrar of Companies, Jaipur, Rajasthan	N.A
	Section 193/118 of the Companies Act 1956/2013	Minutues Books are typed on one side of the page	₹ 15000	Registrar of Companies, Jaipur, Rajasthan	N.A
C. OTHER OFFICERS IN DEFAULT					
Penalty / Punishment/ Compounding	Section 193/118 of the Companies Act 1956/2013	Few pages of minutes books are not initiated by the Chairman	₹ 5000	Registrar of Companies, Jaipur, Rajasthan	N.A
	Section 193/118 of the Companies Act 1956/2013	Minutues Books are typed on one side of the page	₹ 5000	Registrar of Companies, Jaipur, Rajasthan	N.A



CORPORATE GOVERNANCE REPORT

Your Company Sangam (India) Limited is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") forms an integral part of Board's Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to this report.

Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mind set of the

organization. We are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial performance focused work environment. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Audit Committee, Finance, Compliance, Auditors and the senior management.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation.

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 31st March, 2018, 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.



CORPORATE GOVERNANCE REPORT (CONTD.)

COMPOSITION

Composition of the Board of Directors of the Company as on 31st March, 2018 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		
		Other Directorships	Chairman of the Committee	Member of the Committee
Shri R.P. Soni (DIN:00401439)	Promoter/Executive	5	Nil	Nil
Shri S.N. Modani (DIN: 00401498)	Promoter/Executive	Nil	Nil	Nil
Shri V.K. Sodani (DIN: 00403740)	Promoter/Executive	3	Nil	2
Shri RamawatarJaju (DIN: 00083218)	Independent /Non Executive	1	Nil	Nil
Shri Achintya Karati (DIN: 00024412)	Independent /Non Executive	7	2	6
Shri T.K. Mukhopadhyay (DIN: 00239251)	Independent /Non Executive	1	Nil	Nil
Ms. Seema Srivastava (DIN: 07142986)	Independent /Non Executive	Nil	Nil	Nil

Notes:

- Other Company directorship excluding directorship in private limited companies, 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 Son in Law of Shri R.P. Soni. No other Director is related to any other Director on the Board.
- The membership of Company's Directors on the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee given below elsewhere in this report.
- 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 st March, 2018

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.

Five meetings of the Board were held during the financial year 2017-18 on 30.05.2017, 16.08.2017, 13.09.2017, 13.12.2017 and on 12.02.2018. The last Annual General Meeting was held on 29th September 2017.



CORPORATE GOVERNANCE REPORT (CONTD.)

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

Sl. No.	Name of Director	No. of Board Meetings attended	Whether attended Last AGM
1	Shri R.P. Soni	All	Yes
2	Shri S.N. Modani	All	Yes
3	Shri V.K. Sodani	All	Yes
4	Shri Ramawatar Jaju	Two	No
5	Shri Achintya Karati	All	Yes
6	Shri T.K. Mukhopadhyay	All	No
7	Ms. Seema Srivastava	Two	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 2017-18, the Independent Directors met on May 30, 2017. The meeting was held without the presence of Executive Directors or management personnel of the Company. All the Independent Directors as on that date were present at this Meeting. 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.

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 Sareri, Bhilwara. The Directors are presented in advance with the Board Calendar for the entire year which includes coverage of businesses and corporate functions to keep them fully updated on key developments of the Company. Any other important development related to the Company, is periodically communicated to the Independent Directors.

CEO/CFO CERTIFICATION

The Managing Director & CEO and CFO & Company Secretary of the Company have certified to the Board as required under regulation 17(8) of the Listing Regulations covering all aspects enumerated therein.

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

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations 2015. 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 Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. 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 and function under their respective Charters. 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



CORPORATE GOVERNANCE REPORT (CONTD.)

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 & Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

Composition

The Composition of the Audit Committee as on 31st March, 2018 was as follows:

Shri Achintya Karati	Chairman (Independent Director)
Shri T.K. Mukhopadhyay	Member (Independent Director)
Shri R.P. Soni	Member (Executive Director)

Meeting and Attendance

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

Date of meetings - five meetings of the Audit Committee of Board of the Company were held during the financial year 2017-18 on 30.05.2017, 16.08.2017, 13.09.2017, 13.12.2017 and on 12.02.2018.

Attendance

Name of Director	No. of Meeting Attended
Shri Achintya Karati	All
Shri T.K. Mukhopadhyay	All
Shri R.P. Soni	All

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



CORPORATE GOVERNANCE REPORT (CONTD.)

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:

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.

COMPOSITION

The Composition of the Nomination and Remuneration Committee as on 31st March, 2018 was as follows:

Shri Achintya Karati	Chairman (Independent Director)
Shri Ramawatar Jaju	Member (Independent Director)
Shri R.P. Soni	Member (Executive Director)
Shri T. K. Mukhopadhyay	Member (Independent Director)

Meeting and Attendance

One meeting of Nomination and Remuneration Committee was held during the year on 16.08.2017 and all members of Committee were present in the meeting.



CORPORATE GOVERNANCE REPORT (CONTD.)

The Nomination and Remuneration Committee is responsible for:

- 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;
- Formulation of criteria for evaluation of performance of independent directors and the Board;
- Devising a policy on Board diversity;
- 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;
- 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

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 (NED)

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 and CSR 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.

Details of remuneration paid or payable to Directors for F.Y. 2017-18

(₹ in Lakhs)

Name of Director	Sitting fees	Salary	Perquisites and allowances	Commission	Others
Shri Ram Pal Soni	-	179.54	4.18	15.34	16.71
Shri S.N. Modani	-	99.35	10.54	15.34	9.30
Shri V.K. Sodani	-	42.45	16.32	3.84	4.06
Shri Achintya Karati	4.30	-	-	-	-
Shri T.K. Mukhopadhyay	3.25	-	-	-	-
Shri Ramawatar Jaju	1.25	-	-	-	-
Ms. Seema Srivastava	0.80	-	-	-	-

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.



CORPORATE GOVERNANCE REPORT (CONTD.)

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.

(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.

Composition

The Composition of Stakeholders' Relationship Committee as on 31st March, 2018 was as follows:

Shri Achintya Karati	Chairman (Independent Director)
Shri RamawatarJaju	Member (Independent Director)
Shri R.P. Soni	Member (Executive Director)

Meeting and Attendance

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 2017-18 on 30.05.2017, 13.09.2017, 13.12.2017 and 12.02.2018.

Attendance

Name of Director	No. of Meeting Attended
Shri Achintya Karati	All
Shri RamawatarJaju	One
Shri R.P. Soni	All

Shri Anil Jain, CFO & Company Secretary is the Compliance Officer of the Company and Nodal Officer for the purpose of IEPF Regulation.

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.

SHAREHOLDERS' COMPLAINTS

There were total 53 complaints received during the year and was attended and resolved by the Company. Therefore, no complaints were pending as at 31st March, 2018. Shareholders'/Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended /pending for more than thirty days as on 31st March, 2018.

S I. No.	Nature of Complaints	Pending as on 1st April, 2017	Complaints Received during the year	Complaints Redressed during the year	Pending as on 31st March, 2018
1	Non-receipt of Dividend	2	37	39	0
2	Non Receipt of Annual Report	0	8	8	0
3	Change of Postal Address	0	3	3	0
4	Others	0	5	5	0
	TOTAL	2	53	55	0

The above table includes Complaints received from SEBI SCORES by the Company.



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.

Composition

The composition of Corporate Social Responsibility Committee as on 31st March, 2018 was as follows:

Shri R.P. Soni	Chairman (Executive Director)
Shri S.N. Modani	Member (Managing Director & CEO)
Shri Ramawatar Jaju	Member (Independent Director)

GENERAL BODY MEETINGS

General Meeting

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
29th AGM-2015	Wednesday, September 30, 2015	4.00 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)	- Appointment of Shri R.P. Soni as Whole time Director designated as Chairman of the Company. - Enhancement of investment limit of FIIs in the Company.
30th AGM-2016	Friday, September 30, 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
31st AGM-2017	Friday, September 29, 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 1st 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

Meeting and Attendance

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 2017-18 on 30.05.2017, 16.08.2017, 13.12.2017 and 12.02.2018.

Attendance

Name of Director	No. of Meeting Attended
Shri R.P. Soni	All
Shri S.N. Modani	All
Shri Ramawatar Jaju	Two

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>.



CORPORATE GOVERNANCE REPORT (CONTD.)

Extra-ordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2017-18

Postal Ballot

No business in the notice of AGM/EGM requires passing through postal ballot during the year 2017-18

AFFIRMATION AND DISCLOSURE

Related Party Transaction:

Details of relevant related party transactions entered into by the Company are included in the Notes to Accounts. The Company has framed a Policy on related party transactions setting out (a) the materiality thresholds for related parties and (b) the manner of dealing with transactions between the Company and related parties based on the provisions of the Act and Listing Regulations requirements. The policy is available on website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/RPT%20Policy.pdf>.

During the year, materially significant transactions with related parties, as per the policy adopted by the Company, were in the normal course of business, priced on an arm's length basis and did not have potential conflict with the interests of the Company at large. All transactions with related parties entered into by the Company were in the normal course of business on an arms' length basis and were approved by the Audit Committee.

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. No penalties or strictures have been imposed by them on the Company.

Vigil Policy (Whistle Blower Policy):

The Audit Committee has established a Vigil Mechanism and adopted a Whistle-Blower Policy, which provides a formal mechanism for all Directors and employees of the Company to approach the Management of the Company and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. 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>. The disclosures reported are addressed in

the manner and within the time frames prescribed in the Policy. The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

Disclosure of Accounting Treatment:

The Company has followed the IND-AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable, in the preparation of the financial statements.

Details of Compliance with Mandatory Requirements:

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

Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share and the total issued and listed equity share capital. The audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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.
- (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.



CORPORATE GOVERNANCE REPORT (CONTD.)

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 June 7, 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.

Green Initiative

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company had during the financial year 2017-18 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.

GENERAL SHAREHOLDER INFORMATION

a.	32nd Annual General Meeting	
	- Date and Time	Saturday, September 29, 2018 at 03.30 p.m.
	- Venue	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Raj.)
B	Tentative Financial Calendar	
	- Unaudited results for the quarter ending June 2018	14th August, 2018
	- Un-audited results for the quarter/half year ending September 2018	14th November, 2018
	- Un-audited results for the quarter ending December 2018	14th February, 2019
	- Audited results for the year ending March, 2019	30th May, 2019
C	Book closure date	22.09.2018 to 29.09.2018 (both days inclusive)
D	Dividend dates	Within 30 days from date of AGM
E	The listing fee has been paid up to date to all the Stock Exchanges	Yes
	Bombay Stock Exchange Limited (BSE)	
	i. Scrip code	514234
	ii. Scrip ID	SANGAMIND
	Trading symbol at National Stock Exchange of India Limited (NSE)	SANGAMIND
	Demat ISIN Numbers in NSDL & CDSL	INE495C01010



CORPORATE GOVERNANCE REPORT (CONTD.)

Dividend

The Board of Directors at their meeting held on 30th May, 2018, have recommended a Dividend of 1/- per share for the year ended 31st March, 2018, subject to shareholders' approval at the forthcoming 32nd Annual General Meeting. If approved, the dividend will be paid to the shareholders within 30 working 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 2017-18 on BSE and NSE are set out in the following table:

Month	Bombay Stock Exchange Limited (BSE)				National Stock Exchange of India Limited (NSE)			
	Share Price		Sensex		Share Price		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
April, 2017	324.00	271.10	30184.22	29241.48	325.80	271.60	9367.15	9075.15
May, 2017	319.00	250.00	31255.28	29804.12	319.50	250.00	9649.60	9269.90
June, 2017	285.00	256.10	31522.87	30680.66	287.60	255.15	9709.30	9448.75
July, 2017	295.00	250.65	32672.66	31017.11	296.50	256.60	10114.85	9543.55
August, 2017	275.00	240.00	32686.48	31128.02	275.10	241.50	10137.85	9685.55
September, 2017	250.85	189.45	32524.11	31081.83	251.75	188.60	10178.95	9687.55
October, 2017	217.00	184.00	33340.17	31440.48	216.40	184.25	10384.50	9831.05
November, 2017	223.60	177.00	33865.95	32683.59	224.00	185.25	10490.45	10094.00
December, 2017	215.00	180.10	34137.97	32565.16	212.80	182.00	10552.40	10033.35
January, 2018	210.00	171.65	36443.98	33703.37	210.70	170.30	11171.55	10404.65
February, 2018	175.00	138.20	36256.83	33482.81	174.75	138.25	11117.35	10276.30
March, 2018	150.85	118.20	34278.63	32483.84	152.00	120.10	10525.50	9951.90

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 31st March, 2018

Category Range – Shares	Shareholders		Shareholding	
	Number	Percentage	Number of Shares	Percentage
Up to 500	7376	88.52	942793	2.39
501-1000	464	5.57	379339	0.96
1001-2000	183	2.20	281386	0.71
2001-3000	84	1.00	214057	0.54
3001-4000	45	0.54	164078	0.42
4001-5000	25	0.30	117353	0.30
5001-10,000	56	0.67	418823	1.06
10,001 and above	100	1.20	36903730	93.61
TOTAL	8333	100.00	39421559	100.00



CORPORATE GOVERNANCE REPORT (CONTD.)

(ii) Shareholding Pattern as on 31st March, 2018

Category	No. of Shares held	% of Shareholding
Promoters holding		
(a) Individual Promoters	3169433	8.04
(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)	1127613	2.86
Foreign Portfolio Investors	2933781	7.44
Foreign Institutional Investors (FIIs)	7507	0.02
Private Corporate Bodies	12522997	31.77
Indian Public	2662029	6.75
NRI's / OCBs	1363274	3.46
Trust	0	0.00
Clearing Members	137232	0.35
TOTAL	39421559	100.00

Dematerialization of shares and liquidity

Shares of the Company are traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialization form only, by all investors from December 2000. About 99.48% of the shares holdings have already been dematerialized. Shares of the Company are actively traded in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and have reasonably good liquidity.

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 Management Discussion and Analysis Report during the period under review



CORPORATE GOVERNANCE REPORT (CONTD.)

Office and Works**Registered Office**

Atun, Chittorgarh Road, Bhilwara - 311 001 (Raj.) Ph.: +91 1482 305028

Fax: +91 1482 304120

E-mail: secretarial@sangamgroup.com

website: 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 : NH-79, Village Naga Ka Khera, 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

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 1482-305020,

Fax: +91 1482 304120 email: secretarial@sangamgroup.com

Website: www.sangamgroup.com

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 31st March, 2018.

Place: Bhilwara

Date: 9th August, 2018

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



CORPORATE GOVERNANCE REPORT (CONTD.)

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Sangam (India) Limited

We have examined the compliance of conditions of Corporate Governance by Sangam (India) Limited ("the Company") for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27, clause (b) to (i) of regulation 46(2) and para C, D & E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations.

We further state that such compliance 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 S.P. Jethlia & Co.
Practicing Company Secretary

Place: Bhilwara
Date: 9th August, 2018

S.P. Jethlia
FCS: 3464 CP. 4844



INDEPENDENT AUDITORS' REPORT

To the Members of
Sangam (India) Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS financial statements of **Sangam (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement for the year then ended, Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as Standalone Ind AS Financial Statements).

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profit including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

OTHER MATTERS

The comparative financial information of the Company for the year ended 31st March, 2017 prepared in accordance with Accounting Standards, included in these Standalone Ind AS Financial Statements, have been audited by the predecessor auditors. The report of the predecessor auditors on the comparative financial information dated 30th May, 2017 expressed an unmodified opinion.



INDEPENDENT AUDITOR'S REPORT (CONTD.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant Rules issued thereunder.
- e) On the basis of the written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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. 41 of Standalone Ind AS financial statements.
- (ii) The Company has made provision as at 31st March, 2018 as required under the applicable Law or Accounting Standards for material 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.

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

Akshay R. Shah
Partner
Membership No. 103316
Camp : Bhilwara
Date: 30th May, 2018

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 30th May, 2018



“ANNEXURE A”

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS 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:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) 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) 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 & 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 31st March, 2018 for a period of more than six months from the date of becoming payable.

**“ANNEXURE A”****TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (CONTD.)**

- 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 31st March, 2018 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	134	124	2007-08 to 2008-09 & 2011-12 to 2012-13 & 2014-15 to 2016-17	Commissioner of Excise and Service tax (Appeals), Jodhpur
			169	152	2007-08 to 2014-15	CESTAT, New Delhi
2.	Finance Act, 1994	Service tax and Penalty	70	63	2010-11 to 2015-16	Commissioner of Excise and Service tax (Appeals), Jodhpur
			145	111	2009-10 to 2014-15	CESTAT, New Delhi
			457	434	2010-11 to 2014-15	CESTAT, New Delhi
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
		Value Added Tax (Incentive matter)	35	33	2006-07	Tax board, Ajmer & Rajasthan High Court, Jodhpur
4	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Penalty and Interest	213	62	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



“ANNEXURE A”

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (CONTD.)

- (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 Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment 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

Akshay R. Shah
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 30th May, 2018



“ANNEXURE B”

TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS 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 31st March, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



“ANNEXURE B”

TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED (CONTD.)

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 31st March, 2018, based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Akshay R. Shah
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 30th May, 2018

**STANDALONE BALANCE SHEET****AS AT 31ST MARCH, 2018**

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	3	69,843	65,376	58,415
Capital Work-in-Progress	3	941	1,098	1,420
Intangible Assets	4	93	64	59
Investment in Subsidiary	5	5	5	-
Financial Assets				
(i) Investments	6	585	585	585
(ii) Other Financial Assets	7	648	593	589
Other Non Current Assets	8	767	1,213	1,382
TOTAL NON-CURRENT ASSETS		72,882	68,934	62,450
CURRENT ASSETS				
Inventories	9	35,658	35,970	29,449
Financial Assets				
(i) Trade Receivables	10	32,611	25,814	27,110
(ii) Cash and Cash equivalents	11	62	513	198
(iii) Bank Balances other than (ii) above	12	104	34	163
(iv) Other Current Financial Assets	13	5,832	4,698	4,973
Current Tax Assets (Net)	14	3,035	588	-
Other Current Assets	15	8,164	6,485	4,883
TOTAL CURRENT ASSETS		85,466	74,102	66,776
TOTAL ASSETS		1,58,348	1,43,036	1,29,226
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	3,942	3,942	3,942
Other Equity	17	47,608	45,443	40,932
TOTAL EQUITY		51,550	49,385	44,874
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	18	34,430	32,711	28,134
Deferred Tax Liabilities (Net)	19	4,396	4,438	4,205
TOTAL NON-CURRENT LIABILITIES		38,826	37,149	32,339
Current Liabilities				
Financial Liabilities				
(i) Borrowings	20	37,230	31,991	30,150
(ii) Trade Payables	21	15,031	10,216	7,647
(iii) Other Financial Liabilities	22	13,861	12,706	12,360
Other Current Liabilities	23	857	872	913
Provisions	24	993	717	468
Current Tax Liabilities (Net)	25	-	-	475
TOTAL CURRENT LIABILITIES		67,972	56,502	52,013
TOTAL EQUITY AND LIABILITIES		1,58,348	1,43,036	1,29,226
Significant Accounting Policies and Notes on Financial Statements	1 to 49			

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
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

(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)



STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakhs)

Particulars	Note	2017-18	2016-17
INCOME			
Revenue from Operations	26	1,64,903	1,63,067
Other Income	27	2,523	2,334
TOTAL INCOME		1,67,426	1,65,401
EXPENSES			
Cost of Materials Consumed	28	93,666	90,676
Purchases of Traded Goods	29	3,892	4,646
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	30	(3,075)	(4,172)
Excise Duty on Sale of Goods		1,112	3,673
Employee Benefits Expense	31	17,379	15,976
Power & Fuel		23,127	17,293
Finance Costs	32	6,282	6,359
Depreciation and Amortization Expense	33	7,705	7,258
Other Expenses	34	16,073	17,397
TOTAL EXPENSES		1,66,161	1,59,106
Profit Before Exceptional Item and Tax		1,265	6,295
Exceptional Items		-	-
Profit Before Tax		1,265	6,295
Tax Expenses			
Current Tax		306	1,345
MAT Credit Entitlement		(306)	(660)
Deferred Tax		704	906
Tax Expense for Earlier Years		(2,484)	(780)
Profit for the year		3,045	5,484
Other Comprehensive Income	35		
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		106	(37)
Tax relating to remeasurement of defined benefit plans		(37)	13
Total Other Comprehensive Income for the period		69	(24)
Total Comprehensive Income for the period		3,114	5,460
Earnings per equity share of face value of ₹ 10 each	36		
Basic and Diluted (in ₹)		7.72	13.91
Significant Accounting Policies and Notes on Financial Statements	1 to 49		

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

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

**STANDALONE CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lakhs)

Particulars	2017-18	2016-17
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,265	6,295
Adjustments for :-		
Depreciation and Amortization Expense	7,705	7,258
Finance Costs	6,282	6,359
Interest Income	(1,219)	(804)
Foreign Exchange Fluctuation	30	(718)
Profit on Sale of Fixed Assets (Net)	(191)	(8)
Operating Profit Before Working Capital Changes	13,872	18,382
Movements in Working Capital :-		
(Increase) / Decrease in Inventories	312	(6,521)
(Increase) / Decrease in Trade Receivables	(6,827)	2,011
(Increase) / Decrease in Other Financial Assets	(1,089)	278
(Increase) / Decrease in Other Assets	(4,517)	(3,160)
Increase / (Decrease) in Trade Payables	4,815	2,574
Increase / (Decrease) in Other Financial Liabilities	126	870
Increase / (Decrease) in Provisions	382	212
Increase / (Decrease) in Other Liabilities	(15)	(41)
Cash Generated from Operations	7,059	14,605
Taxes Paid/ (Refund) (Net)	(2,484)	(95)
Net Cash Inflow / (Out Flow) from Operating Activities	9,543	14,700
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,216)	(14,003)
Sale of Fixed Assets	363	109
Interest Income	1,174	800
Investment made during the Year	-	(5)
Net Cash Inflow / (Outflow) from Investing Activities	(10,679)	(13,099)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	8,664	12,275
Repayment of Long Term Borrowings	(5,990)	(8,176)
Increase / (Decrease) in Short- Term Borrowings	5,239	1,841
Finance Costs	(6,204)	(6,410)
Dividend Paid (Including Tax on Dividend)	(954)	(945)
Net Cash Inflow / (Out Flow) from Financing Activities	755	(1,415)
Net Increase/(Decrease) in Cash & Cash equivalents	(381)	186
Cash and Cash Equivalents at the Beginning	547	361
Cash and Cash Equivalents at the End	166	547

Change in Liability arising from financing activities

(₹ in Lakhs)

Particulars	As at 1st April, 2017	Cash Flow	As at 31st March, 2018
Borrowings - Non Current (Refer Note 18)	38,835	2,674	41,509
Borrowings - Current (Refer Note 20)	31,991	5,239	37,230
TOTAL	70,826	7,913	78,739

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
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
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(Anil Jain)
CFO & Company Secretary
(M No.: F-3147)

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



STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2018

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Amount	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	3,94,21,559	3,942
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at the end of the reporting period	3,94,21,559	3,942	3,94,21,559	3,942	3,94,21,559	3,942

(B) OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Remeasurement of defined benefit plans	Total
	General reserve	Retained earnings	Capital Reserve	Preference share capital redemption reserve	Securities premium reserve		
Balance at 1st April, 2016	19,818	12,822	297	1,178	5,868	-	39,983
Impacts due to Ind AS Adjustments	-	949	-	-	-	-	949
Restated balance at the beginning of the reporting period	19,818	13,771	297	1,178	5,868	-	40,932
Profit for the year	-	5,484	-	-	-	-	5,484
Other comprehensive income/ (loss) for the year	-	-	-	-	-	(24)	(24)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	5,484	-	-	-	(24)	5,460
Transfer to general reserve	3,000	(3,000)	-	-	-	-	-
Dividend paid	-	(788)	-	-	-	-	(788)
Dividend distribution tax	-	(161)	-	-	-	-	(161)
Balance at 31st March, 2017	22,818	15,306	297	1,178	5,868	(24)	45,443
Restated balance at the beginning of the reporting period	22,818	15,306	297	1,178	5,868	(24)	45,443
Profit for the year	-	3,045	-	-	-	-	3,045
Other comprehensive income for the year	-	-	-	-	-	69	69
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,045	-	-	-	69	3,114
Dividend paid	-	(788)	-	-	-	-	(788)
Dividend distribution tax	-	(161)	-	-	-	-	(161)
Balance at 31st March, 2018	22,818	17,402	297	1,178	5,868	45	47,608

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)
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
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(V.K. Sodani)
Executive Director
(DIN 00403740)

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



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 ready made 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 for the year ended 31st March, 2018 are the first financial statement under Ind AS. For all periods upto and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately

before adopting Ind AS. The financial statements for the year ended 31st March, 2017 and the opening Balance Sheet as at 1st April, 2016 have been restated in accordance with Ind AS for comparative information. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e 1st April, 2016. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss including Comprehensive income and Statement of Cash Flows are provided in the Notes.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 30th May, 2018.

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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized 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:

- 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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- 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:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- 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 realization 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 recognized 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 recognized at their cash values. For qualifying assets, borrowing costs are capitalized 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 1st April, 2016.

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

Depreciation is recognized 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



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 amortization:

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.

Capitalized 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 amortized on a straight line basis over the period of their expected useful lives.

Amortization

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

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

Upon first-time adoption of Ind AS, the Company has elected to continue to measure all its intangible assets at the carrying amount as per the previous GAAP as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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 recognized 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 recognized 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 recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

G. Financial Instruments

i. Financial assets

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

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

Financial assets are subsequently classified as measured at:

- amortized 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 derecognizes 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 recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized 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 amortized 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 recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss.

Financial liabilities are subsequently measured



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at amortized 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 recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized 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 recognized 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 recognized 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 amortized 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 recognized in statement of profit or loss except to the extent that it relates to an item recognized 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 recognized 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



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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 recognized 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

- The functional currency and presentation currency of the Company is Indian Rupee.
- 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 recognized in profit or loss in the period in which they arise except for:

- 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
- 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 recognized 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



STANDALONE NOTES

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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 recognized 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 recognized 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 recognized in the financial statements. However, these are disclosed in the Director's report.

P. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue from operations

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. However, it is net of Goods and Services Tax (GST) and Value Added Tax.

Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

A. Sale of goods

Revenue from the sale of manufactured and traded goods is recognized when the goods are delivered and titles have been passed, provided all the following conditions are satisfied:

1. significant risks and rewards of ownership of the goods are transferred to the buyer;



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2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the Company; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

B. *Rendering of services*

Revenue from rendering of services is recognized when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the Company;
3. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
4. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stage of completion is determined by the proportion of actual costs incurred to-date, to the estimated total costs of the transaction

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed. Such revenue is measured as based on the stage of completion of service.

C. *Other operational revenue*

Other operational revenue represents income earned from the activities incidental to the business and is recognized 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 recognized 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 recognized 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



STANDALONE NOTES

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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 capitalized 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 recognized as a receivable at an amount equal to the net investment in the lease. Lease income is recognized 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 recognized 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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017
Tangible Assets									
Freehold land	1,266	-	1	1,265	-	-	-	1,265	1,266
Building	17,492	2,803	8	20,287	610	705	1	1,314	18,973
Plant and Machinery	46,401	8,332	101	54,632	5,673	5,987	13	11,647	42,985
Wind Power Machines	874	-	-	874	114	114	-	228	646
Electric Installation	3,628	817	1	4,444	499	520	-	1,019	3,425
Water Supply Installation	509	20	-	529	17	20	-	37	492
Furniture and Fixtures	1,235	62	-	1,297	124	134	-	258	1,039
Vehicles	914	205	88	1,031	133	143	13	263	768
Office Equipments	47	11	-	58	13	11	-	24	34
Computers	190	78	-	268	46	54	-	100	168
Assets under Finance Lease									
Leasehold Land	50	-	-	50	1	1	-	2	48
TOTAL	72,606	12,328	199	84,735	7,230	7,689	27	14,892	69,843
Capital Work-in-Progress	1,098	(157)	-	941	-	-	-	-	941
TOTAL	73,704	12,171	199	85,676	7,230	7,689	27	14,892	70,784

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016
Tangible Assets									
Freehold Land	1,180	86	-	1,266	-	-	-	1,266	1,180
Building	15,048	2,444	-	17,492	-	610	-	610	16,882
Plant and Machinery	36,331	10,161	91	46,401	-	5,683	10	5,673	40,728
Wind Power Machines	874	-	-	874	-	114	-	114	760
Electric Installation	2,582	1,046	-	3,628	-	499	-	499	3,129
Water Supply Installation	394	115	-	509	-	17	-	17	492
Furniture and Fixtures	1,012	225	2	1,235	-	124	-	124	1,111
Vehicles	769	164	19	914	-	135	2	133	781
Office Equipments	40	7	-	47	-	13	-	13	34
Computers	135	55	-	190	-	46	-	46	144
Assets Under Finance Lease									
Leasehold Land	50	-	-	50	-	1	-	1	49
TOTAL	58,415	14,303	112	72,606	-	7,242	12	7,230	65,376
Capital Work-in-Progress	1,420	(322)	-	1,098	-	-	-	-	1,098
TOTAL	59,835	13,981	112	73,704	-	7,242	12	7,230	66,474

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****4. INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017
Intangible Assets									
Software IT (ERP)	80	45	-	125	16	16	-	32	93
TOTAL	80	45	-	125	16	16	-	32	93

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016
Intangible Assets									
Software IT (ERP)	59	21	-	80	-	16	-	16	64
TOTAL	59	21	-	80	-	16	-	16	64

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

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Opening Balance	70	122
Financial Charges	246	544
Direct Costs Attributable to Project	56	265
TOTAL AMOUNT	372	931
Less: Exp. Apportioned to Fixed Assets	345	861
Balance yet to be allocated	27	70

Note 1:- Borrowing cost capitalized refer Note No. 32

Note 2:- Property, Plant and Equipment given as security for borrowings refer Note No. 18

5. INVESTMENT IN WHOLLY OWNED SUBSIDIARY

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unquoted Non - Trade Investment			
In Equity Instrument			
(Measured at Cost)			
Equity Shares of ₹ 10/- each fully paid up			
Sangam Lifestyle Ventures Limited	5	5	-
50,000 (Previous Year 50,000)			
TOTAL	5	5	-

5.1 Sangam Lifestyle Ventures Limited became a wholly owned subsidiary company w.e.f. 14th June, 2016 on its incorporation.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

6. INVESTMENTS-NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unquoted Non - Trade Investment			
In Equity Instrument			
(Measured at Cost)			
Unquoted, fully paid up			
Equity Shares of ₹ 10/- each fully paid up			
Keti Sangam Infrastructure (India) Limited	581	581	581
580600 (Previous Year 580600)			
PKSS Infrastructure Private Limited	-	-	-
3900 (Previous Year 3900) ₹ 0.39 Lakhs			
(Previous Year ₹ 0.39 Lakhs)			
Kalyan Sangam Infratech Limited	4	4	4
37500 (Previous Year 37500)			
Equity Shares of ₹ 20/- each fully paid			
AP Mahesh Co-Operative Bank Limited	-	-	-
50 (Previous Year 50)			
₹ 0.01 Lakhs (Previous Year ₹ 0.01 Lakhs)			
Aggregate amount of Unquoted Investment	585	585	585

6.1 As per the management, The Investment in Keti Sangam is long term investment and has potential to give huge appreciation in future. The vehicular traffic is increasing day by day and the concession period is about 24 years. Further there is provision of hike in toll charges of 15% in every 3 years. Considering the potential of the project the banks have securitised the project from ₹ 225 Crores to ₹ 313 Crores. Hence this investment is a long term valuable asset of the Company, Accordingly diminution is not provided.

7. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposit	648	593	589
TOTAL	648	593	589

8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances - Related Party	-	227	208
Capital Advances - Others	696	901	1,161
Other Loans & Advances	20	20	20
Less : Allowance for Loans & Advances	(20)	(20)	(20)
Prepaid Expenses	71	85	13
TOTAL	767	1,213	1,382

8.1 for all the transaction with related party Refer Note No. 40.

9. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials	9,379	12,413	10,422
Stock-in-Progress	6,118	6,252	4,959
Finished Goods	17,414	14,204	11,325
Traded Goods	24	26	202
Stores, Spares & Fuel	2,723	3,075	2,541
TOTAL	35,658	35,970	29,449

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

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

9.2 Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 20.1)

10 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured)			
Considered Good	32,611	25,814	27,110
Considered Doubtful	297	232	186
	32,908	26,046	27,296
Less : Allowance for Doubtful Debts	297	232	186
TOTAL	32,611	25,814	27,110
10.1 Included in the above Receivables amount due from Companies / Firms in which directors are interested	-	22	12
10.2 Included in the above Receivables amount due from wholly owned subsidiary company	1,107	353	-
10.3 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of	1,730	648	605

10.4 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 20.1)

11. CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with Banks	55	486	178
Cash on Hand	7	27	20
TOTAL	62	513	198

12. OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Earmarked Balances with Banks for Unclaimed & Unpaid Dividends	25	29	26
Fixed Deposits With Banks against Margin Money*	79	5	137
TOTAL	104	34	163

* These term deposits are placed as a security in favour of bank guarantees issued to various government authorities.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

13. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Considered Good)			
Security Deposits	296	267	271
Recoverable from NHAI UP Towards Arbitration Award	1,367	1,367	1,367
Export Incentive Receivable	523	686	641
Export Growth Entitlement Receivables	408	408	-
IGST Refund Receivable (Export)	1,321	-	-
Subsidy Receivable	1,367	974	1,659
Electricity Duty Receivable	-	18	18
GST / Excise Rebate Claim Receivable	1	510	495
IGST / TED (EPCG) Receivable	315	189	326
Advance to Employees	49	58	71
Interest Receivable	140	95	92
Accrued Income	33	26	18
Insurance Claim Receivable	12	100	15
TOTAL	5,832	4,698	4,973

14. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Income Tax Refund Receivable	3,035	588	-
TOTAL	3,035	588	-

15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Recoverable from Govt. / Others	37	35	92
Advance against Supplies (Refer Note No. 15.1)	2,532	3,166	2,497
GST Balances (Refer Note No. 15.2)	5,236	2,677	1,826
GST / Excise / VAT Recoverable	225	481	369
Prepaid Expenses	134	126	99
TOTAL	8,164	6,485	4,883

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
15.1 Due From Wholly Owned Subsidiary Company	2	50	-

15.2 GST Balances includes Excise and VAT Balances during F.Y. 2016-2017 & 2015-2016

(₹ in Lakhs)

16. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Authorised Share Capital			
6,40,00,000 (Previous Year 6,40,00,000) Equity Share of ₹ 10 each	6,400	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	1,850
TOTAL	8,250	8,250	8,250
Issued, Subscribed and Paid Up:			
3,94,21,559 (Previous Year 3,94,21,559) Equity Share of ₹ 10 each fully paid up	3,942	3,942	3,942
TOTAL	3,942	3,942	3,942

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 :

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Equity Shares as at the 1st April, 2016	3,94,21,559	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-	-
Equity Shares as at 31st March, 2017	3,94,21,559	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-	-
Equity Shares as at 31st March, 2018	3,94,21,559	3,94,21,559	3,94,21,559



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

c. Shareholders' holding more than 5% shares in the Company:

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Sangam Business Credit Limited	59,82,812	15.18	59,82,812	15.18	49,51,783	12.56
Nidhi Mercantiles Limited	48,98,833	12.43	48,98,833	12.43	48,98,833	12.43
Mentor Capital Limited	42,34,835	10.74	31,53,602	8.00	27,95,251	7.09
Hawamahal Finance Private Limited	23,35,500	5.92	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Limited	22,16,145	5.62	22,16,145	5.62	22,16,145	5.62

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Reserve			
Balance at the beginning of the year	297	297	297
Addition during the Financial Year	-	-	-
Balance at the end of the year	297	297	297
Securities Premium Reserve			
Balance at the beginning of the year	5,868	5,868	5,868
Addition during the Financial Year	-	-	-
Balance at the end of the year	5,868	5,868	5,868
Preference Share Capital Redemption Reserve			
Balance at the beginning of the year	1,178	1,178	1,178
Addition during the Financial Year	-	-	-
Balance at the end of the year	1,178	1,178	1,178
General Reserve			
Balance at the beginning of the year	22,818	19,818	16,818
Add: Transferred from Retained Earnings	-	3,000	3,000
Balance at the end of the year	22,818	22,818	19,818
Retained Earnings			
Balance at the beginning of the year	15,306	13,771	10,016
Add: Profit for the year	3,045	5,484	7,704
Less: Appropriations			
Transferred to General Reserve	-	3,000	3,000
Dividend on Equity Shares	788	788	788
Tax on Dividend	161	161	161
Balance at the end of the year	17,402	15,306	13,771
Other Comprehensive Income			
Balance at the beginning of the year	(24)	-	-
Addition during the year	69	(24)	-
Balance at the end of the year	45	(24)	-
TOTAL	47,608	45,443	40,932

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 Reserve

Balance of Security premium reserve consist of premium on issue of share over its face value. The balance will be utilized for issue of fully paid bonus shares, buy-back of its own share as per provisions of the Companies Act, 2013.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 utilized 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 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. (₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Final Dividend for the year ended 31st March, 2017 ₹ 2 per Share (31st March, 2016: ₹ 2 per Share)	788	788
Dividend Distribution Tax on Final Dividend	161	161
TOTAL	949	949

18. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured			
Term Loans from Banks			
Rupee Loans	34,238	32,533	26,237
Vehicle Loans from Banks	187	165	170
Vehicle Loans from Others	5	13	64
TOTAL (A)	34,430	32,711	26,471
Unsecured			
Term Loans from Banks			
Foreign Currency Loans (Buyers Credit)	-	-	1,663
TOTAL (B)	-	-	1,663
TOTAL (A+B)	34,430	32,711	28,134

- 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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

18.2 Vehicle Loans (including current maturities) are secured by hypothecation of respective vehicle(s)

18.3 Foreign Currency Loans (Buyers Credit) for the years ended 31.03.18 ₹ NIL, 31.03.17 ₹ NIL and 01.04.16 ₹ 1,663 Lakhs. The ultimate payment of the above loan of ₹ 1,663 Lakhs was made from the term loans during the F.Y. 2016-17

18.4 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 1.80% (₹ in Lakhs)

Date of Maturity	Outstanding as on 31st March, 2018			Instalments due after 31st March, 2018 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
1st January, 2020	575	287	288	8
1st January, 2021	6,154	4,076	2,078	12
1st July, 2024	7,237	6,037	1,200	26
1st January, 2025	7,229	6,372	857	28
31st March, 2026	10,350	9,600	750	32
SUB TOTAL(A)	31,545	26,372	5,173	

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 31st March, 2018			Instalments due after 31st March, 2018 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
20th March, 2021	1,992	1,316	676	12
20th September, 2023	2,850	2,550	300	22
31st March, 2024	4,800	4,000	800	24
SUB TOTAL(B)	9,642	7,866	1,776	
TOTAL (A+B)	41,187	34,238	6,949	

C) Vehicle Loans from Banks & Financial Institutions

Carrying Fixed interest rate 8.46% to 11% (₹ in Lakhs)

Particulars	Outstanding as on 31st March, 2018			Instalments due after 31st March, 2018 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	309	187	122	1 - 71
From Institutions	13	5	8	12 - 33
SUB TOTAL (C)	322	192	130	
GRAND TOTAL (A+B+C)	41,509	34,430	7,079	

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****A) Term Loans from Banks & Financial Institutions**

Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 2.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31st March, 2017			Instalments due after 31st March, 2017 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
1st January, 2020	863	575	288	12
1st January, 2021	8,232	6,154	2,078	16
20th March, 2021	2,668	1,992	676	16
20th September, 2023	3,050	2,850	200	26
31st March, 2024	5,300	4,800	500	28
1st July, 2024	8,459	7,259	1,200	30
1st January, 2025	7,217	6,346	871	32
30th June, 2026	2,732	2,557	175	34
SUB TOTAL (A)	38,521	32,533	5,988	

B) Vehicle Loans from Banks & Financial Institutions

Carrying Fixed interest rate 7.01% to 11.50%

(₹ in Lakhs)

Particulars	Outstanding as on 31st March, 2017			Instalments due after 31st March, 2017 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	276	165	111	1 - 83
From Institutions	38	13	25	8 - 45
SUB TOTAL (B)	314	178	136	
GRAND TOTAL (A+B)	38,835	32,711	6,124	

19. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred Tax Assets			
Accrued Expenses Allowable on Payment Basis	528	416	346
Allowance for Bad & Doubtful Debts	111	87	71
Sub-Total (a)	639	503	417
Deferred Tax Liabilities			
Related to Property, Plant and Equipment and Intangible Assets	6,446	5,601	4,622
Others	32	-	-
SUB-TOTAL (b)	6,478	5,601	4,622
Less : MAT Credit Entitlement (c)	1,443	660	-
DEFERRED TAX LIABILITIES (NET) (b)-(a)-(c)	4,396	4,438	4,205



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

A. Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 31st March, 2017	Recognized in P&L	Recognized in OCI	As at 31st March, 2018
(a) Deferred Tax Assets				
Accrued Expenses Allowable on Payment Basis	416	149	(37)	528
Allowance for Bad & Doubtful Debts	87	24	-	111
SUB-TOTAL (a)	503	173	(37)	639
(b) Deferred Tax Liabilities				
Property, Plant and Equipment: Impact of Difference Between Tax Depreciation And Depreciation / Amortization for Financial Reporting	5,601	846	-	6,447
Others	-	31	-	31
SUB-TOTAL (b)	5,601	877	-	6,478
(c) MAT Credit				
MAT Credit Entitlement	660	-	-	660
MAT Credit Current Year	-	-	-	306
MAT Credit Earlier Year	-	-	-	477
SUB-TOTAL (c)	660	-	-	1,443
NET DEFERRED TAX LIABILITIES (b)-(a)-(c)	4,438	704	37	4,396

(₹ in Lakhs)

Particulars	As at 31st March, 2016	Recognized in P&L	Recognized in OCI	As at 31st March, 2017
(a) Deferred Tax Assets				
Accrued Expenses Allowable on Payment Basis	346	57	13	416
Allowance for Bad & Doubtful Debts	71	16	-	87
SUB-TOTAL (a)	417	73	13	503
(b) Deferred Tax Liabilities				
Property, Plant and Equipment: Impact of Difference Between Tax Depreciation and Depreciation/Amortization for Financial Reporting	4,622	979	-	5,601
Others	-	-	-	-
SUB-TOTAL (b)	4,622	979	-	5,601
(c) MAT Credit				
MAT Credit Entitlement	-	-	-	-
MAT Credit Current Year	-	-	-	660
SUB-TOTAL (c)	-	-	-	660
NET DEFERRED TAX LIABILITIES (b)-(a)-(c)	4,205	906	(13)	4,438

B. Amounts recognized in profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Current Tax Expense		
Current Year	-	685
Earlier Years (Refer Note No. 37)	(2,484)	(780)
TOTAL	(2,484)	(95)
Deferred Tax Expense		
Origination and Reversal of Temporary Differences	704	906
TOTAL	704	906
TOTAL TAX EXPENSE	(1,780)	811

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****C. Amounts recognized in Other Comprehensive Income**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018			For the year ended 31st March, 2017		
	Before tax	Tax (Expense)/ Income	Net of tax	Before tax	Tax (Expense)/ Income	Net of tax
Remeasurements of Defined Benefit Liability	106	(37)	69	(37)	13	(24)
TOTAL	106	(37)	69	(37)	13	(24)

D. The income tax expenses for the year reconciled to the accounting profit as follows :

(₹ in Lakhs)

Particulars	2017-18	2016-17
Profit Before Tax	1,265	6,295
Applicable Tax Rate	34.61%	34.61%
Computed Tax Expense	438	2,179
Tax effect of :		
Exempted income / Items Considered Separately	(66)	(3)
Expenses Disallowed	390	403
Additional Allowances	(861)	(1,894)
MAT Credit Entitlement	(271)	(228)
Current Tax Provision (Net of MAT Credit) (A)	(370)	457
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	704	906
Taxes recognized in Statement of Profit & Loss (B)	704	906
Net Taxes (A+B)	334	1,363
Effective Tax Rate	26.40%	21.65%

20. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured			
Loans Repayable On Demand From Banks			
Rupee Loans	31,418	27,880	30,150
Foreign Currency Loans	5,812	4,111	-
TOTAL	37,230	31,991	30,150

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 10.65% per annum, computed monthly.

20.3 Foreign Currency Loans carry floating interest rate LIBOR+1.10 to 2% per annum, computed monthly.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

21. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Payables-other than MSME	15,031	10,216	7,647
TOTAL	15,031	10,216	7,647

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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturities of Long Term Debt	7,079	6,124	6,601
Interest Accrued but not due on Borrowings	81	2	53
Unpaid Dividends #	25	30	26
Creditors for Capital Expenditure	679	1,058	650
Security Deposit	338	336	306
Liability towards Staff And Workers	1,604	1,167	1,008
Commission Payable on Sales	1,278	1,186	983
Liabilities for Expenses	2,777	2,803	2,733
TOTAL	13,861	12,706	12,360

There is no overdue amount to be credited to investor education & protection fund.

23. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposit	147	168	158
Advance from Customers	312	341	272
Liabilities for Expenses	94	92	80
Statutory Dues	304	271	403
TOTAL	857	872	913

24. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provisions for Employee Benefits	993	717	468
TOTAL	993	717	468

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****25. CURRENT TAX LIABILITIES (NET)**

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Tax Assets	-	-	475
TOTAL	-	-	475

26. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Sale of Products / Income from Services	1,64,903	1,63,067
TOTAL	1,64,903	1,63,067

Particulars	2017-18	2016-17
a) Sale of Products		
Finished Goods	1,52,056	1,49,042
Traded Goods	4,009	4,619
SUB TOTAL (a)	1,56,065	1,53,661
b) Sale of Services		
Job Processing	6,392	6,022
SUB TOTAL (b)	6,392	6,022
c) Other Operating Revenues		
Sale of Waste	920	584
Export Benefits / Incentives	1,526	2,800
SUB TOTAL (c)	2,446	3,384
TOTAL (a+b+c)	1,64,903	1,63,067

27. OTHER INCOME

(₹ in Lakhs)

Particulars	2017-18	2016-17
Interest Income on Financial Assets at amortized cost		
from Customers	659	723
from Others	560	81
Other Non-Operating Income		
Export Growth Entitlement (Refer Note No. 39)	-	408
Insurance Claim Received	25	3
Rent Received	1	-
Net Gain on Foreign Currency Fluctuation	968	1,000
Profit on Sale of Property, Plant & Equipment (Net)	191	8
Miscellaneous Receipts	119	111
TOTAL	2,523	2,334

28. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	2017-18	2016-17
Raw Material Consumed	87,315	84,214
Consumption of Dyes & Chemicals	6,351	6,462
TOTAL	93,666	90,676



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

29. PURCHASES OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Stock in Trade – Yarn	1,191	1,437
Stock in Trade – Fabric	2,667	3,041
Stock in Trade – Readymade Garment	34	168
TOTAL	3,892	4,646

30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Inventories at the end of the year		
Finished Goods	17,413	14,204
Work-in-Progress	6,118	6,252
TOTAL	23,531	20,456
Inventories at the beginning of the year		
Finished Goods	14,204	11,325
Work-in-Progress	6,252	4,959
TOTAL	20,456	16,284
(INCREASE) / DECREASE IN INVENTORY	(3,075)	(4,172)

31. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Salaries And Wages	16,036	14,723
Contribution To Provident And Other Funds	1,245	1,125
Staff Welfare Expenses	98	128
TOTAL	17,379	15,976

31.1 Net of Amount Capitalised (Refer Note No. 3)

32. FINANCE COSTS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Interest Expenses	5,658	6,007
Other Borrowing Costs	449	466
Loss / (Gain) on Foreign Currency Transactions and Translation (Considered as Finance Cost)	175	(114)
TOTAL	6,282	6,359
32.1 Net of Interest Capitalized (Refer Note No. 3)	262	474
32.2 Net of Interest Subsidy (TUF/RIPS)	1,146	772

33. DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Depreciation on Tangible Assets	7,689	7,242
Amortization of Intangible Assets	16	16
TOTAL	7,705	7,258

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****34. OTHER EXPENSES**

(₹ in Lakhs)

Particulars	2017-18	2016-17
A. Manufacturing Expenses		
Stores & Spares Consumed	3,362	3,362
Packing Material Consumed	2,032	1,907
Processing and Job Charges	1,875	3,106
Repairs to : Plant & Machinery	391	410
Repairs to : Building	78	85
Repairs to : Others	38	42
Misc. Manufacturing Expenses	1,580	1,341
SUB TOTAL (A)	9,356	10,253
B. Administrative Expenses		
Rent	175	206
Rates & Taxes	51	41
Payments to Auditors : Statutory Audit Fees	13	13
Taxation Matters	-	9
Reimbursement of Expenses	2	2
Cost Audit Fees	1	1
Insurance Premium	142	156
Directors' Travelling	18	35
Travelling & Conveyance	289	341
Telephone & Postage	86	96
Directors' Remuneration	386	471
Printing & Stationery	42	46
Legal & Professional Fees	250	217
Vehicle Running & Maintenance	441	506
Director's Sitting Fees	10	8
Charity and Donations	11	13
Miscellaneous Expenses	210	173
Contribution Towards CSR (Refer Note No. 46)	137	81
SUB TOTAL (B)	2,264	2,415
C. Selling & Distribution Expenses		
Sales Commission & Brokerage	1,597	1,763
Freight, Octroi and Other Selling Expenses	2,791	2,921
Allowance for Doubtful Debts	65	45
SUB TOTAL (C)	4,453	4,729
TOTAL (A+B+C)	16,073	17,397

35. OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	2017-18	2016-17
Items that will not be reclassified to profit or loss		
Remeasurement of Defined Benefit Plans	106	(37)
Tax Relating to Remeasurement of Defined Benefit Plans	(37)	13
Total Other Comprehensive Income for the period	69	(24)

36. EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	2017-18	2016-17
i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ In Lakhs	3,045	5,484
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 (₹)	7.72	13.91
iv) Face Value per Equity Share (₹)	10	10



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

37. The Company had executed a toll user fee collection contract with NHAI for Usaka Toll Plaza in U.P. on N.H.25 which commenced on 9th March, 2013. However due to breach of contract terms and conditions by NHAI, resulting in continued losses, the Company disputed and terminated the contract and went into arbitration. The losses incurred by the Company due to the said contract were fully provided in the earlier years. After due proceedings, the arbitrator has given award in favour of the Company during the F.Y. 2015-16. Accordingly, the principal amount of the award of ₹ 1,247 Lakhs was recognized as income by the Company and included in other income during F.Y. 2015-16. NHAI has filed an appeal against the said Arbitration award in the Hon'ble Delhi High Court. On the basis of the arbitration award and legal counsel, the management is virtually certain that the matter will be decided in Company's favour. The case is yet to be decided by the Hon'ble Delhi High Court.

38. The Company is entitled to interest subsidy on certain term loans obtained under Technology Upgradation Fund Scheme ("TUFS") of Central Government and Incentive from Rajasthan Govt. under Rajasthan Investment Promotion Policy (RIPS) 2003, which has been hitherto claimed as revenue instead of capital receipt while computing the total income, however based on the judicial decisions the same has been now been claimed as capital receipt on the assessment / revised returns. The effect thereof on tax is included in earlier years tax adjustments ₹ 2194 Lakhs (Previous Year ₹ 520 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.

39. In the F.Y. 2010-11, The Company had written off ₹ 408 Lakhs export incentive receivable under the Target Plus Scheme related to F.Y. 2005-06 due to Notification dated 12th June, 2006 by which Govt. reduced the incentive from 15% to 5% on incremental exports with retrospective effect from 01.04.2005. Subsequently based on the Hon'ble High Court Judgement passed on dated 5th May, 2016 with regard to Target Plus Scheme Scrips for the exports pertaining to the F.Y. 2005-06 where by the Hon'ble High Court has ordered that incentive can not be withdrawn with retrospective effect. The Company had filed its claim in view of the said Hon'ble High Court judgement, Based on this The Company is entitled to receive the differential incentive and have therefore accounted for the same in previous Financial Year 2016-17.

40. DISCLOSURE OF RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 " RELATED PARTY DISCLOSURES

(A) Details of Related Parties

1 Wholly Owned Subsidiary Company
Sangam Lifestyle Ventures Limited

2 Key Managerial Personnel (KMP)
Shri R.P. Soni
Shri S.N. Modani
Shri V.K. Sodani
Shri Anil Jain

3 Non Executive Director/ Independent Director
Shri Ramawatar Jaju
Shri Achintya Karati
Shri T.K. Mukhopadhyay
Ms. Seema Srivastava

4 Relatives of Key Managerial Personnel (KMP)
Smt. Radha Devi
Smt. Mamta Modani
Smt. Archana Sodani
Smt. Anjana Thakur

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

Smt. Antima Bass

Shri Anurag Soni

Shri Pranal Modani

5 Other Related Parties

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.	Particulars	Relationship	2017-18 Amount	2016-17 Amount
1	Purchase of goods & services (including commission paid)			
	(a) Purchase of Service			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	12	54
	(b) Purchase of Capital Goods			
	Mahalaxmi TMT Private Limited	Other Related Parties	90	140
2	Sale of goods/contract revenue & services			
	(a) Sale of Goods			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	237	1,370
	Fashion Funda. Com Private Limited	Other Related Parties	-	1
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	785	353
	(b) Sale of Services			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	4	70
3	Rent paid			
	Smt. Radha Devi	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	7
	Sh. R. P. Soni HUF	Other Related Parties	6	6
4	Rent received			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1	1
	Fashion Funda.Com Private Limited	Other Related Parties	-	1
5	Interest received from			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	19	59
6	Insurance paid for			
	(a) Key Managerial Personnel			
	Shri S.N. Modani		4	9
	Shri V.K. Sodani		3	-



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(B) Disclosure of related party transactions:

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	2017-18	2016-17
	(b) Relatives of Key Managerial Personnel			
	Shri Anurag Soni		-	5
7	Compensation paid to Key Managerial Personnel:			
	Remuneration			
	(1) Short-term employment benefits / Salary			
	(i) Key Managerial Personnel			
	Shri R.P. Soni		196	181
	Shri S.N. Modani		109	99
	Shri V.K. Sodani		47	38
	Shri Anil Jain		32	33
	(ii) Relatives of Key Managerial Personnel			
	Shri Anurag Soni		43	36
	Smt. Antima Bass		9	-
	Shri Pranal Modani		29	28
	(2) Director Sitting fees			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		5	4
	Shri T.K. Mukhopadhyay		3	3
	Ms. Seema Srivastava		1	-
	(3) Post-employment benefits		-	-
	(4) Commission			
	Shri R.P. Soni		16	68
	Shri S.N. Modani		15	67
	Shri V.K. Sodani		4	17
8	Investment in Subsidiary Company			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	-	5
9	Expenditure Incurred in CSR			
	(i) M/s Badri Lal Soni Charitable Trust (Director is trustee)	Other Related Parties	80	23
	(ii) M/s Kesar Bai Soni Charitable Trust (Director is trustee)	Other Related Parties	21	21

(C) Amount due to/from related parties:

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	2017-18	2016-17	2015-16
			Amount	Amount	Amount
1	Trade Receivables				
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1,107	353	-
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	22	12
2	Advances Agst. Supplies				
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	2	50	-
3	Advance Agst. Capital Expenditure				
	Mahalaxmi TMT Private Limited	Other Related Parties	-	227	208

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

41. CONTINGENT LIABILITIES AND COMMITMENTS		(₹ in Lakhs)		
Sr. No.	Particulars	2017-18	2016-17	2015-16
(I) Contingent Liabilities:				
(a) Guarantees:				
	Outstanding Bank Guarantees (Excluding Financial Guarantees)	426	425	665
(b) Other Money For Which The Company Is Contingently Liable:				
1	Stamp Duty Dispute Pending With Rajasthan High Court, Jodhpur Under Rajasthan Stamp Duty Act, 1998.	109	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).	940	318	27
3	Dispute Of Fixed Charges Recovery Pending With Rajasthan High Court, Jodhpur under Electricity Act, 2003.	20	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	28	85
5	Disputed VAT liability under The Rajasthan Value Added Tax Act, 2003 in respect of :			
	5.1 Input Tax Credit Not Reversed Properly.	94	94	250
	5.2 VAT With RIPS Incentive on Exports.	341	341	341
	5.3 Incentive Benefit Calculation Procedure.	35	35	35
6	Disputes on Various Tolls for Which Company is Contingently Liable.	243	243	152
(II) Commitments:				
(a)	Estimated amount of contracts (net of advances) remaining to be executed on capital and not provided for.	2,460	2,816	8,905
(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 31st March, 2024. in the event of non-fulfilment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	2,806	11,795	-



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

42. 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.

(₹ in Lakhs)

Particulars	2017-18	2016-17
(b) Revenues		
Domestic	1,20,816	1,20,650
Export	44,087	42,417
TOTAL	1,64,903	1,63,067

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.

43. 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)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Contribution to Government Provident Fund	866	839

(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.

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****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 31st March, 2018. 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.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

(₹ in Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment		
	31st March, 2018	31st March, 2017	1st April, 2016	31st March, 2018	31st March, 2017	1st April, 2016
Net Defined Benefit (Liability) / Asset	785.49	556.67	347.04	207.35	160.41	121.05
Non-Current	-	-	-	-	-	-
Current	785.49	556.67	347.04	207.35	160.41	121.05

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:

(₹ in Lakhs)

Particulars	Gratuity (Funded)				Leave Encashment (Funded)											
	31st March, 2018				31st March, 2017				31st March, 2018				31st March, 2017			
	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	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	
Balance as at 1 April	1,407.47	850.80	556.67	1,123.22	776.18	347.04	403.96	243.55	160.41	345.94	224.89	121.05				
Included In Profit Or Loss																
Current Service Cost	317.95	-	317.95	297.32	-	297.32	253.17	-	253.17	235.35	-	235.35				
Interest Cost (Income)	98.98	-	98.98	84.58	-	84.58	27.20	-	27.20	24.28	-	24.28				
TOTAL	416.93	-	416.93	381.90	-	381.90	280.37	-	280.37	259.63	-	259.63				
Included in OCI																
Remeasurements Loss (Gain)																
Actuarial Loss (Gain) arising from:																
- Demographic Assumptions	-	-	-	-	-	-	-	-	-	-	-	-				
- Financial Assumptions	(40.59)	-	(40.59)	83.91	-	83.91	(11.64)	-	(11.64)	23.09	-	23.09				
- Experience Adjustment	(67.23)	-	(67.23)	(49.68)	-	(49.68)	(126.46)	-	(126.46)	(139.81)	-	(139.81)				
- On Plan Assets		(1.51)	1.51		(6.00)	6.00		(1.02)	1.02		(1.60)	1.60				
TOTAL	(107.82)	(1.51)	(106.31)	34.23	(6.00)	40.23	(138.10)	(1.02)	(137.08)	(116.72)	(1.60)	(115.12)				
Other																
Contributions paid by the Employer	-	23.36	(23.36)	-	147.05	(147.05)	-	78.17	(78.17)	-	86.32	(86.32)				
Benefits Paid	(154.08)	(154.08)	-	(131.88)	(131.88)	-	(76.66)	(76.66)	-	(84.89)	(84.89)	-				
Expected Return on Plan Assets	-	58.44	(58.44)	-	65.45	(65.45)	-	18.18	(18.18)	-	18.83	(18.83)				
TOTAL	(154.08)	(72.28)	(81.80)	(131.88)	80.62	(212.50)	(76.66)	19.69	(96.35)	(84.89)	20.26	(105.15)				
Balance as at 31 March	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				

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****C. Plan assets**

(₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Fund Managed by Insurer	100%	100%	100%
TOTAL	100%	100%	100%

Actuarial assumptions

D. The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages). (₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Discount Rate	7.67%	7.44%	8.00%
Expected Rate of Future Salary Increase	5.50%	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			
	31st March, 2018		31st March, 2017		31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	1,404.61	1,752.55	1,263.38	1,581.21	424.31	524.06	364.29	451.66
Expected Rate of Future Salary Increase (1% movement)	1,752.76	1,402.02	1,582.90	1,259.69	524.08	423.60	452.12	363.28

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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 -

- A) 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.
- B) 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.
- C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E) 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 31st March, 2018	As at 31st March, 2017
Duration of defined benefit payments		
Less than 1 year	95.63	83.06
Between 1-2 years	68.53	61.41
Between 2-5 years	533.16	333.12
Over 5 years	1,419.20	1,335.46
TOTAL	2,116.52	1,813.05

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 19.19 years (31st March, 2017: 19.57 years)

STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

44. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Fair value measurements Hierarchy

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount
Financial Assets									
At Amortized Cost									
Investments	585	-	-	-	585	-	-	-	585
Other Non-Current Financial Assets	648	-	-	-	593	-	-	-	589
Trade Receivables	32,611	-	-	-	25,814	-	-	-	27,110
Cash And Cash Equivalents	62	-	-	-	513	-	-	-	198
Bank Balances Other Than Above	104	-	-	-	34	-	-	-	163
Other Current Financial Assets	5,832	-	-	-	4,698	-	-	-	4,973
TOTAL	39,842	-	-	-	32,237	-	-	-	33,618
Financial Liabilities									
At Amortized Cost									
Borrowings	34,430	-	-	-	32,711	-	-	-	28,134
Short Terms Borrowings	37,230	-	-	-	31,991	-	-	-	30,150
Trade Payables	15,031	-	-	-	10,216	-	-	-	7,647
Other Current Financial Liabilities	13,951	-	-	-	12,706	-	-	-	12,360
At Fair Value through P&L									
Other Current Financial Liabilities	(90)		(90)						
TOTAL	1,00,552	-	(90)	-	87,624	-	-	-	78,291

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.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

44. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTD.)

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 analyze 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.

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 ₹ 32,908 Lakhs (31st March, 2017 – ₹ 26,046 Lakhs, 1st April, 2016 – ₹ 27,296 Lakhs).



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment

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	31st March, 2018	31st March, 2017	1st April, 2016	
Opening balance	232	186	186	
Changes in loss allowance	65	46	-	
CLOSING BALANCE	297	232	186	

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.

(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.

Particulars	Carrying Amount		Contractual cash flows			(₹ in Lakhs)
	31st March, 2018	Total	Within 1 Year	1–5 years	More than 5 years	
Non-Derivative Financial Liabilities						
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	-	-	
TOTAL NON-DERIVATIVE LIABILITIES	1,00,552	1,00,552	66,122	29,393	5,037	
Derivatives (Net Settled)						
Foreign Exchange Forward Contracts	-	-	-	-	-	
Total Derivative Liabilities	-	-	-	-	-	



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(₹ in Lakhs)

Particulars	Carrying Amount	Contractual Cash Flows			
	31st March, 2017	Total	Within 1 Year	1-5 Years	More than 5 Years
Non-Derivative Financial Liabilities					
Borrowings	32,711	32,711	-	30,515	2,196
Short Term Borrowings	31,991	31,991	31,991	-	-
Trade Payables	10,216	10,216	10,216	-	-
Other Current Financial Liabilities	12,706	12,706	12,706	-	-
TOTAL NON-DERIVATIVE LIABILITIES	87,624	87,624	54,913	30,515	2,196
Derivatives (Net Settled)					
Foreign Exchange Forward Contracts	-	-	-	-	-
Total Derivative Liabilities	-	-	-	-	-

(₹ in Lakhs)

Particulars	Carrying Amount	Contractual Cash Flows			
	1st April, 2016	Total	Within 1 Year	1-5 Years	More than 5 Years
Non-Derivative Financial Liabilities					
Borrowings	28,134	28,134	-	28,134	-
Short Term Borrowings	30,150	30,150	30,150	-	-
Trade Payables	7,647	7,647	7,647	-	-
Other Current Financial Liabilities	12,360	12,360	12,360	-	-
TOTAL NON-DERIVATIVE LIABILITIES	78,291	78,291	50,157	28,134	-
Derivatives (Net Settled)					
Foreign Exchange Forward Contracts	-	-	-	-	-
Total Derivative Liabilities	-	-	-	-	-

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 recognized 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 minimize the volatility of the cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (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 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	USD	EUR	USD	EUR	USD	EUR
Financial Instruments						
Trade Receivables	121	2	86	11	102	3
Trade Payables	-	-	(4)	-	(1)	-
Borrowings	-	-	-	-	-	22
Derivatives - Forward Contracts	(317)	(7)	(235)	(15)	(212)	(9)
Net Statement of Financial Position Exposure	(196)	(5)	(153)	(4)	(111)	16

Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31st 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
31st March, 2018		
USD (1% movement)	(128)	128
EUR (1% movement)	(4)	4
31st March, 2017		
USD (1% movement)	(99)	99
EUR (1% movement)	(3)	3

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	
	31st March, 2018	31st March, 2017
Fixed-Rate Instruments		
Financial Assets	-	-
Financial Liabilities	322	314
	322	314
Variable-Rate Instruments		
Financial Assets	-	-
Financial Liabilities	41,187	38,521
TOTAL	41,187	38,521



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (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
31st March, 2018		
Variable-Rate Instruments	(412)	412
Cash Flow Sensitivity	(412)	412
31st March, 2017		
Variable-Rate Instruments	(385)	385
Cash Flow Sensitivity	(385)	385

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

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
Foreign Currency Risk					
Forward Contracts	15,222	(90)	(90)	April 2018 to February 2019	Other Current Financial Liabilities

Hedged Items

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
Foreign Currency Risk			
Trade Receivables	32,611	-	Financial Assets - Trade Receivables



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

45. FIRST TIME ADOPTION OF IND AS

As stated in Note 1.1, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS statement of financial position at 1st April, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amount reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and Exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. IND AS OPTIONAL EXEMPTIONS

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

(ii) Investment in Subsidiaries, Joint Ventures and Associates

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in Subsidiaries, Joint Ventures and Associates as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has opted to measure all of its investments in Associates at their previous GAAP carrying value.

B. IND AS MANDATORY EXCEPTIONS

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C. RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS

Ind AS 101 requires an entity to reconcile Equity, Total Comprehensive Income and Cash Flow for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Reconciliation of Equity (₹ in Lakhs)

Particulars	Notes to First time Adoption	As at 1st April 2016			As at 31st March 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
Assets							
Non Current Assets							
Property, Plant and Equipment		58,415		58,415	65,376		65,376
Capital Work-in-Progress		1,420		1,420	1,098		1,098
Other Intangible Assets		59		59	64		64
Investment in Subsidiary		-		-	5		5
Financial Assets							
(i) Investments		585		585	585		585
(ii) Other Non-Current Financial Assets		589		589	593		593
Other Non-Current Assets		1,382		1,382	1,213		1,213
Current Assets							
Inventories		29,449		29,449	35,970		35,970
Financial Assets							
(i) Trade Receivables		27,110		27,110	25,814		25,814
(ii) Cash and Cash Equivalents		198		198	513		513
(iii) Bank Balances other than (ii) above		163		163	34		34
(iv) Other Current Financial Assets		4,973		4,973	4,698		4,698
Current Tax Assets (Net)		-		-	1,248	(660)	588
Other Current Assets		4,883		4,883	6,485		6,485
TOTAL ASSETS		1,29,226		1,29,226	1,43,696	(660)	1,43,036

Particulars	Notes to First time Adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		3,942		3,942	3,942		3,942
Other Equity	1	39,983	949	40,932	45,443		45,443
Liabilities							
Non-Current Liabilities							
Financial Liabilities							
Borrowings		28,134		28,134	32,711		32,711
Deferred Tax Liabilities (Net)	3	4,205		4,205	5,098	(660)	4,438
Current Liabilities							
Financial Liabilities							
(i) Borrowings		30,150		30,150	31,991		31,991
(ii) Trade Payables		7,647		7,647	10,216		10,216
(iii) Other Financial Liabilities		12,360		12,360	12,706		12,706
Other Current Liabilities		913		913	872		872
Provisions	1	1,417	(949)	468	717		717
Current Tax Liabilities (Net)		475		475			-
TOTAL EQUITY AND LIABILITIES		1,29,226	-	1,29,226	1,43,696	(660)	1,43,036

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017**

(₹ in Lakhs)

Particulars	Notes to First time Adoption	31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS
INCOME				
Revenue from Operations		1,59,364	3,703	1,63,067
Other Income		2,334		2,334
TOTAL INCOME		1,61,698	3,703	1,65,401
EXPENSES				
Cost of Materials Consumed		90,676		90,676
Purchases of Traded Goods		4,646		4,646
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		(4,172)		(4,172)
Excise Duty on Sale of Goods	5	-	3,673	3,673
Employee Benefits Expense	2	16,013	(37)	15,976
Power & Fuel		17,293		17,293
Finance Costs		6,359		6,359
Depreciation and Amortization Expense		7,258		7,258
Other Expenses		17,367	30	17,397
TOTAL EXPENSES		1,55,440	3,666	1,59,106
Profit Before Exceptional Item and Tax		6,258	37	6,295
Exceptional Items				
Profit Before Tax				
Tax Expenses		6,258	37	6,295
Current Tax		685		685
Deferred Tax		893	13	906
Tax Expense for Earlier Years		(780)		(780)
Profit for the year		5,460	24	5,484
Other Comprehensive Income	6			
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans		-	(37)	(37)
Tax relating to remeasurement of defined benefit plans		-	13	13
Total Other Comprehensive Income for the period		-	(24)	(24)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,460	-	5,460

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of Other Equity as at 31st March, 2017 and 1st April, 2016

(₹ in Lakhs)

Particulars	Notes to First time Adoption	As at 31st March, 2017	As at 1st April, 2016
Other Equity as per previous GAAP		45,443	39,983
Adjustments:-			
Impact due to reversal of Proposed Dividend	1	-	949
TOTAL EQUITY AS PER IND AS		45,443	40,932

Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017

(₹ in Lakhs)

Particulars	Notes to First time Adoption	As at 31st March, 2017
Profit after Tax under previous GAAP		5,460
Adjustments:-		
Remeasurements of post employment benefits obligations		37
Tax effects of Adjustments		(13)
Profit after Tax as per Ind AS		5,484
Other Comprehensive Income	6	(24)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,460



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

D. NOTES TO FIRST TIME ADOPTION

1 Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax thereon of ₹ 949 Lakhs as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended 31st March, 2017 increased by ₹ 24 Lakhs. There is no impact on the total equity as at 31st March, 2017.

3 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognized on the adjustments made on transition to Ind AS.

4 Retained earnings

Retained earnings as at 1st April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

5 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented as expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2017 by ₹ 3673 Lakhs. There is no impact on the total equity and profit.

Fair valuation of derivatives

The Company has taken forward contracts to hedge foreign currency receivables/payable. Under previous GAAP, AS 11 accounting was followed to account for these contracts. Under Ind AS all these derivatives has been valued at fair value as per Ind AS 109.

6 Other Comprehensive Income

Under Ind AS, all items of income and expense recognized in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

**STANDALONE NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****46. CORPORATE SOCIAL RESPONSIBILITIES (CSR)**

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) The Gross amount required to be spent by the Company during the year	164	162

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 31st March, 2018	As at 31st March, 2017
Construction / Acquisition of any Asset	-	-
On purpose other than (i) above	137	81
TOTAL	137	81

- c) Out of above ₹ 80 Lakhs (Previous Year ₹ 23 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 21 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 31st March, 2018	As at 31st March, 2017
Environmental Sustainability	20	22
Promoting Education	60	1
Promoting Health Care	-	17
Eradication Hunger, Poverty and Malnutrition	21	4
TOTAL	101	44

47. STANDARD ISSUED BUT NOT EFFECTIVE

On 28th March, 2018 the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April, 2018

(a) Issue of Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- Ind AS 40 - Investment Property
- Ind AS 12 - Income Taxes
- Ind AS 28 - Investments in Associates and Joint Ventures and
- Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.



STANDALONE NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

48. 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.

49. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 30th May, 2018.

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

(Akshay R. Shah)
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

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

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

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)		



INDEPENDENT AUDITORS' REPORT

To the Members of
Sangam (India) Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Ind AS financial statements of **Sangam (India) Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance (including Other Comprehensive Income), Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

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 Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements. We believe that the audit evidence obtained by us and the joint auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of one of the joint auditors, referred to in the Other Matters paragraph below, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31st March, 2018, and their Consolidated profit (including



INDEPENDENT AUDITOR'S REPORT (CONTD.)

Other Comprehensive Income) and their Consolidated Cash Flows and the Consolidated Statement of changes in equity for the year ended on that date.

OTHER MATTERS

- a) The financial statements of the Subsidiary whose financial statements include total assets of ₹ 905 Lakhs as at 31st March, 2018, total revenues of ₹ 684 Lakhs and net cash outflow of ₹ 20 Lakhs for the year ended on that date have been audited by one of the joint auditors whose reports have been furnished to us and our opinion is based solely on the reports of the that auditors.

Our opinion on the consolidated Ind AS 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 other auditors.

- b) The comparative financial information of the Group for the year ended 31st March, 2017 prepared in accordance with Accounting Standard, included in these Consolidated Ind AS Financial Statements, have been audited by the predecessor auditors. The report of the predecessor auditor on the comparative financial information dated 30th May, 2017 expressed an unmodified opinion.

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 relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

- d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant Rules issued thereunder.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary 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, 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. 40 of Consolidated Ind AS financial statements.
- (ii) The Company has made provision as at 31st March, 2018 as required under the applicable Law or Accounting Standards for material 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.

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

Akshay R. Shah
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 30th May, 2018



“ANNEXURE A”

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS 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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated Ind AS financial statements of the Holding Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of SANGAM (INDIA) LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiaries together referred to as “the Group”) incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary incorporated in India, 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. 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 Holding Company and its subsidiary incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India 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 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 Holding Company and its subsidiary incorporated in India, internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.



“ANNEXURE A”

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED

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 Holding Company and its subsidiary incorporated in India, have, 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 31st March, 2018, based on the internal control over financial reporting criteria established by respective Companies 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.

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: 30th May, 2018

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 30th May, 2018

**CONSOLIDATED BALANCE SHEET****AS AT 31ST MARCH, 2018**

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	69,863	65,397
Capital Work-in-Progress	4	941	1,098
Intangible Assets	5	99	69
Financial Assets			
(i) Investments	6	585	585
(ii) Other Financial Assets	7	666	598
Other Non Current Assets	8	767	1,213
TOTAL NON-CURRENT ASSETS		72,921	68,960
CURRENT ASSETS			
Inventories	9	36,004	36,077
Financial Assets			
(i) Trade Receivables	10	31,790	25,498
(ii) Cash and Cash equivalents	11	64	535
(iii) Bank balances other than (ii) above	12	104	34
(iv) Other Current Financial Assets	13	5,833	4,698
Current Tax Assets (Net)	14	3,035	588
Other Current Assets	15	8,224	6,450
TOTAL CURRENT ASSETS		85,054	73,880
TOTAL ASSETS		1,57,975	1,42,840
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	3,942	3,942
Other Equity	17	47,233	45,252
TOTAL EQUITY		51,175	49,194
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	18	34,430	32,711
Deferred Tax Liabilities (Net)	19	4,287	4,411
TOTAL NON-CURRENT LIABILITIES		38,717	37,122
Current Liabilities			
Financial Liabilities			
(i) Borrowings	20	37,230	31,991
(ii) Trade Payables	21	15,094	10,223
(iii) Other Financial Liabilities	22	13,894	12,720
Other Current Liabilities	23	862	872
Provisions	24	1,003	718
TOTAL CURRENT LIABILITIES		68,083	56,524
TOTAL EQUITY AND LIABILITIES		1,57,975	1,42,840
Significant Accounting Policies and Notes on Financial Statements	1 to 49		

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: 30th May, 2018

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

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

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)



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakhs)

Particulars	Note	2017-18	2016-17
INCOME			
Revenue from Operations	25	1,64,838	1,62,816
Other Income	26	2,522	2,334
Total Income		1,67,360	1,65,150
EXPENSES			
Cost of Materials Consumed	27	93,666	90,676
Purchases of Traded Goods	28	3,893	4,657
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(3,315)	(4,279)
Excise Duty on Sale of Goods		1,112	3,673
Employee Benefits Expense	30	17,550	15,987
Power & Fuel		23,127	17,293
Finance Costs	31	6,283	6,359
Depreciation and Amortization Expense	32	7,709	7,260
Other Expenses	33	16,335	17,447
TOTAL EXPENSES		1,66,360	1,59,073
Profit Before Exceptional Item and Tax		1,000	6,077
Exceptional Items		-	-
Profit Before Tax		1,000	6,077
Tax Expenses			
Current Tax		-	685
Deferred Tax		622	879
Tax Expense for Earlier Years		(2,484)	(780)
Profit for the year		2,862	5,293
Other Comprehensive Income	34		
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		104	(37)
Tax relating to remeasurement of defined benefit plans		(37)	13
Total Other Comprehensive Income for the period		67	(24)
Total Comprehensive Income for the period		2,929	5,269
Earnings per equity share of face value of ₹ 10 each	35		
Basic and Diluted (in ₹)		7.26	13.43
Significant Accounting Policies and Notes on Financial Statements	1 to 49		

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
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
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(DIN 00403740)

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

**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lakhs)

Particulars	2017-18	2016-17
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,000	6,077
Adjustments for :-		
Depreciation and Amortization Expense	7,709	7,260
Finance Costs	6,283	6,359
Interest Income	(1,219)	(804)
Foreign Exchange Fluctuation	30	(718)
Profit on Sale of Fixed Assets (Net)	(191)	(8)
Operating Profit before working capital changes	13,612	18,166
Movements in Working Capital :-		
(Increase) / Decrease in Inventories	73	(6,628)
(Increase) / Decrease in Trade Receivables	(6,322)	2,326
(Increase) / Decrease in Other Financial Assets	(1,089)	278
(Increase) / Decrease in Other Assets	(4,627)	(3,129)
Increase / (Decrease) in Trade Payables	4,871	2,581
Increase / (Decrease) in Other Financial Liabilities	145	885
Increase / (Decrease) in Provisions	389	212
Increase / (Decrease) in Other Liabilities	(10)	(41)
Cash Generated from Operations	7,042	14,650
Taxes Paid / (Refund) (Net)	(2,484)	(95)
Net Cash Inflow / (Out Flow) from Operating Activities	9,526	14,745
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,220)	(14,031)
Sale of Fixed Assets	363	109
Interest Income	1,174	800
Net Cash Inflow / (Outflow) from Investing Activities	(10,683)	(13,122)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	8,664	12,275
Repayment of Long Term Borrowings	(5,990)	(8,176)
Increase / (Decrease) in Short- Term Borrowings	5,239	1,841
Finance Costs	(6,204)	(6,410)
Dividend Paid (Including Tax on Dividend)	(953)	(945)
Net Cash Inflow / (Out Flow) from Financing Activities	756	(1,415)
Net Increase/(Decrease) in Cash & Cash equivalents	(401)	208
Cash and Cash Equivalents at the Beginning	569	361
Cash and Cash Equivalents at the End	168	569

Change in Liability arising from financing activities

(₹ in Lakhs)

Particulars	As at 1st April, 2017	Cash Flow	As at 31st March, 2018
Borrowings - Non Current (Refer Note 18)	38,835	2,674	41,509
Borrowings - Current (Refer Note 20)	31,991	5,239	37,230
	70,826	7,913	78,739

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
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

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

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

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2018

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	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	-	-	-	-
Balance at the end of the Reporting Period	3,94,21,559	3,942	3,94,21,559	3,942

(B) OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Remeasurement of defined benefit plans	Total
	General reserve	Retained earnings	Capital Reserve	Preference share capital redemption reserve	Securities premium reserve		
Restated balance at the beginning of the reporting period	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
Total Comprehensive Income for the year	-	2,862	-	-	-	67	2,929
Dividend paid	-	(788)	-	-	-	-	(788)
Dividend distribution tax	-	(160)	-	-	-	-	(160)
Balance at 31st March, 2018	22,818	17,029	297	1,178	5,868	43	47,233

The accompanying note are an integral part of these Financial Statement.

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
Camp : Bhilwara
Date: 30th May, 2018

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

(R.P. Soni)
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(V.K. Sodani)
Executive Director
(DIN 00403740)

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



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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:

S I. 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 14th 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

- 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.
- 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.
- 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.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

- (iv) The gains/losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control are recognized 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 consolidated financial statements for the year ended 31st March, 2018 are the first consolidated financial statement under Ind AS. For the period up to and including the year ended 31st March, 2017, the Group prepared its consolidated financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The consolidated financial statements for the year ended 31st March, 2017 has been restated in accordance with Ind AS for comparative information.

Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss (including Comprehensive income and Statement of Cash Flows are provided in the Notes.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 30th May, 2018.

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 recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized 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.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (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.

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 realized 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 realized 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 realization 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 recognized when it is probable that future



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 recognized at their cash values. For qualifying assets, borrowing costs are capitalized 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 1st April, 2016.

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

Depreciation is recognized 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 amortization:

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.



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Capitalized 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 amortized on a straight line basis over the period of their expected useful lives.

Amortization

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

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

Upon first-time adoption of Ind AS, the Company has elected to continue to measure all its intangible assets at the carrying amount as per the previous GAAP as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

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 amortization period or method, as appropriate, and

are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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



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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 recognized 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 recognized 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 recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

G. Financial Instruments

i. Financial assets

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

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

Financial assets are subsequently classified as measured at:

- amortized 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 derecognizes 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 recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized 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



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

Financial liabilities are subsequently measured at amortized 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 recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 recognized 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 amortized 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



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tax. It is recognized in statement of profit or loss except to the extent that it relates to an item recognized 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 recognized amounts, and it is intended to realize 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 recognized 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



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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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.



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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 recognized in the financial statements. However, these are disclosed in the Director's report.

P. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue from operations

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. However, it is net of Goods and Services Tax (GST) and Value Added Tax.

Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

A. Sale of goods

Revenue from the sale of manufactured and traded goods is recognized when the goods are delivered and titles have been passed, provided all the following conditions are satisfied:

1. significant risks and rewards of ownership of the goods are transferred to the buyer;
2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;

3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the Company; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

B. Rendering of services

Revenue from rendering of services is recognized when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the Company;
3. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
4. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stage of completion is determined by the proportion of actual costs incurred to-date, to the estimated total costs of the transaction

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed. Such revenue is measured as based on the stage of completion of service.

C. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized 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



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 recognized 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 recognized 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 capitalized 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 recognized as a receivable at an amount equal to the net investment in the lease. Lease income is recognized 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 recognized 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.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017
Tangible Assets									
Freehold land	1,266	-	1	1,265	-	-	-	1,265	1,266
Building	17,492	2,803	8	20,287	610	705	1	1,314	18,973
Plant and Machinery	46,401	8,332	101	54,632	5,673	5,987	13	11,647	42,985
Wind Power Machines	874	-	-	874	114	114	-	228	646
Electric installation	3,628	817	1	4,444	499	520	-	1,019	3,425
Water supply installation	509	20	-	529	17	20	-	37	492
Furniture and fixtures	1,257	63	-	1,320	126	136	-	262	1,058
Vehicles	914	205	88	1,031	133	143	13	263	768
Office equipments	47	11	-	58	13	11	-	24	34
Computers	191	79	-	270	46	55	-	101	169
Assets under Finance Lease									
Leasehold land	50	-	-	50	1	1	-	2	48
TOTAL	72,629	12,330	199	84,760	7,232	7,692	27	14,897	69,863
Capital Work-in-progress	1,098	(157)	-	941	-	-	-	-	941
TOTAL	73,727	12,173	199	85,701	7,232	7,692	27	14,897	70,804

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016
Tangible Assets									
Freehold land	1,180	86	-	1,266	-	-	-	-	1,266
Building	15,048	2,444	-	17,492	-	610	-	610	16,882
Plant and Machinery	36,331	10,161	91	46,401	-	5,683	10	5,673	40,728
Wind Power Machines	874	-	-	874	-	114	-	114	760
Electric installation	2,582	1,046	-	3,628	-	499	-	499	3,129
Water supply installation	394	115	-	509	-	17	-	17	492
Furniture and fixtures	1,012	247	2	1,257	-	126	-	126	1,131
Vehicles	769	164	19	914	-	135	2	133	781
Office equipments	40	7	-	47	-	13	-	13	34
Computers	135	56	-	191	-	46	-	46	145
Assets under Finance Lease									
Leasehold land	50	-	-	50	-	1	-	1	49
TOTAL	58,415	14,326	112	72,629	-	7,244	12	7,232	65,397
Capital Work-in-progress	1,420	(322)	-	1,098	-	-	-	-	1,098
TOTAL	59,835	14,004	112	73,727	-	7,244	12	7,232	66,495

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****5. INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017	Additions	Deletions	As at 31st March, 2018	As at 31st March, 2017
Intangible Assets									
Software IT (ERP)	85	47	-	132	16	17	-	33	99
TOTAL	85	47	-	132	16	17	-	33	99

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016	Additions	Deletions	As at 31st March, 2017	As at 1st April, 2016
Intangible Assets									
Software IT (ERP)	59	26	-	85	-	16	-	16	69
TOTAL	59	26	-	85	-	16	-	16	69

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

(₹ in Lakhs)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Opening Balance	70	122
Financial Charges	246	544
Direct Costs Attributable to Project	56	265
TOTAL AMOUNT	372	931
Less: Exp. Apportioned to fixed assets	345	861
Balance yet to be allocated	27	70

Note 1:- Borrowing cost capitalized refer Note No. 31

Note 2:- Property, Plant and Equipment given as security for borrowings refer Note No. 18

6. INVESTMENTS-NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unquoted Non - Trade Investment		
In Equity Instrument		
(Measured at Cost)		
Unquoted, fully paid up		
Equity Shares of ₹ 10/- each fully paid up		
Keti Sangam Infrastructure (India) Limited	581	581
5,80,600 (Previous Year 5,80,600)		
PKSS Infrastructure Private Limited	-	-
3,900 (Previous Year 3,900) ₹ 0.39 Lakhs (Previous Year ₹ 0.39 Lakhs)		
Kalyan Sangam Infratech Limited	4	4
37,500 (Previous Year 37,500)		
Equity Shares of ₹ 20/- each fully paid		
AP Mahesh Co-Operative Bank Limited	-	-
50 (Previous Year 50)		
₹ 0.01 Lakhs (Previous Year ₹ 0.01 Lakhs)		
Aggregate Amount of unquoted investment	585	585



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

6.1 As per the management, The Investment in Ketu Sangam is long term investment and has potential to give huge appreciation in future. The vehicular traffic is increasing day by day and the concession period is about 24 years. Further there is provision of hike in toll charges of 15% in every 3 years. Considering the potential of the project the banks have securitised the project from ₹ 225 Crores to ₹ 313 Crores. Hence this investment is a long term valuable asset of the Company, Accordingly diminution is not provided.

7. OTHER FINANCIAL ASSETS (₹ in Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Security Deposit	666	598
TOTAL	666	598

8. OTHER NON-CURRENT ASSETS (₹ in Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances - Related Party	-	227
Capital Advances - Others	696	901
Other Loans & Advances	20	20
Less : Allowance for Loans & Advances	(20)	(20)
Prepaid Expenses	71	85
TOTAL	767	1,213

8.1 for all the transaction with related party Refer Note No. 39

9. INVENTORIES (₹ in Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw Materials	9,379	12,413
Stock-in-Progress	6,118	6,252
Finished Goods	17,760	14,311
Traded Goods	24	26
Stores, Spares & Fuel	2,723	3,075
TOTAL	36,004	36,077

9.1 For basis of valuation of inventories Refer Note No. 3.1J

9.2 Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 20.1)

10. TRADE RECEIVABLES (₹ in Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
(Unsecured)		
Considered Good	31,790	25,498
Considered Doubtful	297	232
	32,087	25,730
Less : Allowance for Doubtful Debts	297	232
TOTAL	31,790	25,498

10.1 Included in the above Receivables amount due from Companies / Firms in which directors are interested . - 22

10.2 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of 1,730 648

10.3 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 20.1)

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****11. CASH & CASH EQUIVALENTS**

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance with Banks	56	508
Cash on Hand	8	27
TOTAL	64	535

12. OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Earmarked Balances with banks for Unclaimed & Unpaid Dividends	25	29
Fixed Deposits with banks against Margin Money *	79	5
TOTAL	104	34

*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 31st March, 2018	As at 31st March, 2017
(Considered Good)		
Security Deposits	296	267
Recoverable from NHAI UP Towards Arbitration Award	1,367	1,367
Export Incentive Receivable	523	686
Export Growth Entitlement Receivables	408	408
IGST Refund Receivable (Export)	1,321	-
Subsidy Receivable	1,367	974
Electricity Duty Receivable	-	18
GST / Excise Rebate Claim Receivable	1	510
IGST / TED (EPCG) Receivable	315	189
Advance to Employees	49	58
Interest Receivable	141	95
Accrued Income	33	26
Insurance Claim Receivable	12	100
TOTAL	5,833	4,698

14. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income Tax Refund Receivable	3,035	588
TOTAL	3,035	588

15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Recoverable from Govt. / Others	37	35
Advance against Supplies	2,552	3,116
GST Balances (Refer Note No. 15.1)	5,273	2,692
GST / Excise / VAT Recoverable	225	481
Prepaid Expenses	137	126
TOTAL	8,224	6,450

15.1 GST Balances includes Excise and VAT Balances during 2016-17 & 2015-16



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised Share Capital		
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
TOTAL	8,250	8,250
Issued, Subscribed and Paid Up:		
3,94,21,559 (Previous Year 3,94,21,559) Equity share of ₹ 10 each fully paid up	3,942	3,942
TOTAL	3,942	3,942

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 :

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity Shares as at 31st March, 2017	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-
Equity Shares as at 31st March, 2018	3,94,21,559	3,94,21,559

c. Shareholders' holding more than 5% shares in the Company:

Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
Sangam Business Credit Limited	59,82,812	15.18	59,82,812	15.18
Nidhi Mercantiles Limited	48,98,833	12.43	48,98,833	12.43
Mentor Capital Limited	42,34,835	10.74	31,53,602	8.00
Hawamahal Finance Private Limited	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Limited	22,16,145	5.62	22,16,145	5.62

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve		
Balance at the beginning of the year	297	297
Addition during the Financial Year	-	-
Balance at the end of the year	297	297
Securities Premium Reserve		
Balance at the beginning of the year	5,868	5,868
Addition during the Financial Year	-	-
Balance at the end of the year	5,868	5,868
Preference Share Capital Redemption Reserve		
Balance at the beginning of the year	1,178	1,178
Addition during the Financial Year	-	-
Balance at the end of the year	1,178	1,178
General Reserve		
Balance at the beginning of the year	22,818	19,818
Add: Transferred from Retained Earnings	-	3,000
Balance at the end of the year	22,818	22,818
Retained Earnings		

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

Balance at the beginning of the year	15,115	13,771
Add: Profit for the year	2,862	5,293
Less: Appropriations		
Transferred to General Reserve	-	3,000
Dividend on Equity Shares	788	788
Tax on Dividend	160	161
Balance at the end of the year	17,029	15,115
Other Comprehensive Income		
Balance at the beginning of the year	(24)	-
Addition during the year	67	(24)
Balance at the end of the year	43	(24)
TOTAL	47,233	45,252

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 Reserve

Balance of Security premium reserve 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:

- Actuarial Gains and Losses
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- 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. (₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Final dividend for the year ended 31st March, 2017 ₹ 2 per share (31st March 2016: ₹ 2 per share)	788	788
Dividend Distribution tax on final dividend	160	161
TOTAL	948	949



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

18. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Term Loans From Banks		
Rupee Loans	34,238	32,533
Vehicle Loans From Banks	187	165
Vehicle Loans From Others	5	13
TOTAL	34,430	32,711

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.

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 1.80%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31st March, 2018			Instalments due after 31st March, 2018 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
1st January, 2020	575	287	288	8
1st January, 2021	6,154	4,076	2,078	12
1st July, 2024	7,237	6,037	1,200	26
1st January, 2025	7,229	6,372	857	28
31st March, 2026	10,350	9,600	750	32
SUB TOTAL (A)	31,545	26,372	5,173	

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 31st March, 2018			Instalments due after 31st March, 2018 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
20th March, 2021	1,992	1,316	676	12
20th September, 2023	2,850	2,550	300	22
31st March, 2024	4,800	4,000	800	24
SUB TOTAL (B)	9,642	7,866	1,776	
TOTAL (A+B)	41,187	34,238	6,949	

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****C) Vehicle Loans from Banks & Financial Institutions**

Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31st March, 2018			Instalments due after 31st March, 2018 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	309	187	122	1 - 71
From Institutions	13	5	8	12 - 33
SUB TOTAL (C)	322	192	130	
GRAND TOTAL (A+B+C)	41,509	34,430	7,079	

A) Term Loans from Banks & Financial Institutions

Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 2.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31st March, 2017			Instalments due after 31st March, 2017 (Qtrly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks:				
1st January, 2020	863	575	288	12
1st January, 2021	8,232	6,154	2,078	16
20th March, 2021	2,668	1,992	676	16
20th September, 2023	3,050	2,850	200	26
31st March, 2024	5,300	4,800	500	28
1st July, 2024	8,459	7,259	1,200	30
1st January, 2025	7,217	6,346	871	32
30th June, 2026	2,732	2,557	175	34
SUB TOTAL (A)	38,521	32,533	5,988	

B) Vehicle Loans from Banks & Financial Institutions

Carrying Fixed interest rate 7.01% to 11.50%

(₹ in Lakhs)

Particulars	Outstanding as on 31st March, 2017			Instalments due after 31st March, 2017 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
From Banks	276	165	111	1 - 83
From Institutions	38	13	25	8 - 45
SUB TOTAL (B)	314	178	136	
GRAND TOTAL (A+B)	38,835	32,711	6,124	

19. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Assets		
Accrued expenses allowable on payment basis	531	416
Related to Unabsorbed Depreciation & losses	107	28
Allowance for Bad & Doubtful Debts	111	87
sub total (a)	749	531
Deferred Tax Liabilities		
Related to Property, Plant and Equipment and Intangible Assets	6,447	5,602
Others	32	-
SUB TOTAL (b)	6,479	5,602
Less : MAT Credit Entitlement (c)	1,443	660
DEFERRED TAX LIABILITIES (NET) (b)-(a)-(c)	4,287	4,411



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

A. Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 31st March, 2017	Recognized in P&L	Recognized in OCI	As at 31st March, 2018
(a) Deferred Tax Assets				
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
SUB-TOTAL (a)	531	255	(37)	749
(b) Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation / amortization for financial reporting	5,602	846	-	6,448
Others	-	31	-	31
SUB-TOTAL (b)	5,602	877	-	6,479
(c) MAT Credit				
MAT Credit Entitlement	660	-	-	660
MAT Credit Current Year	-	-	-	306
MAT Credit Earlier Year	-	-	-	477
SUB-TOTAL (c)	660	-	-	1,443
NET DEFERRED TAX LIABILITIES (b)-(a)-(c)	4,411	622	37	4,287

B. Amounts recognized in profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Current tax expense		
Current year	-	685
Earlier Years (Refer Note No. 37)	(2,484)	(780)
TOTAL	(2,484)	(95)
Deferred tax expense		
Origination and reversal of temporary differences	622	879
TOTAL	622	879
TOTAL TAX EXPENSE	(1,862)	784

C. Amounts recognized in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018		
	Before tax	Tax (Expense)/Income	Net of tax
Remeasurements of defined benefit liability	104	(37)	67
TOTAL	104	(37)	67

Amounts recognized in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2017		
	Before tax	Tax (Expense)/Income	Net of tax
Remeasurements of defined benefit liability	(37)	13	(24)
TOTAL	(37)	13	(24)

D. The income tax expenses for the year reconciled to the accounting profit as follows :

(₹ in Lakhs)

Particulars	2017-18	2016-17
Profit Before Tax	1,000	6,077
Applicable Tax Rate	34.61%	34.61%
Computed Tax Expense	346	2,103

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****D. The income tax expenses for the year reconciled to the accounting profit as follows :** (₹ in Lakhs)

Particulars	2017-18	2016-17
Tax effect of :		
Exempted income / Items Considered Separately	(66)	(3)
Expenses Disallowed	394	405
Additional Allowances	(862)	(1,895)
MAT Credit Entitlement	(271)	(228)
Current Tax Provision (Net of MAT Credit) (A)	(459)	382
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	704	907
Incremental Deferred Tax on account of Unabsorbed Business Losses	(82)	(28)
Taxes recognized in Statement of Profit & Loss (B)	622	879
Net Taxes (A+B)	163	1,261
Effective Tax Rate	16.30%	20.75%

20. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Loans Repayable on Demand from Banks		
Rupee Loans	31,418	27,880
Foreign Currency Loans	5,812	4,111
TOTAL	37,230	31,991

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 10.65% per annum, computed monthly.

20.3 Foreign Currency Loans carry floating interest rate LIBOR+1.10 to 2% per annum, computed monthly.

21. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade Payables - Other than MSME	15,094	10,223
TOTAL	15,094	10,223

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.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

22. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long term debt	7,079	6,124
Interest accrued but not due on borrowings	81	2
Unpaid Dividends #	25	30
Creditors for Capital Expenditure	679	1,058
Security Deposit	343	336
Liability towards Staff and Workers	1,621	1,169
Commission Payable on Sales	1,278	1,186
Liabilities for Expenses	2,788	2,815
TOTAL	13,894	12,720

There is no overdue amount to be credited to investor education & protection fund.

23. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Security Deposit	147	168
Advance from Customers	314	341
Liabilities for Expenses	94	92
Statutory Dues	307	271
TOTAL	862	872

24. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provisions for Employee Benefits	1,003	718
TOTAL	1,003	718

25. REVENUE FROM OPERATIONS

(₹ in Lakhs)

PARTICULARS	2017-18	2016-17
a) Sale of Products		
Finished Goods	1,51,991	1,48,791
Traded Goods	4,009	4,619
SUB TOTAL (a)	1,56,000	1,53,410
b) Sale of Services		
Job Processing	6,392	6,022
SUB TOTAL (b)	6,392	6,022
c) Other Operating Revenues		
Sale of Waste	920	584
Export Benefits / Incentives	1,526	2,800
SUB TOTAL (c)	2,446	3,384
TOTAL (a+b+c)	1,64,838	1,62,816

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****26. OTHER INCOME**

(₹ in Lakhs)

Particulars	2017-18	2016-17
Interest Income on Financial Assets at amortized cost		
from Customers	659	723
from Others	560	81
Other Non-Operating Income		
Export Growth Entitlement (Refer Note No. 38)	-	408
Insurance Claim Received	25	3
Net Gain on Foreign Currency Fluctuation	968	1,000
Profit on Sale of Property, Plant & Equipment (Net)	191	8
Miscellaneous Receipts	119	111
TOTAL	2,522	2,334

27. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	2017-18	2016-17
Raw Material Consumed	87,315	84,214
Consumption of Dyes & Chemicals	6,351	6,462
TOTAL	93,666	90,676

28. PURCHASES OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Stock in Trade – Yarn	1,191	1,437
Stock in Trade – Fabric	2,667	3,041
Stock in Trade – Readymade Garment	34	168
Stock in Trade – Seamless Garment	1	11
TOTAL	3,893	4,657

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Inventories at the end of the year		
Finished Goods	17,760	14,311
Work-in-Progress	6,118	6,252
TOTAL	23,878	20,563
Inventories at the beginning of the year		
Finished Goods	14,311	11,325
Work-in-Progress	6,252	4,959
TOTAL	20,563	16,284
(INCREASE) / DECREASE IN INVENTORY	(3,315)	(4,279)



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

30. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Salaries and Wages	16,203	14,734
Contribution to Provident and Other Funds	1,249	1,125
Staff Welfare Expenses	98	128
TOTAL	17,550	15,987

30.1 Net of Amount Capitalised (Refer Note No. 4)

31. FINANCE COSTS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Interest Expenses	5,659	6,007
Other Borrowing Costs	449	466
Loss / (Gain) on foreign currency transactions and translation (Considered as finance cost)	175	(114)
TOTAL	6,283	6,359
31.1 Net of Interest Capitalised (Refer Note No. 4)	262	474
31.2 Net of Interest Subsidy (TUF/RIPS)	1,146	772

32. DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	2017-18	2016-17
Depreciation on Tangible Assets	7,692	7,244
Amortization of Intangible Assets	17	16
TOTAL	7,709	7,260

33. OTHER EXPENSES

(₹ in Lakhs)

Particulars	2017-18	2016-17
A. Manufacturing Expenses		
Stores & Spares Consumed	3,363	3,367
Packing Material Consumed	2,033	1,907
Processing and Job Charges	1,875	3,106
Repairs To : Plant & Machinery	391	410
Repairs To : Building	78	85
Repairs To : Others	40	44
Misc. Manufacturing Expenses	1,580	1,341
SUB TOTAL (A)	9,360	10,260
B. Administrative Expenses		
Rent	205	207
Rates & Taxes	51	41
Payments to Auditors : Statutory Audit Fees	13	13
Taxation Matters	-	9
Reimbursement of Expenses	2	2
Cost Audit Fees	1	1
Insurance Premium	142	156
Directors' Travelling	18	35
Travelling & Conveyance	342	342
Telephone & Postage	87	96
Directors' Remuneration	389	471

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****33. OTHER EXPENSES**

(₹ in Lakhs)

Particulars	2017-18	2016-17
Printing & Stationery	42	46
Legal & Professional Fees	251	218
Vehicle Running & Maintenance	441	506
Director's Sitting Fees	10	8
Charity and Donations	11	13
Miscellaneous Expenses	217	177
Contribution towards CSR (Refer Note No. 46)	137	81
SUB TOTAL (B)	2,359	2,422
C. Selling & Distribution Expenses		
Sales Commission & Brokerage	1,600	1,764
Freight, Octroi and Other Selling Expenses	2,951	2,956
Allowance for Doubtful Debts	65	45
SUB TOTAL (C)	4,616	4,765
TOTAL (A+B+C)	16,335	17,447

34. OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	2017-18	2016-17
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	104	(37)
Tax relating to remeasurement of defined benefit plans	(37)	13
Total other comprehensive income for the period	67	(24)

35. EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	2017-18	2016-17
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ in Lakhs.	2,862	5,293
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 (₹)	7.26	13.43
iv) Face Value per equity share (₹)	10	10

36. The company had executed a toll user fee collection contract with NHAI for Usaka Toll Plaza in U.P. on N.H.25 which commenced on 9th March, 2013. However due to breach of contract terms and conditions by NHAI, resulting in continued losses, the company disputed and terminated the contract and went into arbitration. The losses incurred by the Company due to the said contract were fully provided in the earlier years. After due proceedings, the arbitrator has given award in favour of the Company during the 2015-16. Accordingly, the principal amount of the award of ₹ 1,247 Lakhs was recognised as income by the company and included in other income during 2015-16. NHAI has filed an appeal against the said Arbitration award in the Hon'ble Delhi High Court. On the basis of the arbitration award and legal counsel, the management is virtually certain that the matter will be decided in Company's favour. The case is yet to be decided by the Hon'ble Delhi High Court.

37. The Company is entitled to interest subsidy on certain term loans obtained under Technology Upgradation Fund Scheme ("TUFS") of Central Government and Incentive from Rajasthan Govt. under Rajasthan Investment Promotion Policy (RIPS) 2003, which has been hitherto claimed as revenue instead of capital receipt while computing the total income, however based on the judicial decisions the same has been now been claimed as capital receipt on the assessment / revised returns. The effect thereof on tax is included as earlier years tax adjustments ₹ 2,194 Lakhs (Previous Year ₹ 520 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.



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38. In the F.Y. 2010-11, The Company had written off ₹ 408 Lakhs export incentive receivable under the Target Plus Scheme related to 2005-06 due to Notification dated 12th June, 2006 by which Govt. reduced the incentive from 15% to 5% on incremental exports with retrospective effect from 01.04.2005. Subsequently based on the Hon'ble High Court Judgement passed on dated 5th May, 2016 with regard to Target Plus Scheme Scrips for the exports pertaining to the 2005-06 where by the Hon'ble High Court has ordered that incentive can not be withdrawn with retrospective effect. The Company had filed its claim in view of the said Hon'ble High Court judgement, Based on this The Company is entitled to receive the differential incentive and have therefore accounted for the same in previous Financial Year 2016-17.

39. DISCLOSURE OF RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 " RELATED PARTY DISCLOSURES

(A) Details of Related Parties

1 Key Managerial Personnel (KMP)

Shri R.P. Soni
Shri S.N. Modani
Shri V.K. Sodani
Shri Anil Jain

2 Non Executive Director/ Independent Director

Shri Ramawatar Jaju
Shri Achintya Karati
Shri T.K. Mukhopadhyay
Ms. Seema Srivastava

3 Relatives of Key Managerial Personnel (KMP)

Smt. Radha Devi
Smt. Mamta Modani
Smt. Archana Sodani
Smt. Anjana Thakur
Smt. Antima Bass
Shri Anurag Soni
Shri Pranal Modani

4 Other Related Parties

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)

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****(B) Disclosure of related party transactions:**

(₹ in Lakhs)

Sr. No.	Nature of transaction/relationship/major parties	Relationship	2017-18 Amount	2016-17 Amount
1	Purchase of goods & services (including commission paid)			
	(a) Purchase of Service			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	12	54
	(b) Purchase of Capital Goods			
	Mahalaxmi TMT Private Limited	Other Related Parties	90	140
2	Sale of goods/contract revenue & services			
	(a) Sale of Goods			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	237	1,370
	Fashion Funda.Com Private Limited	Other Related Parties	-	1
	(b) Sale of Services			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	4	70
3	Rent paid			
	Smt. Radha Devi	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	7
	Sh. R. P. Soni HUF	Other Related Parties	6	6
4	Rent received			
	Fashion Funda.Com Private Limited	Other Related Parties	-	1
5	Interest received from			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	19	59
6	Insurance paid for			
	(a) Key Managerial Personnel			
	Shri S.N. Modani		4	9
	Shri V.K. Sodani		3	-
	(b) Relatives of Key Managerial Personnel			
	Shri Anurag Soni		-	5
7	Compensation paid to key managerial personnel:			
	Remuneration			
	(1) Short-term employment benefits / Salary			
	(i) Key Managerial Personnel			
	Shri R.P. Soni		196	181
	Shri S.N. Modani		109	99
	Shri V.K. Sodani		47	38
	Shri Anil Jain		32	33
	(ii) Relatives of Key Managerial Personnel			
	Shri Anurag Soni		43	36
	Smt. Antima Bass		9	-
	Shri Pranal Modani		32	28
	(2) Director Sitting fees			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		5	4
	Shri T.K. Mukhopadhyay		3	3
	Ms. Seema Srivastava		1	-



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TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(B) Disclosure of related party transactions:

(₹ in Lakhs)

Sr. No.	Nature of transaction/relationship/major parties	Relationship	2017-18	2016-17
	(3) Post-employment benefits		-	-
	(4) Commission			
	Shri R.P. Soni		16	68
	Shri S.N. Modani		15	67
	Shri V.K. Sodani		4	17
8	Expenditure Incurred in CSR			
	(i) M/S Badri Lal Soni Charitable Trust (Director is trustee)	Other Related Parties	80	23
	(ii) M/S Kesar Bai Soni Charitable Trust (Director is trustee)	Other Related Parties	21	21

(C) Amount due to/from related parties:

(₹ in Lakhs)

Sr. No.	Nature of transaction/relationship/major parties	Relationship	2017-18	2016-17
			Amount	Amount
1	Trade Receivables			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	22
3	Advance Agst. Capital Expenditure			
	Mahalaxmi TMT Private Limited	Other Related Parties	-	227

40. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

Sr. No.	Particulars	2017-18	2016-17
(I) Contingent Liabilities:			
(a) Guarantees:			
	Outstanding Bank Guarantees (Excluding Financial Guarantees)	426	425
(b) Other Money for which the Company is Contingently Liable:			
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).	940	318
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	28
5	Disputed Vat Liability Under The Rajasthan Value Added Tax Act, 2003 In Respect Of :		
	5.1 Input Tax Credit Not Reversed Properly.	94	94
	5.2 VAT with RIPS Incentive on Exports.	341	341
	5.3 Incentive Benefit Calculation Procedure.	35	35
6	Disputes on various Tolls for which Company is contingently liable.	243	243
(II) Commitments:			
(a)	Estimated amount of contracts (net of advances) remaining to be executed on capital and not provided for.	2,460	2,816
(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 31st march, 2024. In the event of non-fulfillment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	2,806	11,795

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****41. 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.

(₹ in Lakhs)

Particulars	2017-18	2016-17
(b) Revenues		
Domestic	1,20,751	1,20,399
Export	44,087	42,417
TOTAL	1,64,838	1,62,816

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.

42. 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)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Contribution to Government Provident Fund	869	839

(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.



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TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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 31st March, 2018. 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.

- 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:

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave encashment	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Net Defined Benefit (Liability) / Asset	790.81	556.67	212.12	160.96
Non-Current	-	-	-	-
Current	790.81	556.67	212.12	160.96

- 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:

CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(₹ in Lakhs)

Particulars	Gratuity (Funded)				Leave Encashment (Funded)			
	31st March, 2018		31st March, 2017		31st March, 2018		31st March, 2017	
	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
Balance As At 1 April	1,407.47	850.80	556.67	1,123.22	776.18	347.04	404.51	243.55
Included In Profit Or Loss								
Current Service Cost	321.34		321.34	297.32		297.32	256.21	235.90
Interest Cost (Income)	98.98		98.98	84.58		84.58	27.24	24.28
TOTAL	420.32	-	420.32	381.90	-	381.90	283.45	-
Included In Oci								
Remeasurements Loss (Gain)								
Actuarial Loss (Gain) Arising From:								
- Demographic Assumptions	-		-	-		-	-	-
- Financial Assumptions	(40.59)		(40.59)	83.91		83.91	(11.64)	23.09
- Experience Adjustment	(65.30)		(65.30)	(49.68)		(49.68)	(125.28)	(139.81)
- On Plan Assets		(1.51)	1.51	6.00		6.00	1.02	(1.60)
TOTAL	(105.89)	(1.51)	(104.38)	34.23	(6.00)	40.23	(136.92)	(1.60)
Other								
Contributions Paid By The Employer		23.36	(23.36)		147.05	(147.05)		86.32
Benefits Paid	(154.08)	(154.08)	-	(131.88)	(131.88)	-	(84.89)	(84.89)
Expected Return On Plan Assets		58.44	(58.44)		65.45	(65.45)		18.83
TOTAL	(154.08)	(72.28)	(81.80)	(131.88)	80.62	(212.50)	(84.89)	20.26
Balance As At 31 March	1,567.82	777.01	790.81	1,407.47	850.80	556.67	404.51	243.55
								160.96



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

C. Plan assets (₹ in Lakhs)		
Particulars	31st March, 2018	31st March, 2017
Fund Managed by Insurer	100%	100%
TOTAL	100%	100%

D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	31st March, 2018	31st March, 2017
Discount Rate	7.67%	7.44%
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.

Particulars	Gratuity				Leave Encashment			
	31st March, 2018		31st March, 2017		31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,409.14	1,758.84	1,263.38	1,581.21	428.42	529.63	364.29	451.66
Expected rate of future salary increase (1% movement)	1,759.06	1,406.54	1,582.90	1,259.69	529.65	427.70	452.12	363.28

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.

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)****G. Expected maturity analysis of the undiscounted gratuity benefits is as follows**

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Duration of defined benefit payments		
Less than 1 year	95.65	83.06
Between 1-2 years	68.58	61.41
Between 2-5 years	533.96	333.12
Over 5 years	1,426.85	1,335.46
TOTAL	2,125.04	1,813.05

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 19.19 to 19.78 years (31st March, 2017: 19.57 years)

43. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**Fair value measurements Hierarchy**

(₹ in Lakhs)

Particulars	As at 31st March, 2018				As at 31st March, 2017			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets								
At Amortized Cost								
Investments	585	-	-	-	585	-	-	-
Other Non-Current Financial Assets	666	-	-	-	598	-	-	-
Trade Receivables	31,790	-	-	-	25,498	-	-	-
Cash and Cash Equivalents	64	-	-	-	535	-	-	-
Bank Balances other than Above	104	-	-	-	34	-	-	-
Other Current Financial Assets	5,833	-	-	-	4,698	-	-	-
TOTAL	39,042	-	-	-	31,948	-	-	-
Financial Liabilities								
At Amortized Cost								
Borrowings	34,430	-	-	-	32,711	-	-	-
Short Terms Borrowings	37,230	-	-	-	31,991	-	-	-
Trade Payables	15,094	-	-	-	10,223	-	-	-
Other Current Financial Liabilities	13,984	-	-	-	12,720	-	-	-
At Fair Value Through P&L								
Other Current Financial Liabilities	(90)	-	(90)	-	-	-	-	-
TOTAL	1,00,648	-	(90)	-	87,645	-	-	-

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.



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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.

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 & Other Receivable

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

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

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 ₹ 32,087 Lakhs (31st March, 2017 – ₹ 25,730 Lakhs).

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

Reconciliation of loss allowances provision - Trade Receivables			(₹ in Lakhs)
Particulars	31st March, 2018	31st March, 2017	
Opening Balance	232	186	
Changes In Loss Allowance	65	46	
CLOSING BALANCE	297	232	

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.

(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.

Particulars	Carrying Amount	Contractual cash flows				(₹ in Lakhs)
	31st March, 2018	Total	Within 1 Year	1–5 Years	More than 5 Years	
Non-derivative financial liabilities						
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	-	-	
Total Non-Derivative Liabilities	1,00,648	1,00,648	66,218	29,393	5,037	
Derivatives (net settled)						
Foreign exchange forward contracts	-	-	-	-	-	
Total Derivative Liabilities	-	-	-	-	-	



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(₹ in Lakhs)

Particulars	Carrying Amount	Contractual Cash Flows			
	31st March, 2017	Total	Within 1 Year	1-5 years	More than 5 years
Non-Derivative Financial Liabilities					
Borrowings	32,711	32,711	-	30,515	2,196
Short Term Borrowings	31,991	31,991	31,991	-	-
Trade Payables	10,223	10,223	10,223	-	-
Other Current Financial Liabilities	12,720	12,720	12,720	-	-
Total Non-Derivative Liabilities	87,645	87,645	54,934	30,515	2,196
Derivatives (Net Settled)					
Foreign Exchange Forward Contracts	-	-	-	-	-
Total Derivative Liabilities	-	-	-	-	-

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.

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)

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	USD	EUR	USD	EUR
Financial Instruments				
Trade Receivables	121	2	86	11
Trade Payables	-	-	(4)	-
Borrowings	-	-	-	-
Derivatives - Forward Contracts	(317)	(7)	(235)	(15)
Net Statement of Financial Position Exposure	(196)	(5)	(153)	(4)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31st 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.

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

(₹ in Lakhs)

Particulars	Profit or loss	
	Strengthening	Weakening
31st March, 2018		
USD (1% movement)	(128)	128
EUR (1% movement)	(4)	4
31st March, 2017		
USD (1% movement)	(99)	99
EUR (1% movement)	(3)	3

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.

(₹ in Lakhs)

Particulars	Nominal Amount	
	31st March, 2018	31st March, 2017
Fixed-rate instruments		
Financial Assets	-	-
Financial Liabilities	322	314
TOTAL	322	314
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	41,187	38,521
TOTAL	41,187	38,521

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
31st March, 2018		
Variable-Rate Instruments	(412)	412
Cash Flow Sensitivity	(412)	412
31st March, 2017		
Variable-Rate Instruments	(385)	385
Cash Flow Sensitivity	(385)	385

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.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

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

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
Foreign Currency Risk					
Forward Contracts	15,222	(90)	(90)	April 2018 to February 2019	Other Current Financial Liabilities

Hedged Items

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
Foreign Currency Risk			
Trade Receivables	31,790	-	Financial Assets - Trade Receivables

44. FIRST TIME ADOPTION OF IND AS

As stated in Note 3 these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3.1 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS statement of financial position at 1st April, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amount reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and Exceptions available:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

(ii) Investment in Subsidiaries, Joint Ventures and Associates

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in Subsidiaries, Joint Ventures and Associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has opted to measure all of its investments in Associates at their previous GAAP carrying value.

B. Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 31st March, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile Equity, Total Comprehensive Income and Cash Flow for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(₹ in Lakhs)				
Reconciliation of Equity				
Particulars	Notes to First time Adoption	As at 31st March 2017		
		Previous GAAP*	Adjustments	Ind AS
Assets				
Non Current Assets				
Property, Plant and Equipment		65,397		65,397
Capital Work-in-Progress		1,098		1,098
Intangible Assets		69		69
Financial Assets				
(i) Investments		585		585
(ii) Other Financial Assets		593	5	598
Other Non-Current Assets		1,218	(5)	1,213
Current Assets				
Inventories		36,077		36,077
Financial Assets				
(i) Trade Receivables		25,498		25,498
(ii) Cash and Cash Equivalents		535		535
(iii) Bank Balances Other Than (ii) Above		34		34
(iv) Other Current Financial Assets		4,698		4,698
Current Tax Assets (Net)		1,248	(660)	588
Other Current Assets		6,450		6,450
TOTAL ASSETS		1,43,500		1,42,840

(₹ in Lakhs)				
Particulars	Notes to First time Adoption	As at 31st March 2017		
		Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		3,942		3,942
Other Equity		45,252		45,252
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings		32,711		32,711
Deferred Tax Liabilities (Net)	2	5,071	(660)	4,411
Current Liabilities				
Financial Liabilities				
(i) Borrowings		31,991		31,991
(ii) Trade Payables		10,223		10,223
(iii) Other Financial Liabilities		12,720		12,720
Other Current Liabilities		872		872
Provisions		718		718
Current Tax Liabilities (Net)		-		-
TOTAL EQUITY AND LIABILITIES		1,43,500		1,42,840

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017 (₹ in Lakhs)

Particulars	Notes to First time Adoption	31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS
INCOME				
Revenue From Operations		1,59,113	3,703	1,62,816
Other Income		2,334		2,334
TOTAL INCOME		1,61,447	3,703	1,65,150
EXPENSES				
Cost Of Materials Consumed		90,676		90,676
Purchases of Traded Goods		4,657		4,657
Changes In Inventories of Finished Goods, Work-In-Progress And Stock-in-Trade		(4279)		(4279)
Excise Duty on Sale of Goods	3	-	3,673	3,673
Employee Benefits Expense	1	16,024	(37)	15,987
Power & Fuel		17,293		17,293
Finance Costs		6,359		6,359
Depreciation and Amortization Expense		7,260		7,260
Other Expenses		17,417	30	17,447
TOTAL EXPENSES		1,55,407	3,666	1,59,073
Profit Before Exceptional Item And Tax		6,040	37	6,077
Exceptional Items		-		-
Profit Before Tax		6,040	37	6,077
Tax Expenses				
Current Tax		685		685
Deferred Tax		866	13	879
Tax Expense for Earlier Years		(780)		(780)
Profit for the Year		5,269	24	5,293
Other Comprehensive Income	4			
Items that will not be reclassified to Profit or Loss				
Remeasurement of Defined Benefit Plans		-	(37)	(37)
Tax Relating to Remeasurement of Defined Benefit Plans		-	13	13
Total Other Comprehensive Income for the Period		-	(24)	(24)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,269	-	5,269

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of Other Equity as at 31st March, 2017 (₹ in Lakhs)

Particulars	Notes to First time Adoption	As at 31st March, 2017
Other Equity as per previous GAAP		45,252
Adjustments:-		
Impact due to reversal of Proposed Dividend		-
TOTAL EQUITY AS PER IND AS		45,252

Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017 (₹ in Lakhs)

Particulars	Notes to First time Adoption	As at 31st March, 2017
Profit after Tax under previous GAAP		5269
Adjustments:-		
Remeasurements of post Employment Benefits Obligations		37
Tax Effects of Adjustments		(13)
Profit After Tax as per Ind AS		5293
Other Comprehensive Income	4	(24)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5269



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

D. NOTES TO FIRST TIME ADOPTION

1 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended 31st March, 2017 increased by ₹ 24 Lakhs. There is no impact on the total equity as at 31st March, 2017.

2 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

3 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented as expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2017 by ₹ 3,673 Lakhs. There is no impact on the total equity and profit.

Fair valuation of derivatives

The company has taken forward contracts to hedge foreign currency receivables/payable. Under previous GAAP, AS 11 accounting was followed to account for these contracts. Under Ind AS all these derivatives has been valued at fair value as per Ind AS 109.

4 Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

45. 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 31st March, 2018	As at 31st March, 2017
Sangam Lifestyle Ventures Limited	India	100%	100%

(₹ in Lakhs)

- 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 (Rs. in Lakhs)	As a % of Consolidated Total Comprehensive Income	Amount (Rs. in Lakhs)
Parent : Sangam India Limited	100.74%	51550	106.38%	3045	102.98%	69	106.31%	3114
Subsidiary : Sangam Lifestyle Ventures Limited	-0.62%	(315)	-8.94%	(256)	-1.49%	(1)	-8.77%	(257)
Sub Total		51235		2789		68		2857
Inter - Company Elimination & Consolidation Adjustments	-0.12%	(60)	2.56%	73	-1.49%	(1)	2.46%	72
Grand Total	100.00%	51175	100.00%	2862	100.00%	67	100.00%	2929

**CONSOLIDATED NOTES****TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)**

- 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.	Particulars	
	Name of Subsidiary Company	Sangam Lifestyle Ventures Limited
1	The date since which Subsidiary was incorporated & acquired	14.06.2016
2	Reporting Currency	INR
3	Equity Share Capital	5
4	Other Equity	(320)
5	Total Assets	905
6	Total Liabilities	1220
7	Investments	-
8	Revenue From Operations / Total Income	684
9	Profit Before Taxation	(338)
10	Provision For Taxation	(82)
11	Profit After Taxation	(256)
12	Other Comprehensive Income	(1)
13	Total Comprehensive Income	(257)
14	% Of Shareholding	100%

46. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) The Gross amount required to be spent by the Company during the year	164	162

- b) The Details of the amount spent during the year on CSR activities as follow. (₹ in Lakhs)

Particulars	Expenditure incurred in Cash As at 31st March, 2018	Expenditure incurred in Cash As at 31st March, 2017
Construction / acquisition of any asset	-	-
On purpose other than (i) above	137	81
TOTAL	137	81

- c) Out of above ₹ 80 Lakhs (Previous Year ₹ 23 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 21 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 31st March, 2018	As at 31st March, 2017
Environmental Sustainability	20	22
Promoting Education	60	1
Promoting Health Care	-	17
Eradication Hunger, Poverty And Malnutrition	21	4
TOTAL	101	44



CONSOLIDATED NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

47. STANDARD ISSUED BUT NOT EFFECTIVE

On 28th March, 2018 the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April, 2018

(a) Issue of Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- ii. Ind AS 40 - Investment Property
- iii. Ind AS 12 - Income Taxes
- iv. Ind AS 28 - Investments in Associates and Joints and
- v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

48. 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.

49. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 30th May, 2018.

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

(Akshay R. Shah)
Partner
Membership No.103316
Camp : Bhilwara
Date: 30th May, 2018

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

(O. P. Dad)
Partner
Membership No.035373
Place : Bhilwara
Date: 30th May, 2018

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)		



SANGAM (INDIA) LIMITED

NOTES

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SANGAM (INDIA) LIMITED

NOTES

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CORPORATE INFORMATION

AUDITORS

Rajendra & Co.

Mumbai

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

Tel No.: 01482 - 305000 - 05

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

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Bhilwara - 311001, Rajasthan, India