



Value through values

# DRIVING VALUE FOR A **BETTER** **TOMORROW**

**SANGAM (INDIA) LIMITED**  
**ANNUAL REPORT**  
**2019-20**

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

Or simply scan to download



### Investor information

Market Capitalization	: ₹ 143.89 Crores
as at 31st March, 2020	
BSE Code	: 514234
NSE Symbol	: SANGAMIND
AGM Date	: Saturday, 28th November, 2020
AGM Mode	: Video Conferencing/Other Audio Visual Means (OAVM)
Dividend declared	: ₹ 1 per share i.e. 10%

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 a 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 section of this Annual Report.

Throughout our 35 year legacy, we have endeavored to create fabrics and textures that deliver a greater value every time. Even amid the testing times, our agility and strong foundation has helped us emerge stronger and create a

## **BETTER TOMORROW.**

At Sangam (India) Limited, we continue to create customer delight through our value-added yarns, fabrics and garments. Our focus on finesse has allowed us to better respond to the rapidly changing textile landscape and deliver market-leading quality and customer experience.

Through our manufacturing excellence and innovation, we have enhanced our industry position and strengthened our brand equity. Our global network, advance manufacturing facilities and wide-spread distribution channels have helped us increase footprints across the globe. We are always at the forefront of developing and sustaining quality offerings and in turn, greater value for all our stakeholders.





## SANGAM (INDIA) LIMITED

# Our Identity

Founded in 1985, under the exemplary leadership of Shri R. P. Soni, Sangam (India) Limited (referred to as 'Sangam' or 'the Company' in the Report) is the flagship Company of the Sangam Group. The Sangam Group has an extensive presence in textile, steel, real estate power and energy sector. Today, Sangam is known as the largest manufacturer of PV-dyed yarn across the Asian region.

Sangam is an integrated textile player with product offerings across the value chain such as yarn, woven fabric, denim fabric and garments. The Company has world-class manufacturing facilities located at Bhilwara and Chittorgarh in Rajasthan. Sangam's textile solutions are distinguished by its unmatched quality which is a testament to its research and development prowess, manufacturing efficiencies and strong understanding of consumer preferences.

### OUR OFFERINGS

Our comprehensive product offerings enable us to cater a wide section of customers across geographies.

- PV BLENDED DYED/GREY YARN
- COTTON SPUN YARN
- COTTON OPEN END YARN
- TEXTURIZED YARN
- INDIGO ROPE DYED YARN
- SYNTHETIC BLENDED FABRIC
- COTTON KNITTED FABRIC
- DENIM FABRIC
- FABRIC PROCESSING
- GARMENT PROCESSING
- SEAMLESS GARMENTS
- READYMADE GARMENTS

About **25%**  
Indian market share in the  
PV dyed yarn segment

₹ **1,783** Crores  
Revenue for 2019-20

₹ **167** Crores  
Net Operating EBITDA  
for 2019-20

**84,500** MTPA  
Yarn production capacity

**78** MMPA  
Fabric production capacity

**9,500+**  
Employees

**50+** Countries  
Export presence

Note: MTPA: Metric ton per annum  
MMPA: Million Meter per annum  
EBIDTA: Earnings before interest, depreciation,  
taxes and amortization

**Jangam House**



Value through values

SANGAM (INDIA) LIMITED

# Chairman's Message



“

On the back of our resilient business model and operational efficiencies, we continued to drive value for our stakeholders during the year. We remained steadfast on delivering the best quality and sustainable textile solutions, leading to a better tomorrow for everyone.

”

## Dear Shareholders,

I am pleased to present you the 34<sup>th</sup> Annual Report of the Company and share my thoughts on the key highlights of the year 2019-20. With the spread of the global pandemic COVID-19, towards the end of the year, the world witnessed profound changes. These uncertain times have posed challenges of lives, livelihood and businesses. I sincerely hope for you and your family's safety and well-being.

To ensure the safety of our workforce during these testing times, we implemented timely and adequate measures. On the back of our resilient business model and operational efficiencies, we continued to drive value for our stakeholders during the year. We remained steadfast on delivering the best quality and sustainable textile solutions, leading to a better tomorrow for everyone.

At a global level, we witnessed rising trade barriers, geopolitical tensions, climate-related disasters and subdued economic activities. The Indian economy had been experiencing a challenging period even before the onset of COVID-19. The Government of India, along with the RBI, implemented several measures to recover the growth trend. However, the COVID-19 outbreak, at the end of the financial year, compelled the Government to enforce a nationwide lockdown. As a result, nearly all economic activities came to a grinding halt.

The Government and RBI promptly intervened by announcing various measures to reduce the impact of the pandemic. The Government also announced a financial package of various relief measures under the 'Atmanirbhar Abhiyan' initiative. These policy measures are likely to support India's growth revival in the coming years.

The textile environment has continued to be challenging on account of multiple headwinds over the past few years. Moreover, the lockdown, imposed owing to the pandemic, resulted in demand slowdown, inventory pile up and weak export numbers. However, competitive manufacturing cost structure, integrated supply chain capabilities and supportive Government policies will work in favour of the textile players in the future.

During the year under review, the net revenue of the Company stood at ₹ 1,783 Crores. Net EBIDTA and Net Profit were registered at ₹ 167 Crores and ₹ 13 Crores, respectively, in 2019-20. The pandemic-induced lockdown impacted the Company's manufacturing activities to a certain extent.

At Sangam, we deeply understand changing customer aspirations and lifestyle trends. Our major focus has been on development of the best quality yarn, fabrics and readymade garments with global scale manufacturing capacity and

innovation. Our robust foundation, rich expertise and wide presence has improved our competitiveness across the globe. In our quest to deliver unprecedented styles, comfort and complete textile solutions, we focus on giving the customers an extraordinary brand experience. With our flagship brand, C9 Airwear, we continue to cater the rising demand for seamless garments and build a solid customer base.

Our employees remain the cornerstone of our growth journey. We remained committed to our shared value strategy and creating a positive social impact while delivering business value for the Company.

Going forward, we will continue to focus on cost efficiencies, quality control, market penetration and technology upgradation. We will also concentrate on expanding the value-added product portfolio by focusing more on innovation in line with customer needs. Our proven execution capabilities and value accretive business model have provided a strong foundation to achieve our targets and consistently deliver value to our customers.

I am truly grateful for the guidance from our Directors and the Management team. I thank our employees for their pivotal role in the success of the Company. Lastly, I express my gratitude towards our customers, investors, suppliers and other stakeholders for their unwavering support and faith. We look forward for innovative and exciting ways to bring sustainable growth and value for everyone.

Best Wishes,

**R. P. Soni**

Chairman

# Focused on Consistent Value Creation

Our value creation model describes our key enablers and resources to deliver maximum output and value for the stakeholders.

## INPUTS

## VALUE ENABLERS



### Financial Capital

Effective utilization of funding available in the form of equity capital and debt

- **Total Equity:** ₹ 533.24 Crores
- **Net Debt:** ₹ 633.94 Crores



### Manufactured Capital

The physical infrastructure, ultra-modern equipment, information technology systems and outlets

- State-of-the-art spinning, weaving, processing and seamless garments units across five locations



### Brand Capital

Renowned brands that offer trendy designs and textures for great comfort

- Sangam Yarns
- Sangam Suitings
- Sangam Denims
- C9 Airwear



### Intellectual Capital

R&D expertise and knowledge within the Company with streamlined processes

- Robust R&D spend over the years



### Human Capital

Employee skills, capabilities, and experience with an inspiring work culture

- 9,500+ talented pool of employees



### Social and Relationship Capital

Strong and lasting relationships with key stakeholders including customers, distributors, suppliers, business partners and communities

- Various community development initiatives
- Stakeholder engagement initiatives

### VISION

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

### MISSION

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

### VALUES

#### Commitment:

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

#### Integrity:

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

#### Professionalism:

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

#### Quality:

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

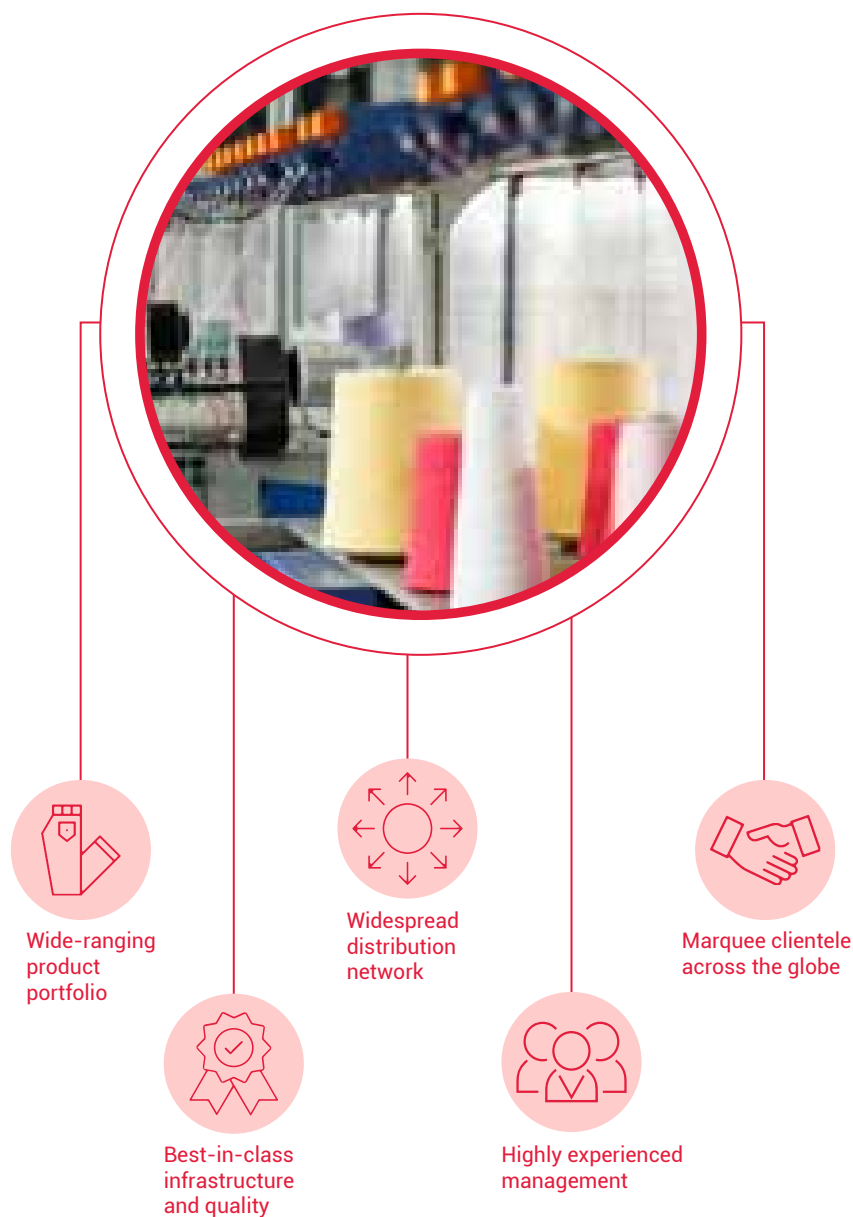
#### Adaptability:

We remain steadfastly adaptable to the changing environment.



## STRATEGIC ENABLERS

## OUTPUT

**Financial Capital**

- Revenue: ₹ 1,783 Crores
- Net EBIDTA: ₹ 167 Crores
- Dividend declared: ₹ 1 per share i.e. 10%

**Manufactured Capital**

- One of the leading manufacturers of yarn, fabrics and seamless garments
- Multibrand outlet, enabling a convenient experience for customers

**Brand Capital**

- Seamless garments for women including air wear, leisure wear, casual wear, active wear, inner wear and shape wear, among others
- Exceptional quality fabric resulting in customer delight

**Intellectual Capital**

- Entry into new business segments such as seamless garments
- Innovation-led approach with global standard quality control

**Human Capital**

- Enabling a specialized and knowledgeable workforce
- Low attrition rate

**Social & Relationship Capital**

- Strong relationship with key stakeholders
- Enriching lives of the underprivileged community members



# Financial Capital:

## Driving Value Through Performance

At Sangam, we ensure judicious allocation of financial resources, efficient working capital management, and cost optimization to deliver sustainable growth for our shareholders.

### Key Financial Highlights for 2019-20

#### NET TURNOVER

(₹ in Crore)

2019-20	1,783
2018-19	1,874
2017-18	1,638
2016-17	1,594
2015-16	1,504

#### OPERATING EBIDTA

(₹ in Crore)

2019-20	167
2018-19	168
2017-18	134
2016-17	183
2015-16	233

#### NET PROFIT

(₹ in Crore)

2019-20	13
2018-19	16
2017-18	30
2016-17	55
2015-16	77

#### EARNING PER SHARE

(in ₹)

2019-20	3.4
2018-19	4.0
2017-18	7.7
2016-17	13.9
2015-16	19.5

#### DEBT TO EQUITY RATIO

(X)

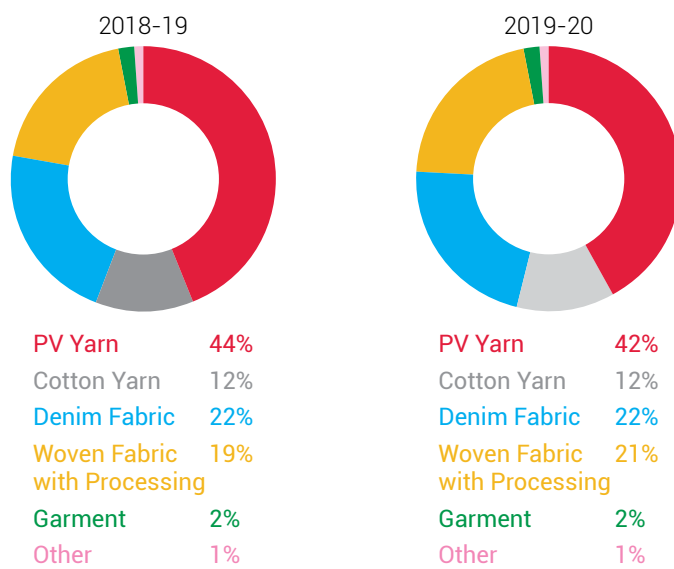
2019-20	1.19
2018-19	1.34
2017-18	1.53
2016-17	1.43
2015-16	1.44

#### RETURN ON CAPITAL EMPLOYED

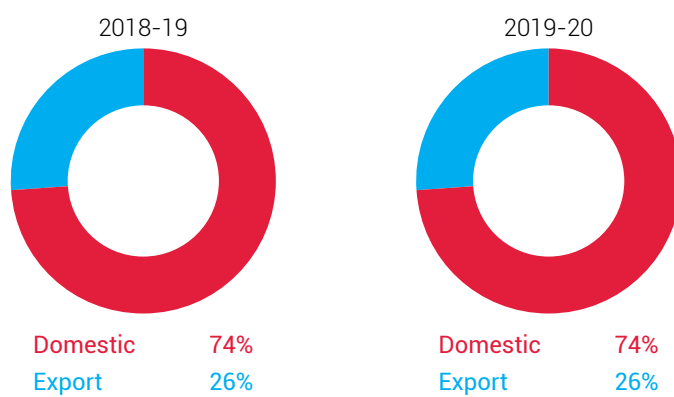
(%)

2019-20	11.53
2018-19	10.90
2017-18	8.45
2016-17	12.79
2015-16	18.06

### PRODUCT-WISE REVENUE



### GEOGRAPHY-WISE REVENUE





SANGAM (INDIA) LIMITED

# **Manufactured Capital:** **Driving Value** **through Balanced** **Capacities**



Our robust manufacturing infrastructure acts as a key strength of our organization that we efficiently deploy throughout our value chain to ensure the best-in-class textile products for our customers globally.

With an integrated manufacturing presence, we optimally utilize our in-house yarn and fabrics to deliver superlative products. We have installed the latest machinery with state-of-the-art technology suitable for spinning, weaving and fabrics processing. The superior quality of our PV-dyed yarns, fabrics and seamless garments is a result of sustained investments in building strong capacities over the years.

### Our Sturdy Manufacturing Facilities

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





SANGAM (INDIA) LIMITED

## Brand Capital:

# Driving Value by Offering the Latest Style and Trends

**3.6** Mn pieces  
Seamless garment knitting  
production capacity per annum

### Our Renowned Brands

Sangam Yarns

Sangam Suitings

Sangam Denims

C9 Airwear

Driven by the evolving needs of today's customers, we have created a plethora of innovative product offerings through our operational excellence. We are focused on delivering a unique experience for our customers, based on our growing brand capital.

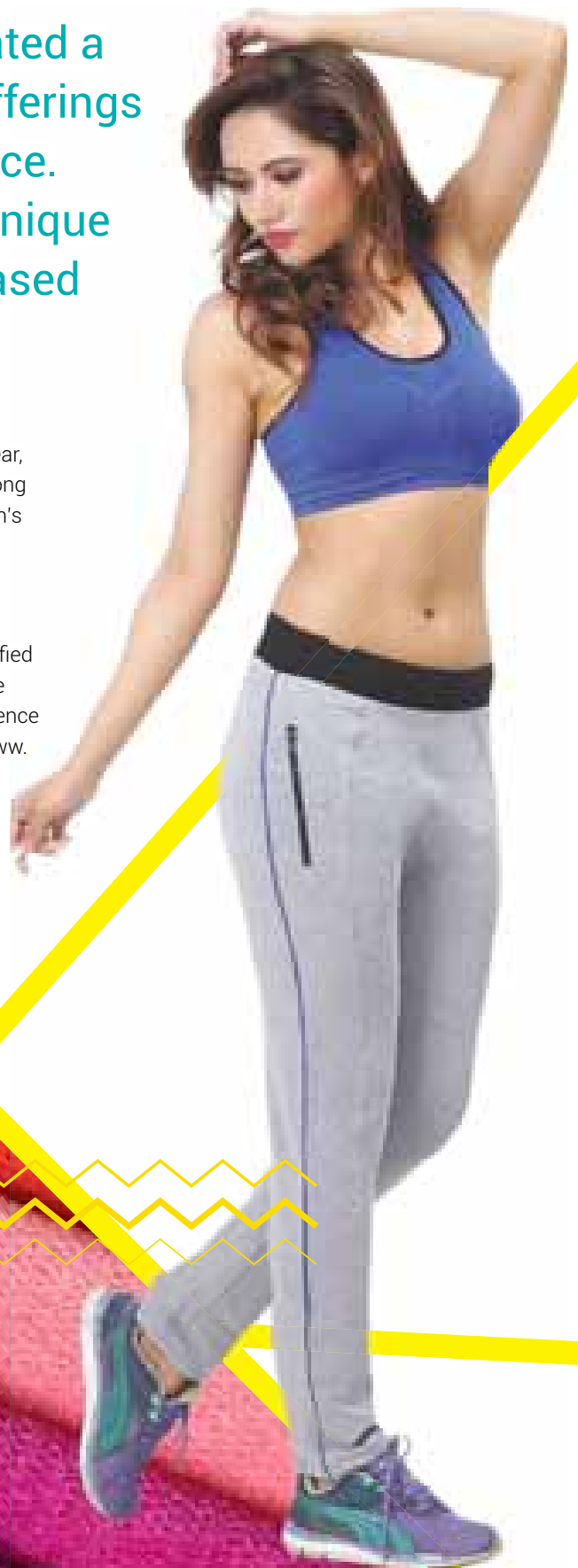
Our celebrated brand C9 Airwear offers high-quality active wear and seamless garments for women. It offers products such as intimate wear, shape wear, active wear, leisure wear, yoga wear and casual wear, among others. Our brand C9 Airwear has continuously fulfilled modern women's preferences by creating delightful and distinct experiences.

### Our Omnichannel Distribution Capabilities

In order to reach a large number of fashion consumers, we have amplified our digital strengths and deepened our omnichannel presence over the years. Our online and offline channels offer an exclusive buying experience to our C9 Airwear customers. C9 Airwear has an online presence at [www.c9airwear.com](http://www.c9airwear.com) and various other e-commerce portals such as Flipkart, Amazon, Myntra, Jabong and Snapdeal, among others.

### The Airwear Technology Edge

- Seamless Technology
- 4-way Stretch
- Breathable Fabric
- Anti-chafing
- Rapid Dry





## Intellectual Capital: Driving Value through Innovation and Quality

Innovation has been one of our key cornerstones fuelling our growth journey over the years. By constantly adapting to the changing customer aspirations, our intellectual capital underpins our vision to continuously bring better designs, textures and quality for our customers.

Our proficient team deeply understands customer requirements and develops fabrics and garment designs following the global fashion trends. Through our creative edge in a highly competitive textile industry, along with cutting-edge technology and strong research and development, we have always ensured reliable textile solutions.





## Human Capital: Driving Value through our Talent Pool

**At Sangam, our people are the most treasured asset. The skills and experience of our human capital enable us to efficiently execute our strategic goals and deliver the best experience to our customers.**

We encourage our employees to develop their skills and capabilities to drive the shared organizational objectives. Our conducive and positive work environment and people development practices support the employees' personal and professional growth journeys. We have curated diverse learning modules that are easily accessible to our employees. Through several employee engagement programmes, we offer various platforms where the employees can openly communicate with each other and the Management.

In the light of the COVID-19 pandemic, we have initiated 'work from home' modules for our employees. We took proactive measures to ensure employee safety across our operations, enhance employee engagement and enable a consistent flow of information and communication.

## Social and Relationship Capital: Driving Value by Creating a Social Impact

Sangam believes in the power of well-designed sustainable initiatives to create a social impact. Our programs are focused around education, healthcare management, and environment preservation.

### Education

- Started 'Sangam University' in the year 2012-13 to impart quality education to children, as per Rajasthan State Legislative Assembly Act No. 12 of 2012, recognized by UGC under the UGC Act, 1956
- Established the Institute of Technology and Management for Engineering and MBA to facilitate higher education for aspiring students
- Laid grounds of the Sangam School of Excellence, an ISO 9001:2008 certified school that has modern education facilities and is also affiliated with CBSE and IB (IGCSE)

### Healthcare

- Set up Smt. Kesar Bai Soni Memorial Hospital & Research Centre with the latest healthcare and telemedicine facilities for patients

### Environment

- Placed an effluent treatment plant and water conservation facility near the Company's manufacturing plants
- Being focused on conserving the environment, the Company also placed 5 MW wind energy and 13 MW solar energy plant



# Driving Value by Enhancing Relationships

By working effectively with our stakeholders, we contribute towards an improved stakeholder experience and enhance our supply chain.

Stakeholders	Needs and expectations	Mode of engagement
Customers	<ul style="list-style-type: none"> <li>• Reliable textile products</li> <li>• Superior quality with latest designs and trends</li> <li>• Excellent customer experience</li> </ul>	<ul style="list-style-type: none"> <li>• Online and in-store experiences, feedback surveys</li> <li>• Exhibitions, trade fairs and events</li> <li>• Customer meets, direct visits</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Ethical and sustainable business model</li> <li>• Return on investment</li> <li>• Transparent and timely reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations</li> <li>• Roadshows and meetings</li> <li>• Various other forums</li> </ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"> <li>• Compliance with regulations</li> <li>• Responsible and ethical business operations</li> </ul>	<ul style="list-style-type: none"> <li>• Industry relevant meetings</li> <li>• Written communication</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community welfare</li> <li>• Proactive engagement towards social issues</li> </ul>	<ul style="list-style-type: none"> <li>• Skill development programs</li> <li>• Various education and health initiatives</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Regular training and development opportunities</li> <li>• Competitive remuneration</li> <li>• Recognition and rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Performance reviews</li> <li>• Training workshops</li> <li>• Employee engagement initiatives</li> </ul>
Business Partners (Distributors and Vendors)	<ul style="list-style-type: none"> <li>• Oversight and transparent communication on various supply chain-related issues</li> <li>• Mutual trust and loyalty</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate brochure, advertisements</li> <li>• Meetings and conferences</li> <li>• On-site surveys</li> <li>• Contract renewal</li> </ul>

# Board of Directors



**R. P. SONI**  
*Chairman*



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



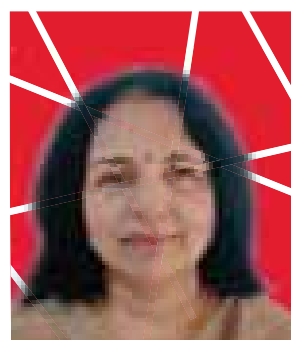
**V. K. SODANI**  
*Executive Director*



**ACHINTYA KARATI**  
*Independent Director*



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



**JYOTI SHARMA**  
*Additional Director*



# Management Discussion and Analysis

## Global Economic Overview

The global economy has been facing various headwinds since the beginning of 2019. Weakening economic activity, uncertainty around trade policies of leading economies and geopolitical tensions resulted in a slowdown. This downturn was further aggravated by the Coronavirus (COVID-19) outbreak in early 2020. According to the International Monetary Fund (IMF), the global growth was recorded at 2.9% in 2019, down from 3.6% in 2018 and 3.8% in 2017.

Trade tensions between the US and China, which had eased briefly in early 2019, worsened again later in the year. This led to low investor sentiment globally and sluggish manufacturing activity. Further, lower energy prices contributed to softening of inflation. Service sector activity however remained relatively stable.

The Advanced Economies grew at 1.7% in 2019, lower than 2.2% registered in 2018. This was owing to subdued economic activities observed in the US and Europe. US displayed a moderate GDP growth of 2.3% in 2019, as compared to 2.9% in 2018, while growth in the Euro area stood at 1.3% in 2019, as against 1.9% in 2018. Emerging Market and Developing Economies (EMDEs) grew at a rate of 3.7% in 2019, as against 4.5% in 2018.

The unexpected pandemic rapidly intensified across the globe, resulting in stringent lockdowns and social distancing, causing disruptions to supply chain and trade. Moreover, stagnated activities across sectors led to steep income losses, and weaker consumer confidence. In the wake of COVID-19 crisis, IMF has projected the global economy to decline by -4.9% in 2020. However, it is expected that the global growth will recover to reach 5.4% in 2021 with prompt policy support and fiscal reforms, provided the pandemic is controlled and business activities resume to normal.

## Overview of the Global Growth Projections (%)

	2018	2019	2020	2021
Global Growth	3.6	2.9	(4.9)	5.4
Advanced Economies	2.2	1.7	(8.0)	4.8
Euro Area	1.9	1.3	(10.2)	6.0
Emerging Market and Developing Economies	4.5	3.7	(3.0)	5.9

\*Projected

(Source: World Economic Outlook, June 2020 by IMF)

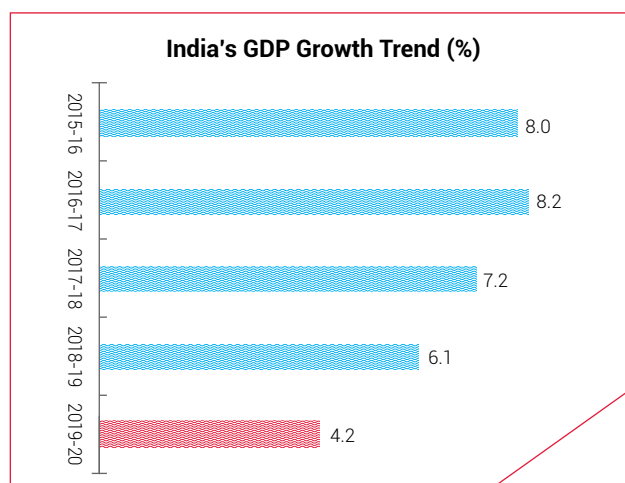
## Indian Economic Overview

The Indian economy displayed a slow growth trend, with quarterly growth rates trending downwards through the year. This was owing to subdued private consumption, weak manufacturing activities and ongoing liquidity crunch in the NBFC sector. The Government and the Reserve Bank of India (RBI) initiated a slew of measures such as corporate tax rate cut, liquidity infusion, liberalising FDI norms and accommodative policy reforms to revive growth. However, COVID-19 outbreak and the resultant lockdown adversely impacted the economy in the last quarter of 2019-20. Overall, the Indian economy grew by 4.2% in 2019-20, as against 6.1% in 2018-19, its slowest pace in the past 11 years.

The enforced nationwide lockdown led to stagnated business operations, trade and services. The Government took several measures to combat the economic turbulence by supporting the healthcare segment, strengthening wage support and providing cash transfers for the lower-income households. In addition, it announced a financial stimulus package of nearly ₹ 20 Lakh Crores under the 'Atmanirbhar Bharat Abhiyaan' to protect the economy from the slowdown and promote a self-reliant India. The stimulus is spread across various sectors and also aimed at improving conditions of the underprivileged. The RBI too provided monetary stimulus

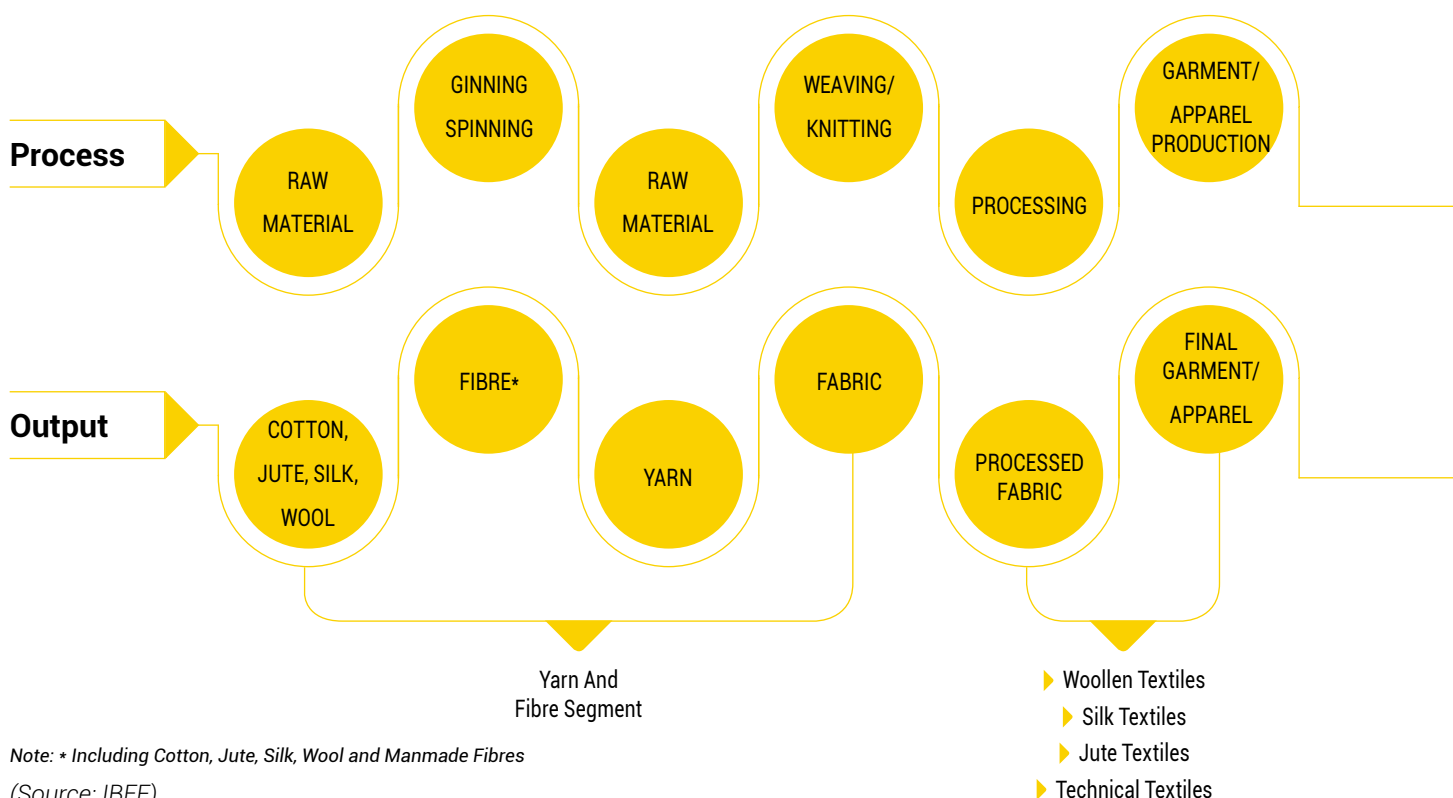
by slashing the repo rate and reverse repo rate and bring economic growth back to the earlier trajectory.

The growth outlook of the country continues to remain positive in the long-term backed by above measures and structural reforms such as 'Make in India' and 'Skill India', among others. Additionally, softened international oil prices are likely to support economic growth further by keeping the country's inflation rate under control and lowering current account and fiscal deficit.



(Source: Economic Survey of India 2019-20; Central Statistics Office)

## Key Segments of the Textile Industry





## Management Discussion and Analysis (Contd.)

### Global Textile and Apparel Industry

The global textile and apparel market is highly fragmented in light of high visibility of product forms in the fashion, industrial, and household application segments. Based on raw material, the market is segmented into cotton, chemical, wool, silk, and others. The global textile market was valued at USD 961.5 Bn in 2019.

The US and Euro area are the dominating market for textiles. However, the industry has been witnessing increasing demand for apparels, especially in developing countries such as China, India, Mexico, and Bangladesh. Furthermore, increasing disposable income, rapid urbanization and rising number of retail stores and e-commerce portals are driving the overall market growth.

The onset of the COVID-19 pandemic in the fourth quarter of 2019-20 led to production lockdowns, severe supply chain disruptions and market closures across both small and large economies. As a consequence, exports and consumption are both expected to be sluggish in the near-term.

Rising awareness about personal protective equipment owing to stringent regulations to ensure employee safety is expected to drive the demand for protective clothing. Furthermore, emergence of e-commerce portals which offer added advantages such as convenience, discounts, and free delivery services has led to increased apparel consumption, subsequently driving the demand for textiles.

### Outlook

The global apparel and textile industry is characterized by a highly integrated supply chain. With production disruption, it is bound to be impacted by COVID-19 in the near-term. However, in long-term, it is expected to exhibit a CAGR of 4.3% from 2020 to 2027, owing to the rising demand, raw material availability and lower labour cost in the developing countries. Asia Pacific is fast emerging as a large regional market and is anticipated to register a substantial CAGR of 5.6% in terms of value over the forecast period.

(Source: <https://www.inkworldmagazine.com>, <https://www.globenewswire.com>)

### Indian Textile and Apparel Industry

The textiles and apparel (T&A) industry is among the oldest in India, dating back several centuries. The country has a robust end-to-end textile and apparel value chain covering from

fibre to retail. India is among the world's largest producers of textiles and apparel. The industry accounts for around 2.3% of the country's GDP and around 13% of the export earnings. It is the second largest employment provider in India after agriculture, with an estimated 45 Mn direct labour workforce and 60 Mn workforce in allied sectors. The Indian textile and apparel market was worth USD 108 Bn in 2019.

The COVID-19 pandemic majorly impacted domestic demand due to nation-wide lockdown and closure of malls and retail stores. This resulted in declining sales volume during the year. The country's export numbers weakened owing to disruption caused in the US and EU, the two largest markets for exports in value terms. Moreover, domestic prices and margins are likely to be impacted with the possibility of exporters dumping their inventories in the market. This could also lead to reduced employment of casual labour and decreased consumption.

Also, inventory pile-up, labour migration and subdued demand will continue to impact textile operations and exports in 2020-21.

During these turbulent times, the focus of textile and apparel industry has shifted from aesthetic clothing to functional clothing that impart protective function to apparel. As a result, the production of personal protective equipment (PPE) kits, gloves and face masks has shot up and is expected to rise further. India has also become the second-largest manufacturer of PPE in the world.

(Source: <https://www.imarcgroup.com>, <https://www.investindia.gov.in>)

### Outlook

The Indian textile and apparel industry has been facing headwinds in the form of forced shutdowns and changes in consumer sentiments towards discretionary purchases, such as clothing. However, the country has a competitive manufacturing cost structure and integrated supply chain capabilities. Looking at the present scenario, there could be opportunities emanating from global retailers looking to diversify away from China. India stands to utilize this opportunity and present itself as a credible alternate to increase its exports share. Furthermore, the Government's thrust towards self-reliance will work in favour of the textile players by pushing the domestic demand further.

## Management Discussion and Analysis (Contd.)

### Cotton Trend

According to the June 2020 estimate released by Cotton Association of India (CAI), projected cotton crop for the season 2019-20 beginning from 1st October 2019 stands at 335.50 bales of 170 Kgs. each.

Volatile cotton prices impacted the cotton yarn industry severely during the year. The international cotton price declined around 25% during the year, while the domestic cotton price, during the same period, remained 20% higher than the former. The high prices can be attributed to increase in Minimum Support Price (MSP) of seed cotton and lower production due to crop damage on erratic rainfall and pink bollworm attack in major cotton-growing regions. As a result, uncompetitive domestic cotton prices compared to the international cotton prices led to weak export scenario. This affected the margins of domestic cotton yarn spinners owing to narrowed spread between cotton and yarn prices, as compared to the previous year.

However, towards the end of 2019-20, the cotton prices displayed a downward trend amid a declining demand, production disruption and excess inventory. The decline in raw material prices is likely to benefit textile mills and their profit margins may go up in the coming quarters.

### Production of Raw Cotton (Mn Bales)

	2016-17	2017-18	2018-19	2019-20
Production	5.9	6.3	5.8	6.6
Consumption	5.2	5.3	5.3	5.4
Surplus/Deficit	0.7	1.1	0.4	1.3
Exports	1.0	1.1	0.8	0.9
Ending stocks	2.4	1.9	2.6	2.9

Source: USDA, JM Financial

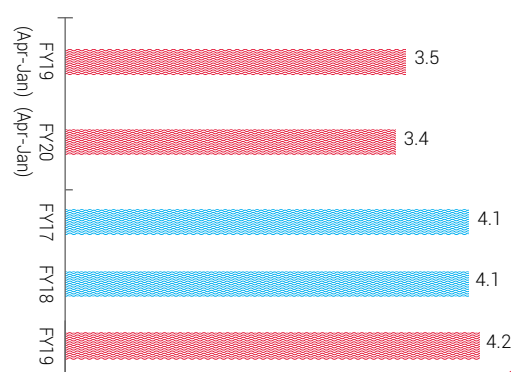
### Cotton Yarn

The cotton yarn sector has been one of the important segments of the Indian textile industry. The domestic cotton spinning industry is highly dependent on exports. With around 30% of the cotton yarn produced in the country being exported, China accounts for nearly one-third of the exports in recent years. The lockdown in China impacted India's cotton and yarn exports hard. During the first ten months (April-January) of 2019-20, cotton yarn output declined by 4% to 3.4 Mn tonnes.

Higher cotton (raw material) prices due to increase in MSP raised the cost of production for spinners, thus making it difficult for them to compete in the international market. In addition to this, India has a price drawback in exporting cotton yarn to China as competitors like Vietnam, Pakistan

and Indonesia enjoy duty free entry to Chinese cotton yarn market. All these factors impacted the export unit realization of India's cotton yarn as the realizations declined by 6.9% y-o-y to ₹ 204 per kg during the period April 2019 to January 2020.

#### Trend in Cotton Yarn Production (Mn tonnes)

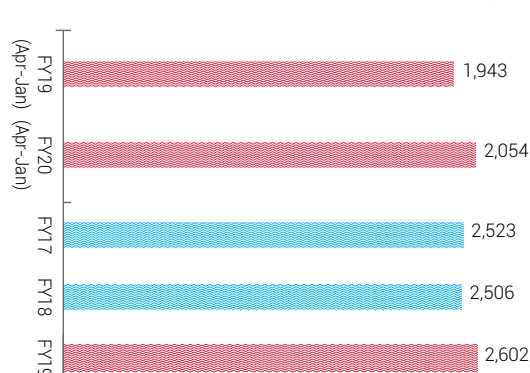


(Source: CARE Rating Research Report)

### Manmade Fibre

Manmade fibre production primarily includes polyester and viscose. These fibres are used to produce 100% non-cotton fabrics and blended fabrics which, in turn, are used in readymade garments, home textiles and other industrial textiles. Over the years, spinning mills have increased the usage of man-made fibre to mitigate the risk of volatile cotton prices. This will enable them to meet the rising demand in home textiles, apparels and technical textile segment. The output for the first ten months of 2019-20 grew by 5.7% to 2,054 Mn kg.

#### Production of Manmade Fibres (Mn Kg)



(Source: CARE Ratings Research Report)

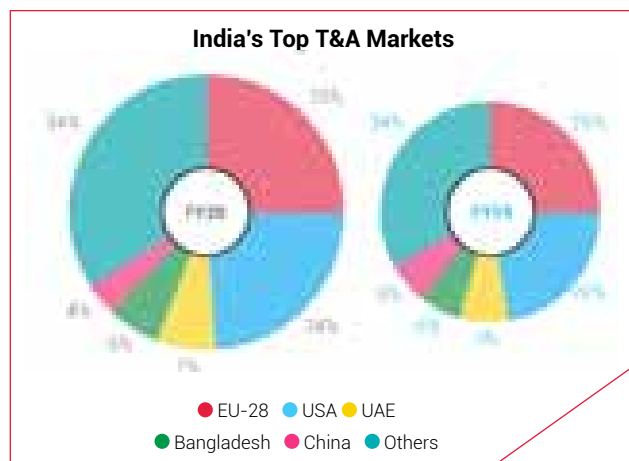


## Management Discussion and Analysis (Contd.)

### Exports in 2019-20

India's total textile and apparel export stood at USD 34,220 Mn in 2019-20 as compared to USD 37,498 Mn in 2018-19. While, the T&A exports have shown a decline of 9% in 2019-20 as compared to the previous year.

- Fibre witnessed the highest dip of 38%, followed by yarn with a dip of 27%
- Exports of fabric increased by 6% in the same period
- EU, USA and UAE remain the top export destinations for India's T&A products with a combined share of 56%
- Share of USA's imports from India increased by 2% in 2019-20 as compared to 2018-19



(Source: Wazir Textile index 2019-20)

### Growth Drivers

- Abundance of raw material
- Presence of entire value chain
- Competitive manufacturing costs
- Availability of skilled manpower
- Large and growing domestic market
- Robust textile production capacity
- Rising per capita income, higher disposable incomes and preferences for brands
- Organized retail landscape and surge of e-Commerce platforms

### Government Initiatives

The new mantra of 'Aatmanirbharta' (self-reliance) and 'vocal for local' given by Hon'ble Prime Minister is expected

to boost small textile units as the mission emphasizes on enhancing global competitiveness of the local produce. In addition, the Government has also announced a few relief measures for the industry which will help mitigate the current crisis being faced by textile companies.

- 1) The Rebate of State and Central Taxes & Levies (RoSCTL) on export of garments and made-ups has been extended for the upcoming financial year until merged with Remission of Duties and Taxes on Exported Products (RoDTEP). This will make the textile sector more competitive and boost exports.
- 2) The Government has announced to pay the entire employee provident fund for establishments with up to 100 employees where 90% of the employees are earning less than ₹ 15,000. This will be a huge aid for the labour intensive small and medium scale apparel manufacturers.
- 3) Under Union Budget 2020-21, a National Technical Textiles Mission has been proposed for a period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1,480 Crores (USD 211.76 Mn). This will encourage the technical textile market.
- 4) The Government allotted ₹ 762 Crores for Amended Technology Upgradation Fund Scheme (ATUFS).
- 5) The anti-dumping duty on Purified Terephthalic Acid (PTA), a critical input for textile fibres and yarns has been abolished. Its easy availability at competitive prices will promote growth of manmade fibre (MMF) industry and the entire textile value chain.

### Opportunities

#### DOWNWARD TREND IN RAW MATERIAL PRICES

Production disruption due to COVID-19 induced lockdown, demand slowdown, and excess inventory resulted in declining cotton prices towards the end of 2019-20. This has created an opportunity for textile manufacturers to stock cotton in bulk and increase their margins.

#### ASPIRATIONAL BUYING TREND

In today's era, customers' product choice and preference are generally affected by social influences and environment. Thus, more customers are moving towards branded fashion products to fulfil their aspiration-based demand.

#### ONLINE SHOPPING PLATFORMS

Increased penetration of internet and smartphones, has changed the way companies market their products. Various

## Management Discussion and Analysis (Contd.)

emerging e-commerce platforms have made companies reach more customers and realize better sales at the same time.

### INCREASING DEMAND FOR MEDICAL TEXTILES

There is a huge potential for emerging product categories such as medical textiles (PPE, surgical gloves, and face masks, among others) and other textile items as needed in healthcare domain. With Government's rising impetus on healthcare, medical textiles is likely to witness higher demand.

### Challenges

- Increased competition
- Imports of cheap textiles from other Asian countries
- Obsolete manufacturing technology
- Highly unorganized and decentralized sector
- High production cost with respect to competitors
- Lockdown induced demand slowdown and excess inventory in the short-term

### Indian Denim Sector

Denim is a high growth category as it is comfortable and enhances the style quotient. With new technologies, trends and higher market reach, the Indian denim industry has promising growth potential. The value growth within the denim wear owes to increased demand for stretch and light weight fabric, varying colours, styling and detailing.

Denim fabric capacity in India stands at roughly 1,700-1,800 Mn metres a year. However, with annual exports being hardly 200-250 Mn metres, the rest of the capacity has created excess capacity in the domestic market over the years. With increasing consumption, the Indian denim industry may finally see the demand-supply gap narrowing. Denim wear market is expected to register a CAGR of 12% and reach 91,894 Crores by 2028.

(Source: <https://www.business-standard.com>)

### Domestic Apparel Industry

The country's fashion market is majorly driven by young demographics, rising urbanization, increasing affluence,

growing middle income segment, greater brand awareness, better online accessibility. Post the announcement of the nationwide lockdown in March 2020, and closure of 'non-essential' operations, the retail sector was severely affected. The Indian apparel market is expected to reach a value of USD 85 bn by 2021. While the Indian fashion retail is expected to grow at a promising CAGR of 8.1% in ten years to reach ₹7,88,532 Crores (USD 118 Bn) by 2028.

(Source: <https://retail.economictimes.indiatimes.com>, <https://indiancompanies.in>)

### Indian Inner Wear Segment

Among all the fashion categories, innerwear has emerged as one of the fastest growing categories over the last few decades. Domestic demand of innerwear has changed with consumer buying behaviour, transforming from need-based to aspiration based, coupled with increased fashion consciousness among millennial. The Indian innerwear market accounts for ~9% of the total domestic fashion retail market.

The market is primarily driven by growing awareness, rising urbanization, increasing disposable income, rising number of women participation in sports and physical activities, expansion of online marketplace and social media impact, among others.

Branded innerwear in women's segment contributes 38-42% of the total women's innerwear market and is expected to increase to 45-48% of the total market by 2023.

### INDIAN ACTIVE WEAR SEGMENT

The Indian active wear market is segmented based on product, fabric and gender. Rising disposable income and increasing fitness consciousness are the key factors that boost the adoption of active wear, thereby driving the market growth. Advancements in manufacturing waterproof, anti-microbial, antiviral, and breathable textile fabric have also enhanced the sales of the active wear. Further, an increase in online shopping trend offer opportunities to the active wear manufacturers to reach larger consumer base and strengthen their foothold.

The Indian active wear market is estimated to reach 997.8 Bn by 2024, expanding at a CAGR of ~13.59%, during the 2019-2024 period.

(Source: <https://www.prnewswire.com>)

## Management Discussion and Analysis (Contd.)

### Company Overview

Sangam (India) Limited is one of the largest producer of PV dyed yarns in India. Incorporated in the year 1984, the Company has its state-of-the-art manufacturing facilities located at Bhilwara, and Chittorgarh, Rajasthan.

The Company is engaged in spinning of cotton, and synthetic blended yarns, open-end spinning of cotton yarn, weaving of synthetic and denim fabric, knitting of cotton fabric, knitting of seamless garments and processing of fabrics. It also offers a range of woven PV fabrics, used for suiting and bottom wear. The Company's flagship brands include Sangam Suiting and Sangam Denim.

Sangam is well-positioned as one of the most vertically integrated textile player across the country. It is self-sufficient in all aspects owing to presence across end-to-end textile value chain. With rich experience, quality product offerings and strong manufacturing expertise, the Company has created a robust clientele. Its renowned client base include Banswara Syntex, Siyaram, BSL, Vimal, RSWM Limited, Arvind Limited, Trident Limited, Marks & Spencer, Reliance Trends, Zivame, Myntra, Lifestyle International, Benetton and Westside, among others.

### Company's Foundation

Parameter	Yarn	Fabric	Garments
Revenue contribution (2019-20)	PV yarn 42%	PV fabric 17%	Garments 2%
	Cotton yarn 12%	Denim fabric 22%	
Geographic presence (by revenue share)	Domestic: 78%	Domestic: 64%	Domestic: 100%
	Exports: 22%	Exports: 36%	
Market position	About 25% share in the Indian dyed PV yarn market	Mid-sized player in the highly fragmented fabric and denim market	Relatively a small player in the highly fragmented garment market
End market	Synthetic and cotton fabric manufacturers	Synthetic & Denim garment and apparel manufacturers	Consumers
Sales growth (2014-15 – 2019-20 CAGR)	PV yarn: 1.7%	PV fabric: 3.0%	Not applicable
	Cotton yarn: 4.5%	Denim fabric: 6.0%	
Demand drivers	Captive consumption by the domestic synthetic shirting and suiting segment		Increasing affordability
	Price competitiveness of PV yarn vis-a-vis cotton yarn as incremental cost of dyeing cotton yarn makes it costlier than dyed PV yarn		Need for sportswear due to rising awareness for fitness
	Shift in preference for apparels made from blended fabric over cotton fabric owing to better comfort (smoothness) and aesthetic (lustre and crease) properties		
	Growing preference for jeans as daily wear		

### C9 Strategic Venture

Sangam's strategic venture under the brand name C9 Airwear caters the women inner wear segment. The products offered by the Company are primarily leisure wear, casual wear, active wear, intimate wear and shape wear. The Company offers the products online as well on [www.c9airwear.com](http://www.c9airwear.com). The seamless garment production capacity stands at 3.6 Mn pieces per annum. With world-class technology and latest machinery from Italy, the Company manufactures the best-in-class seamless garments.

## Management Discussion and Analysis (Contd.)

### Capacities

Particulars	As on 31st March, 2018	As on 31st March, 2019	As on 31st March, 2020
Spindles (Nos.)	2,38,608	2,38,608	2,38,608
Open End Rotors (Nos.)	3,128	2,376	2,376
Texturizing Machines (Nos.)	3	3	3
Knitting Machines (Nos.)	22	22	22
Denim Fabric Processing (No. of Line)	5	5	5
Indigo Rope Dyeing Range (Nos.)	1	1	1
Weaving Machines (No. of Looms)	526	526	524
Fabric Processing (MMPA)	53	72	72
Garment Processing (MTPA)	511	511	511
Seamless Garments Knitting (No. of Pcs. in Lakhs)	36	36	36
Captive Coal Based Thermal Power Plants (in MW)	31	31	31
Captive Solar Power Plants (in MW) (Own Capex Model)	1.0	1.0	1.0
Captive Solar Power Plants (in MW) (RESCO / Boot Model)	4.0	5.7	12.0
Wind Power Plants (in MW) at Jaisalmer	5	5	5

### Financial Performance

In view of the nationwide lockdown due to the outbreak of COVID-19 pandemic, the Company's operations at all of its manufacturing units and office locations were temporarily stopped from March 22, 2020. Operations have since resumed in a staggered manner beginning April 28, 2020 with adequate precautions being taken in accordance with Government guidelines.

The Company registered a net revenue of ₹ 1,783 Crores in FY 2019-20. Challenging external environment, volatility in cotton prices and lockdown induced closure impacted the performance of the Company. The Net Operating EBITDA of the Company stood at ₹ 167 Crores, while the net profit was recorded at ₹ 13 Crores during the year. The Company reported lower interest costs as it continued to reduce the debt burden.

#### DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

	Period ended 31st March, 2019	Period ended 31st March, 2020	Change in %
<b>STABILITY RATIOS</b>			
Debt Equity Ratio	1.34	1.19	(11)
Interest Coverage Ratio	2.58	2.47	(4)
<b>LIQUIDITY RATIOS</b>			
Current Ratio (Incl. Current maturities of long-term debt)	1.26	1.29	2
Current Ratio (Excl. Current maturities of long-term debt)	1.40	1.39	-
Debtors Turnover Ratio (no. of days)	68	69	2
Inventory Turnover Ratio (no. of days)	72	77	7
<b>PROFITABILITY RATIOS (%)</b>			
Operating Profit Margin	9.05	9.45	4
Net Profit Margin	0.83	0.75	(10)
Return on Net Worth	2.96	2.49	(16)

## Management Discussion and Analysis (Contd.)

### YARN DIVISION

- **Location:** Biliya Kalan and Sareri, Bhilwara and Soniyana, Chittorgarh, Rajasthan
- **Products:** PV-Dyed & Grey Yarn, Cotton Spun, Open-ended & Indigo Rope Dyed Yarn and Texturized Yarn
- **Capacities:** Biliya Kalan – 96,864 spindles and 3 Texturising Machines and one machine for Indigo Rope Dyed yarn
  - Sareri – 1,15,008 spindles, 2,376 open end Rotors and 22 knitting machines and one machine for Indigo Rope Dyed yarn
  - Soniyana – 26,736 spindles
- **Contribution:** 55% of the Company's total revenue

### FABRICS DIVISION

#### PV Fabrics

- **Location:** Atun, Bhilwara, Rajasthan
- **Products:** PV fabrics and processed fabrics
- **Capacity:** 229 Looms for Synthetic Fabric Weaving (Capacity 30 MMPA), Fabric Processing - 72 MMPA
- **Contribution:** 21% of the total revenues of the Company

#### Denim Fabric

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

### SEAMLESS GARMENT DIVISION

- **Location:** Atun, Bhilwara
- **Products:** Airwear, Active wear, Leisure wear, Intimate wear, Shape wear and Casual wear
- **Capacities:** 39 nos. Seamless Garment Knitting Machines (Capacity 3.6 Mn. Pcs. P.A.), Garment processing – 511 MTPA
- **Contribution:** 2% of the total revenues

## Competitive Advantages

### RESILIENT BUSINESS MODEL

An integrated manufacturing set up results in innovative products from yarn to branded garments. The Company's flexible business model and prudent strategies helps cost optimization along with enhanced margins. Moreover, significant investment in capacity expansion has allowed the Company to capture opportunities in the denims and seamless garments.

### DIVERSIFIED PRODUCT PORTFOLIO

The Company manufactures diverse range of textile products starting from PV to Cotton to texturized yarn. With more than 5,000 shades, the Company manufactures 6-50 counts of yarns.

### RESEARCH & DEVELOPMENT AND QUALITY

With in-house R&D capabilities, the Company conducts quality check to ensure the quality of yarns and fabrics. Advanced quality testing equipment such as Uster tester, evenness tester and hairiness tester enable strict quality standards.

## 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

Robust marketing insights help us enhance sales and reach closer to our customers. The Company has tied up with several reputed e-commerce players like Myntra, Jabong, and ebay, among others, whereby customer feedback can be obtained at regular intervals. These customer feedbacks give us a rich repository of data-driven insights that enables better marketing strategies.

## Information & Technology

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

## Human Resource

People are the most important pillars of the Company's success. Their relentless efforts and dedication enables the Company to progress. Sangam is committed to providing its people with a nurturing environment, enabling them to unleash their full potential. The Company provides them with the tools of continuous learning and upskilling through a structured learning and development process. The Company's employee strength stood at around 9,500 as on 31st March, 2020.



## Risks & Concerns

The Company has well-defined systems and policies in place to ensure prudent risk management across all businesses and functions. The Company is exposed to industry risk factors such as competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The risk management system is a multi-layered process involving the entire organization, right from the Board of Directors to the risk operator. The risk management committee oversees this entire process.

Risk	Impact	Mitigation Strategy
Economic and Market Risk	Changes in economic environment, downturn, disruptions to conduct business (pandemic) can adversely impact the product's demand	Diversified presence across various countries and business continuity plans
Raw Material Risk	These risks arise mainly from fluctuations in market prices of raw materials which can impact overall cost of production	Continuous monitoring of cotton prices, holding sufficient inventory and utilising captive power plants
Competition Risk	Intense competition can impact market share	End-to-end solutions through innovative products and strong R&D
Environmental Risk	Violating environmental regulatory obligations may impact overall production efficiencies	Adherence to a diverse set of laws and regulations
Forex Risk	Currency fluctuations exposure can impact the margins of the Company	Structured hedging policies and regular monitoring of the currency movement

## Internal Control System

The Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations. The Company follows an adequate internal control 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 ensures adherence to all the Accounting Standards for reporting financial statements. The Internal Audit department, along with externally appointed Auditors, review various areas of the operations of the Company. The Management and the Audit Committee of the Board review the audit reports periodically.

# Board's Report

To the Members of

## Sangam (India) Limited

Your Directors have pleasure in presenting their 34<sup>th</sup> Annual Report on the Affairs of the company and Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS

The highlights of the Company's financial performance, for the year ended 31<sup>st</sup> March, 2020 is summarized below:

₹ in Crores		
Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Revenue from Operations	1782.97	1873.63
Profit before Tax & Depreciation	101.17	104.94
Depreciation	81.00	80.48
Profit before Tax	20.17	24.46
Tax Expense		
Current Tax	12.32	8.23
Deferred Tax	(4.30)	0.62
Tax Expense for Earlier Years	(1.15)	-
Profit for the year	13.30	15.61

### OPERATIONAL RESULTS AND STATE OF AFFAIRS

The Company's Revenue from Operations during 2019-20 is ₹ 1782.97 Crores as against ₹ 1873.63 Crores during 2018-19.

The gross profit before interest, depreciation and tax is ₹ 169.82 Crores during 2019-20 as against ₹ 171.48 Crores in previous year. The profit after tax of the Company is ₹ 13.30 Crores in the current year as against ₹ 15.61 Crores in previous year.

During the year, the Company's had export revenue of ₹ 469.80 Crores as against ₹ 494.71 Crores in previous year. The exports constituted about 26% of the total revenue of the Company.

### 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

The Board of Directors is pleased to recommend a dividend of ₹ 1.00 per Equity Shares of the face value of ₹ 10/- each (@10%) for the financial year 2019-20 aggregating to ₹ 3.94 Crores for the approval of the equity shareholders at the ensuing Annual General Meeting.

### IMPACT OF THE COVID-19 PANDEMIC ON THE BUSINESS

Global Pandemic COVID-19 encapsulated the entire world in first half of 2020; all the business activities were affected during the initial period due to lock down in most of the countries worldwide. There is lot uncertainty prevailing

worldwide due to the pandemic COVID-19 and as we don't see situation getting in control in near future.

The Company's manufacturing facilities remained closed from 22<sup>nd</sup> March, 2020 due to lockdown and partially re-opened on 28<sup>th</sup> April, 2020 and 15<sup>th</sup> May, 2020. The production during complete lock down for the period over a month was nil and it reduced our production capacity utilization by 10% for the FY 2021. The Company did not have sales during the month of April, 2020.

The Company has re-started the production activities from last week of April 2020, company is ramping up the production capacity utilization gradually. In light of the unprecedented situation owing to the spread of COVID-19, the Board feels that it will take another few months to utilize the production capacity at optimum level.

As per the current estimate, the Board feels that COVID-19 will have around 30% negative impact on business operations for FY 2020-21, assuming things get normalize and start improving progressively in near future and will not have any major setback going forward.

### WHOLLY OWNED SUBSIDIARY COMPANY

During the year under review, the company has one wholly owned subsidiary viz., Sangam Lifestyle Ventures Limited.

Pursuant to the provisions of Section 136 of the Act the standalone audited financial statements (including consolidated financial statements) of the Company, along with relevant documents and separate audited financial statements in respect of subsidiary are available on the website of the Company [www.sangamgroup.com](http://www.sangamgroup.com).



## Board's Report (Contd.)

A statement containing the salient features of the financial statements of Subsidiary/ Associate Companies/ Joint Ventures prepared in form AOC-1 is annexed as Annexure I.

There is no company which has ceased to be its Subsidiary or joint venture or Associate Company during the year under review.

The Company has adopted the policy for determining material subsidiaries in term of Regulation 16(1)(c) of SEBI (LODR) Regulations as amended from time to time and may be accessed on the company's website [www.sangamgroup.com](http://www.sangamgroup.com)

Sangam Lifestyle Ventures Limited ("SLVL") is a Wholly Owned Subsidiary of the Company. The revenue from operation of the Company has increased to ₹ 1457.32 Lakhs from ₹ 1295.61 Lakhs during the year under review.

### CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020 based on the financial statements received from Subsidiary company as approved by its Board of Directors, have been prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Annual Report.

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

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Un-paid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed or unpaid in respect of dividend declared for the financial year ended 31<sup>st</sup> March, 2012 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website, <http://sangamgroup.com/investors/investorhandbook/unclaimed-dividend>

In accordance with Section 124(6) of the Act read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Accordingly, shares were transferred

in the name of Investor Education and Protection Fund in respect of the dividend remaining unpaid for seven consecutive years from the Financial Year 2011-12. The Company had sent notices to all such members in this regard and published a newspaper advertisement and thereafter transferred the shares to the IEPF during financial year 2019-20. The details of such shares transferred have been uploaded in the Company's website <http://www.sangamgroup.com/investors/investorhandbook>

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

### PUBLIC DEPOSITS

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

### 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 ("Act") form part of the notes to the standalone financial statements of the company.

### PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act in the prescribed Form AOC-2 is annexed to the Board's Report as Annexure II.

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



## Board's Report (Contd.)

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

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

### DIRECTOR AND KEY MANAGERIAL PERSONNEL

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

Shri Anurag Soni is appointed as Chief Financial Officer of the Company w.e.f. 24<sup>th</sup> June, 2020 of the Company.

Smt. Jyoti Sharma has been appointed as Director in category of Non-Executive Independent Woman Director of the Company w.e.f. 24<sup>th</sup> June, 2020 to hold office for a term of 5 years subject to approval of the shareholders.

The Key Managerial Personnel ("KMP") of your Company are Shri R. P. Soni, Chairman, Shri S.N. Modani, Managing Director & CEO, Shri V.K. Sodani, Executive Director, Shri Anurag Soni, Chief Financial Officer and Shri A.K. Jain, Company Secretary.

Shri. Ramawatar Jaju and Ms. Seema Srivastava have been resigned as Independent Director of the Company with effect from 24<sup>th</sup> December, 2019 and 02<sup>nd</sup> March, 2020 respectively. The Board places on record its appreciation for their invaluable contribution and guidance.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and confirmation that they have complied with the Code of Independent Directors prescribed in the Schedule IV of the Act. The terms and conditions for the appointment of the Independent Directors are given on the website of the company.

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

The Nomination and Remuneration Policy of the Company for Directors, KMPs and other employees including criteria for determining qualifications, positive attributes,

independence of a Director, remuneration 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>

### BOARD OF DIRECTORS AND MEETINGS

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

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

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

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

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

### AUDIT COMMITTEE

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

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

## Board's Report (Contd.)

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

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

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

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

During the financial year 2019-20, the Company has spent ₹ 265.23 Lakhs on CSR activities of the Company related to current year/previous years. Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to the Board's Report as Annexure III.

As per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Policy is available on the website of the Company at [weblink: http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf](http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf).

### **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.

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

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

### **INTERNAL FINANCIAL CONTROL**

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5) (e) of the Act read with Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014. The Board is of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

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

## Board's Report (Contd.)

### WHISTLE BLOWER POLICY / VIGIL MECHANISM

As per the provisions of Section 177(9) of the Act, the Company has established an effective Vigil Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Vigil Mechanism Policy has been placed on the website of the Company at the <http://www.sangamgroup.com/financials/Policies/Whistle%20Blower%20Policy.pdf>.

During the year under review, no complaint has been reported under this policy and none of the employee was denied access to the Audit Committee.

### CORPORATE GOVERNANCE

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

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

### CODE OF CONDUCT

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

### STATUTORY AUDITORS

In accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Act read with the Companies (Audit & Auditors) Rules, 2014, M/s. Rajendra & Co., Chartered Accountants (FRN: 108355W) and M/s O.P. Dad & Co., Chartered Accountants (FRN: 002330C) were appointed as the Statutory Auditors of the Company for a period of five years to hold office from the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2017 till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2022.

### 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 Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of Cost Records every year. The Board of Directors, on the recommendation of Audit Committee, has appointed M/s K.G. Goyal & Company, Cost Accountants, Jaipur (Firm Registration No. 000017) Cost Auditors of the Company for conducting the Cost Audit of the Company for the Financial Year 2020-21. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the ensuing 34<sup>th</sup> Annual General Meeting of the Company.

### COST RECORDS

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

### SECRETARIAL AUDITOR REPORT

Pursuant to the provisions of Section 204 of the Act and rules made thereunder, M/s. B K Sharma and Associates, Company Secretaries was appointed as Secretarial Auditors to conduct secretarial audit of the company for the financial year 2019-20. The Secretarial Audit Report for the financial year 2019-20 is attached as Annexure-IV. The observations in the report are self-explanatory and therefore, do not call for any further comments.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the Financial Year ended 31<sup>st</sup> March, 2020, no complaint was pending at the beginning of the year and no Complaints pertaining to Sexual Harassment was received during the year under review.

## Board's Report (Contd.)

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

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

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

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

### GENERAL DISCLOSURES

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

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

### DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments, and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit of the Company for the year ended on that date;

- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts of the company for the year ended on 31<sup>st</sup> March, 2020 on a going concern' basis;
- 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
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3) (a) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of annual return in Form MGT-9, as on 31<sup>st</sup> March, 2020 is annexed herewith and forming part of the Board's Report as Annexure-VII.

### ACKNOWLEDGEMENT

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

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

**(R.P Soni)**

Chairman

(DIN 00401439)

Place: Bhilwara

Date: 24<sup>th</sup> June, 2020

# 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

(₹ in Lakhs)

Sl. No.	Particulars	Description
1.	Name of the subsidiary	Sangam Lifestyle Ventures Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 <sup>st</sup> March, 2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	5
5.	Reserve & Surplus	(597)
6.	Total assets	1374
7.	Total Liabilities	1966
8.	Investments	-
9.	Turnover	1457
10.	Profit before taxation	(3)
11.	Provision for taxation	(1)
12.	Profit after taxation	(2)
13.	Proposed Dividend	-
14.	% of shareholding	100%

#### Note

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

#### 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)

**(Anurag Soni)**

Chief Financial Officer

Place: Bhilwara

Date: 24<sup>th</sup> June, 2020



# 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  
(DIN 00401439)

Place: Bhilwara  
Date: 24<sup>th</sup> June, 2020

# Annexure-III

STATEMENT CONTAINING INFORMATION AS PER SECTION 135 READ WITH THE RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY) RULES, 2014 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020.

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

The primary focus of the Company's CSR initiatives during the year 2019-2020 was on projects and programme for skill development education facility, safe drinking water and ensuring environment sustainability within the vicinity of the Company's units located at Bhilwara District in Rajasthan. The CSR Policy is stated at the Company's at weblink: <http://www.sangamgroup.com/financials/Policies/CSR%20Policy.pdf>.

### 2. COMPOSITION OF CSR COMMITTEE

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

- Shri R. P. Soni (Chairman)
- Shri S. N. Modani (Member)
- Shri T. K. Mukhopadhyay (Member)

### 3. AVERAGE NET PROFIT

The Average Net Profit of the Company for last three financial years is ₹ 3220.90 Lakhs.

### 4. PRESCRIBED CSR EXPENDITURE

Prescribed CSR Expenditure is ₹ 64.42 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: ₹ 64.42 Lakhs
- Total amount spent by the Company during the financial year: ₹ 265.23 Lakhs related to current year / previous years
- Amount unspent, if any: Nil

₹ in Lakhs

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 to the meritorious and poor student, contribution in Corpus fund, rehabilitation of vocational training for disabled mute deaf and visually impaired children.	Promoting education	Rajasthan (Dist. Bhilwara)	119.89	119.89	-	119.89	Direct and through M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)





## Annexure-III (Contd.)

2.	Provide blood donation camps and General Health Camps and hospitalize facility to poor and needy person, provide aid and appliances to different able persons in the society	Promoting Health Care including preventive health care	Rajasthan (Dist. Bhilwara)	79.70	79.70	-	79.70	Direct and through M/s Kesarbai Soni Charitable Trust, Bhilwara (Raj.)
3	Distribution of Tree guard and plants	Ensuring Environmental sustainability	Rajasthan (Dist. Bhilwara)	50.00	50.00	-	50.00	Direct and through M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)
4	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)	14.00	14.00	-	14.00	M/s Kesarbai Soni Charitable Trust and M/s Badrilal Soni Charitable Trust, Bhilwara (Raj.)
5	Provide infrastructure facilities at rural area	Rural Development	Rajasthan (Dist. Chittorgarh)	1.01	1.01	-	1.01	Direct
6	Supply drinking water in Disaster Relief	sanitation and making available safe drinking water	Rajasthan (Dist. Bhilwara)	0.63	0.63	-	0.63	Direct
<b>TOTAL</b>				<b>265.23</b>	<b>265.23</b>	<b>-</b>	<b>265.23</b>	

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

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

**For Sangam (India) Limited**

**(R. P. Soni)**

(DIN 00401439)

Chairman of CSR Committee

**(S. N. Modani)**

(DIN : 00401498)

Managing Director & CEO

Date: 24<sup>th</sup> June, 2020

Place: Bhilwara



# Annexure-IV

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2020

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

To

The Members

### **SANGAM (INDIA) LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sangam (India) Limited** (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. **Sangam (India) Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2020 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 and Overseas Direct

Investment and External Commercial Borrowings; *There was no FDI, ODI and ECBs during the period under review.*

- (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, 2018. *There was no issue of securities during the period under review;*
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015. *Not applicable to the company during the period under review;*
  - (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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. *Not applicable to the company during the period under review;*
  - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; *Not applicable to the company during the period under review;*
  - (i) The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015;

**Annexure-IV (Contd.)**

- (vi) As informed and certified by the management, there are no laws that are specifically applicable to the company based on their sector/industry.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

As per Sub-Regulation 4 of Regulation 31 of SEBI (LODR) Regulation, 2015, all entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern. Sangam E-com Limited has been included in Promoters Group in Shareholding Pattern of September, 2019. It has been observed that Sangam E-com Limited is a company having Directors and Shareholders who are the Promoter group of the Listed Entity.

As per Management representation, in considering the definition of 'Promoter Group' in clause 2(1)(pp) SEBI (ICDR) Regulations, 2018, Sangam E-com Limited should be included in the Promoter Group, therefore included in promoter group.

Sangam E-com Limited purchased 1902320 Equity Shares (4.825%) from Public therefore the Promoters' Shareholding has been increased from 50.05% in June 2019 to 55% in September, 2019

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of 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,
- 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 of the Board and Committees were carried with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion 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.

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

**For B K Sharma and Associates**  
Company Secretaries

**(Brij Kishore Sharma)**  
Proprietor  
M. No. : FCS - 6206  
COP No.: 12636

Date: 24<sup>th</sup> June, 2020  
Place: Jaipur

UDIN: F006206B000372968

**'Annexure A'**

To,

The Members

**SANGAM (INDIA) LIMITED**

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of event, etc.
5. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For B K Sharma and Associates**

Company Secretaries

**(Brij Kishore Sharma)**

Proprietor

M. No. : FCS - 6206

COP No.: 12636

UDIN: F006206B000372968

Date: 24<sup>th</sup> June, 2020

Place: Jaipur

# Annexure-V

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

- The percentage increase in remuneration of each Director, Key Managerial Personnel (KMP) during the financial year 2019-2020, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-2020 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	265.90	7.63%	221.53: 1
2	Shri S. N. Modani	Managing Director & CEO	175.17	10.92%	145.94: 1
3	Shri V. K. Sodani	Executive Director	85.91	7.60%	71.57 : 1
4	Shri Achintya Karati	Independent Director	5.35	18.89%	4.46 : 1
5	Shri Ramawatar Jaju	Independent Director	1.00	66.67%	0.83 : 1
6	Shri T. K. Mukhopadhyay	Independent Director	4.35	20.83%	3.62 : 1
7	Ms. Seema Srivastava	Independent Director	0.50	0.00%	0.42 : 1
8	Shri Anil Jain	Chief Financial Officer	39.32	9.53%	32.75 : 1
9	Shri A. K. Jain	Company Secretary	5.52	-	4.59:1

- No. of permanent employees who worked for whole year on the rolls of the Company as on 31<sup>st</sup> March, 2020 are 5093 Nos. as against 5185 Nos. as on 31<sup>st</sup> March, 2019;
- The median remuneration of employees of the Company during the financial year are ₹ 120025/-.
- Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:  
  
The average percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 9.80% as against an increase of 10.92% in the salary of the Managing Director. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also bench marked against a comparable basket of relevant companies.
- No employee has received remuneration in excess of highest paid Director of the Company during the financial year 2019-20.
- It is hereby affirmed that the remuneration paid as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

# Annexure-VI

## CONSERVATION OF ENERGY

### (i) Energy Conservation measures taken

- 1 Replacement of Motor Pulley Change for Energy Saving.
- 2 Speed optimization in 16 no. R/F suction fan motor through Inverter for Energy Saving.
- 3 Replacement/Conversion of existing FTL by LED light.
- 4 Replaced Old Pump By Energy Efficient Pumps.
- 5 Blow Room H Plant Ducting Modification for reducing Fan Power consumption.
- 6 Auto Coner Machine Speed Optimization in suction fan motor for Energy Saving.
- 7 Installing of inverter on supply and return air fan motor at H-Plant for Energy saving.
- 8 Energy Saving by 100% Opening of Damper in ID & FD fan (6 MW TPP).
- 9 Reduction of the pressure at Co-Gen plant of compress Air.
- 10 Minimizing idle running of Instrument Air Compressor of Power Plant.
- 11 Reduction of Heat Loss due to partial conversion of C to CO (%).
- 12 Proper filter Cleaning & Screw Check of Air compressors at Denim Plant.
- 13 Insulation of Bare lines (Denim Plant), both side of DR cylinders and Bare lines Dye House.
- 14 Installing VFD at 10 MW TPP plant damper Controlled fans
- 15 Close loop WCS drive with Suction Pressure.
- 16 Attending air leakage at weaving looms at Denim Plant.
- 17 Optimizing Auto corner suction blower Frequency with Pressure Transducer.
- 18 Installed Steam Shut off Valve at Steam Driers.

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

The Company has installed Total 13 MW roof top solar power plant at various units of the Company.

Company also have co-generation thermal power plant to meet the power and steam requirement.

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

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

## TECHNOLOGY ABSORPTION

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

The company has installed "ZLD" ETP plants. The company has developed variety of slub, fancy yarns and gridnle yarn. Varieties of seamless garments have been developed.

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

Technological up gradation 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)-

N.A.

### (iv) The expenditure incurred on Research and Development

The company has incurred more than 5.00 Crores. research and development during the year.

## FOREIGN EXCHANGE EARNING AND OUTGO

(₹ in Crores)		
Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
a) Total Foreign Exchange used	53.35	44.70
b) Earning in Foreign Exchange	462.86	489.30

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

**(R. P. Soni)**

Date: 24<sup>th</sup> June, 2020

Place: Bhilwara

(DIN 00401439)

Chairman

# Annexure-VII

## FORM NO. MGT - 9

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

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2020

### 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
<b>v</b>	<b>Address of the Registered office &amp; contact details</b>	
	Address :	Atun, Chittorgarh Road,
	Town / City :	Bhilwara
	State :	Rajasthan-311001
	Country Name :	India
	Telephone (with STD Code) :	01482-245400
	Fax Number :	01482-245450
	Email Address :	secretarial@sangamgroup.com
	Website, if any:	www.sangamgroup.com
vi	Whether listed company	Yes
<b>vii</b>	<b>Name, Address and Contact details of Registrar &amp; Transfer Agents ( RTA ):-</b>	
	Name of RTA:	Bigshare Services Pvt. Ltd.
	Address :	1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East) Mumbai
	Town / City :	Mumbai
	State :	Maharashtra
	Pin Code:	400059
	Telephone :	022-62638200
	Fax Number :	022-62638299
	Email Address :	investor@bigshareonline.com

## Annexure-VII (Contd.)

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

Sl. No.	Name and Description of main products / services	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Sangam Lifestyle Ventures Limited	U52609RJ2016PLC055219	Subsidiary Company	100%	2(87)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2019				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4234433	-	4234433	10.74%	4234433	-	4234433	10.74%	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	15497693	-	15497693	39.31%	17447968	-	17447968	44.26%	4.95%
e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRI - Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)=[A](1)+[A](2)}</b>	<b>19732126</b>	<b>-</b>	<b>19732126</b>	<b>50.05%</b>	<b>21682401</b>	<b>-</b>	<b>21682401</b>	<b>55.00%</b>	<b>4.95%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / Financial Institutions	10	-	10	0.00%	10	-	10	-	0.00%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1058461	-	1058461	2.68%	1013399	-	1013399	2.57%	-0.11%
g) FIs	3000	-	3000	0.01%	-	-	-	-	-0.01%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investors	2117005	-	2117005	5.37%	-	-	-	-	-5.37%
j) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>3178476</b>	<b>-</b>	<b>3178476</b>	<b>8.06%</b>	<b>1013409</b>	<b>-</b>	<b>1013409</b>	<b>2.57%</b>	<b>-5.49%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	11963217	700	11963917	30.35%	11722627	700	11723327	29.74%	-0.61%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2355530	118781	2474311	6.28%	2091568	107258	2198826	5.58%	-0.70%
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	454550	-	454550	1.15%	456597	-	456597	1.16%	0.01%





## Annexure-VII (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2019				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Any Others									
(i) Investor Education and Protection Fund	66367	-	66367	0.17%	76124	-	76124	0.19%	0.02%
(ii) Clearing Member	65110	-	65110	0.17%	211512	-	211512	0.54%	0.37%
(iii) NRI	1469769	16933	1486702	3.77%	1825203	16033	1841236	4.67%	0.90%
(iv) Trust	-	-	-	-	50	-	50	0.00%	0.00%
(v) HUF	-	-	-	-	218077	-	218077	0.55%	0.55%
<b>Sub-total (B)(2):-</b>	<b>16374543</b>	<b>136414</b>	<b>16510957</b>	<b>41.88%</b>	<b>16601758</b>	<b>123991</b>	<b>16725749</b>	<b>42.43%</b>	<b>0.54%</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>19553019</b>	<b>136414</b>	<b>19689433</b>	<b>49.95%</b>	<b>17615167</b>	<b>123991</b>	<b>17739158</b>	<b>45.00%</b>	<b>-4.95%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>39285145</b>	<b>136414</b>	<b>39421559</b>	<b>100.00%</b>	<b>39297568</b>	<b>123991</b>	<b>39421559</b>	<b>100.00%</b>	<b>0.00%</b>

### (ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2019			Shareholding at the end of the year 31 <sup>st</sup> March, 2020			% 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%	-	0.00%
2	ANTIMA SONI	46050	0.12%	-	46050	0.12%	-	0.00%
3	ANURAG SONI	2710397	6.88%	-	2710397	6.88%	-	0.00%
4	ARCHANA SODANI	60774	0.15%	-	60774	0.15%	-	0.00%
5	BADRILAL RAMPAL SONI HUF	128268	0.33%	-	128268	0.33%	-	0.00%
6	MAMTA MODANI	105404	0.27%	-	105404	0.27%	-	0.00%
7	RADHA DEVI SONI	377761	0.96%	-	377761	0.96%	-	0.00%
8	RAMPAL SONI	453950	1.15%	-	453950	1.15%	-	0.00%
9	RAMPAL SONI HUF	248300	0.63%	-	248300	0.63%	-	0.00%
10	S.N. Modani	99779	0.25%	-	99779	0.25%	-	0.00%
11	FINWORTH INVESTMENT PVT LTD	475260	1.21%	-	475260	1.21%	-	0.00%
12	HAWAMAHAL FINANCE PVT LTD	2335500	5.92%	-	2335500	5.92%	-	0.00%
13	NECCO SHIPPING COMPANY PVT LTD	282450	0.72%	-	282450	0.72%	-	0.00%
14	NEELGAGAN COMMERCIAL CO LTD.	1400000	3.55%	-	1400000	3.55%	-	0.00%
15	NIKITA CREDITS PVT LTD	358200	0.91%	-	358200	0.91%	-	0.00%
16	PARK VIEW INVESTMENT PVT LTD	226065	0.57%	-	226065	0.57%	-	0.00%
17	SAHYOG FINANCE LTD	172750	0.44%	-	232750	0.59%	-	0.15%
18	SANGAM E COM LIMITED	0	0.00%	-	7873087	19.97%	-	19.97%
19	SANGAM FINCAP LTD	2216145	5.62%	-	2216145	5.62%	-	0.00%
20	SANGAM GRANITES PVT LTD	120815	0.31%	-	120815	0.31%	-	0.00%
21	SANGAM SUITING PVT LTD	263670	0.67%	-	263670	0.67%	-	0.00%
22	SARVODAYA HOLDING PVT LTD	1127771	2.86%	-	1127771	2.86%	-	0.00%
23	SCORPIO CREDITS PVT LTD	536255	1.36%	-	536255	1.36%	-	0.00%
24	SANGAM BUSINESS CREDIT LTD	5982812	15.18%	-	0	0.00%	-	-15.18%
	<b>TOTAL</b>	<b>19732126</b>	<b>50.05%</b>	<b>-</b>	<b>21682401</b>	<b>55.00%</b>	<b>-</b>	<b>4.95%</b>

**Annexure-VII (Contd.)****iii Change in Promoters' Shareholding ( please specify, if there is no change)**

Sl. No.	Name of Promoter	Shareholding at the beginning of the year 01-04-2019		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31-03-2020	
		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	SANGAM E COM LIMITED	-	-	7873087	19.97%	7873087	19.97%
2	SANGAM BUSINESS CREDIT LTD	5982812	15.18%	-5982812	-15.18%	-	-
3	SAHYOG FINANCE LTD	172750	0.44%	60000	0.15%	232750	0.59%

**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 01.04.2019		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31.03.2020	
		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	AUTHUM INVESTMENT AND INFRASTRUCTURE LIMITED	-	-	5009295	12.71%	5009295	12.71%
2	NIDHI MERCANTILES LIMITED	4898833	12.43%	-	-	4898833	12.43%
3	ANAND RATHI GLOBAL FINANCE LIMITED	1235693	3.13%	-	-	1235693	3.13%
4	SATPAL KHATTAR	1140000	2.89%	-	-	1140000	2.89%
5	GENERAL INSURANCE CORPORATION OF INDIA	627272	1.59%	-	-	627272	1.59%
6	LIFE INSURANCE CORPORATION OF INDIA	431189	1.09%	-45062	-0.11%	386127	0.98%
7	ARVIND KUMAR CHANDAK	58300	0.15%	318591	0.81%	376891	0.96%
8	PRASHANT KOTHARI	167069	0.42%	16632	0.04%	183701	0.47%
9	EBONY ADVISORS LLP	-	-	146849	0.37%	146849	0.37%
10	MASTER CAPITAL SERVICES LTD	164313	0.42%	(52595)	(0.13%)	111718	0.28%

## Annexure-VII (Contd.)

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

Sl. No.	Name of Director and KMP	Shareholding at the beginning of the year 01.04.2019		Increase / Decrease in Shareholding during the year		Shareholding at the end of the year 31-03-2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>a. Directors</b>							
1	Shri Rampal Soni	453950	1.15%	-	-	453950	1.15%
2	Shri Shriniwas Modani	99779	0.25%	-	-	99779	0.25%
3	Shri Vinod Kumar Sodani	-	-	-	-	-	-
4	Shri Achintya Karati	-	-	-	-	-	-
5	Shri Tapan Kumar Mukhopadhyay	-	-	-	-	-	-
6	Shri Ramawatar Jaju	-	-	-	-	-	-
7	Ms. Seema Srivastava	-	-	-	-	-	-
<b>b. Key Managerial Personnel (KMP)</b>							
1	Shri Anil Jain	-	-	-	-	-	-
2	Shri Anil Kumar Jain	-	-	-	-	-	-

### V INDEBTEDNESS

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

(₹ In Lakhs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	70669	61	-	70730
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	96	-	-	96
<b>TOTAL (I+II+III)</b>	<b>70765</b>	<b>61</b>	<b>-</b>	<b>70826</b>
Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Addition	473	684	-	1157
Reduction	(6975)	-	-	(6975)
<b>NET CHANGE</b>	<b>(6502)</b>	<b>684</b>	<b>-</b>	<b>(5818)</b>
Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	64032	745	-	64777
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	231	-	-	231
<b>TOTAL (I+II+III)</b>	<b>64263</b>	<b>745</b>	<b>-</b>	<b>65008</b>

**Annexure-VII (Contd.)****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 R. P. Soni (Chairman)	Shri S. N. Modani (Managing Director & CEO)	Shri V. K. Sodani (Executive Director)	
<b>1</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	216.39	127.43	56.94	400.76
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4.67	11.61	17.70	33.98
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	25.03	25.03	6.25	56.31
	- as % of profit	1%	1%	0.25%	
	- others, specify	-	-	-	-
5	Others, please specify Provident Fund (Co's Contribution), Medical Reimbursement (Exempted), HRA (Exempted)	19.81	11.10	5.02	35.93
	<b>Total (A)</b>	<b>265.90</b>	<b>175.17</b>	<b>85.91</b>	<b>526.98</b>
	Ceiling as per the Act	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	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board/ committee meetings	5.35	4.35	1.00	0.50	11.20
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>5.35</b>	<b>4.35</b>	<b>1.00</b>	<b>0.50</b>	<b>11.20</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					
	Fee for attending board/ committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>5.35</b>	<b>4.35</b>	<b>1.00</b>	<b>0.50</b>	<b>11.20</b>
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Within the limit prescribed under section 198 of the Companies Act, 2013				

## Annexure-VII (Contd.)

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

(₹ In Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Anil Jain, Chief Financial Officer	Mr. A.K. Jain, Company Secretary (w.e.f 01 <sup>st</sup> June, 2019)
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.15	5.34
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	Others, please specify		
5	Others, please specify Provident Fund (Co's Contribution), Medical Reimbursement (Exempted), HRA (Exempted)	<b>3.10</b>	<b>0.18</b>
	<b>Total</b>	<b>39.32</b>	<b>5.52</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
NIL					
<b>B. DIRECTOR</b>					
NIL					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
NIL					

# Corporate Governance Report

## CORPORATE GOVERNANCE

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 GOVERNANCE

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

The company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V

and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations'), as applicable, with regards to Corporate Governance.

## 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 stakeholders' 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 Board of Directors has an optimum combination of Executive, Non-Executive and Independent Directors. As on 31<sup>st</sup> March, 2020, the Company has five Directors. Out of which, three are Promoters and Executive Directors and two Independent Non-Executive Directors. Two Non-executive Independent directors have resigned during the financial year and the vacancy shall be filled in due course as per provisions of the Listing Regulations. All Directors possess relevant qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

## COMPOSITION

Composition of the Board of Directors of the Company as on 31<sup>st</sup> March 2020 was as under with details of other directorships and committee chairmanship and memberships:-

Name	Category of Director	No. of other Directorship and Committee Chairmanship and Memberships in other Public Company			List of Directorship held in Other Listed Companies and Category of Directorship
		Other Directorships	Chairman of the Committee	Member of the Committee	
Shri R. P. Soni (DIN: 00401439)	Promoter/ Executive/ Chairman	5	Nil	Nil	Nil
Shri S. N. Modani (DIN: 00401498)	Promoter/ Executive/ Managing Director	Nil	Nil	Nil	Nil

## Corporate Governance Report (Contd.)

Name	Category of Director	No. of other Directorship and Committee Chairmanship and Memberships in other Public Company			List of Directorship held in Other Listed Companies and Category of Directorship
		Other Directorships	Chairman of the Committee	Member of the Committee	
Shri V. K. Sodani (DIN: 00403740)	Promoter/ Executive Director	3	Nil	2	Suchitra Finance & Trading Co Ltd. (Non-executive director)
Shri Achintya Karati (DIN: 00024412)	Non-executive Independent Director	7	3	4	1. J.K. Cement Limited (Independent Director) 2. Jay Bharat Maruti Ltd. (Independent Director) 3. Delton Cables Ltd. (Independent Director) 4. Shyam Telecom Ltd. (Independent Director) 5. Uflex Ltd (Independent Director)
Shri T. K. Mukhopadhyay (DIN: 00239251)	Non-executive Independent Director	1	Nil	Nil	Nil

### Notes:

- Other Company directorship excluding foreign companies and companies under Section 8 of the Act, alternate directorship and trust.
- Only Audit Committee and Stakeholders Relationship Committee have been considered as per Regulation 26 of the ("The Listing Regulations").
- Shri S. N. Modani, Shri V. K. Sodani and Shri R. P. Soni are related to each other. Shri S. N. Modani and Shri V. K. Sodani are the Sons-in-Law of Shri R. P. Soni. No other Director is related to any other Director on the Board.
- In terms of Regulation 25(1) of the Listing Regulations, out of the reported 7 public companies, Shri Achintya Karati holds the position of Independent Director in 6 listed companies (including Sangam (India) Limited).
- None of the Directors hold the office of director in more than the permissible number of companies under the Act, or Regulation 25 and 26 of the Listing Regulations.
- None of the Non-Executive Directors hold Shares and Convertible Instruments as on 31<sup>st</sup> March, 2020.
- Shri Ramawatar Jaju and Ms. Seema Srivastava, Independent Director resigned from the Board w.e.f. 24<sup>th</sup> December, 2019 and 02<sup>nd</sup> March, 2020 respectively.
- Shri R. P. Soni, Shri S. N. Modani and Shri V. K. Sodani are directors liable to retire by rotation.



## Corporate Governance Report (Contd.)

### BOARD MEETING

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

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

Four meetings of the Board were held during the financial year 2019-2020 on 28<sup>th</sup> May, 2019, 12<sup>th</sup> July, 2019, 23<sup>rd</sup> October, 2019 and on 29<sup>th</sup> January, 2020. The last Annual General Meeting was held on 30<sup>th</sup> September, 2019.

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	Four	Yes
2	Shri S. N. Modani	Four	Yes
3	Shri V. K. Sodani	Four	Yes
4	Shri RamawatarJaju	One	No
5	Shri AchintyaKarati	Four	Yes
6	Shri T.K. Mukhopadhyay	Four	No
7	Ms. Seema Srivastava	One	No

Note: Shri Ramawatar Jaju and Ms. Seema Srivastava, Independent Directors resigned from the Board w.e.f. 24<sup>th</sup> December, 2019 and 02<sup>nd</sup> March, 2020 respectively.

### 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 2019-2020, the Independent Directors met on 28<sup>th</sup> May, 2019. The meeting was held without the presence of Executive Directors or management personnel of the Company. Such meeting was 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.

Shri RamawatarJaju and Ms. Seema Srivastava, Independent Directors resigned from the Board w.e.f. 24<sup>th</sup> December, 2019 and 02<sup>nd</sup> March, 2020 respectively.

### INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD

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

### BOARD SKILLS AND EXPERTISE

The Company recognises and embraces the benefits of having a diverse Board of Directors to enhance the quality of its performance. The Company considers increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates.

The Board of the Company is composed of appropriately qualified people with a broad range of experience relevant to the business of the Company, which is important to achieve effective corporate governance and sustained commercial success of the Company. All appointments at Board level are made on merit, in the context of skills, experience, independence, knowledge and integrity which the Board requires to be effective.

The table summarises the key skills and attributes which are considering while identifying, selecting and nominating the candidate to serve on the Board of the Company.

## Corporate Governance Report (Contd.)

S.No	Particulars	Description
1	Business	Experience and understanding of the Industry, business environment, economic conditions, Strategic thinking.
2	Financial	Knowledge and understanding of finance management, accountancy, ability to read and understand financial statements
3	Board Services	Experience as director on other's Board, maintaining Board and management accountability, observing good governance practices
4	Specialised Skills	Specialised knowledge of Accounting/ Finance/ Law/Management / Information Technology / Sales & Marketing/Procurement / Manufacturing / Human Resource Management /E-commerce/ Public relations/ Corporate Social responsibility/Administration etc.
5	Leadership and sound Judgement	Leadership and sound judgement ability in regular and complex business environment.
6	Other diversity	Representation of gender, ethnic, geographic, culture and other perspective to compliment Board's understanding of our customers, employees, governments, community and various other stakeholders in different geographies.

Expertise/Skill of individual directors are highlighted below:

Name of Director	Area of Expertise					
	Business	Financial	Board Services and Governance	Specialised Skills	Leadership and sound Judgement	Other diversity
Shri R.P. Soni	✓	✓	✓	✓	✓	✓
Shri S.N. Modani	✓	✓	✓	✓	✓	✓
Shri V.K. Sodani	✓	✓	✓	✓	✓	✓
Shri Ramawatar Jaju	✓	✓	✓	✓	✓	✓
Shri Achintya Karati	✓	✓	✓	✓	✓	✓
Shri T.K. Mukhopadhyay	✓	✓	✓	✓	✓	✓
Ms. Seema Srivastava	✓	✓	✓	✓	✓	✓

### FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

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 Denim plant at Village Biliya Kalan, Chittorgarh Road, Bhilwara. The Independent Directors were taken through various aspects of the Company's business and operations. The details of familiarization programmes imparted to Independent Directors are available on the Company's website, viz <http://www.sangamgroup.com/financials/Policies/FP%20Policy.pdf>

### CEO/CFO CERTIFICATION

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

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

The Company has in place a comprehensive Code of Conduct applicable to the Directors and Senior Management. The Code is also applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The duties of Independent Directors as laid down in the Act, is incorporated in the Code. The Code gives guidance needed for ethical conduct of business and compliance of law. All Board Members and designated senior management personnel have affirmed compliance

## Corporate Governance Report (Contd.)

with this code of conduct. The code of conduct is available on the website of the Company at the weblink: <http://www.sangamgroup.com/financials/Policies/Code%20Conduct%20for%20Directors.pdf>.

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

### INSIDER TRADING CODE

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

### COMMITTEES OF THE BOARD

The Board of Director has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board. The terms of reference of the Board Committee are governed by the Board from time to time. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee meetings are placed before the Board for noting. The Board currently has the following Committees:

#### (A) AUDIT COMMITTEE

##### Constitution

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

The Chairman of the Committee is Shri Achintya Karati, Non-Executive Independent Director. Invitees to the Audit Committee include Managing Director

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

##### Meeting

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

Date of meetings - four meetings of the Audit Committee were held during the financial year 2019-2020 on 28<sup>th</sup> May, 2019, 12<sup>th</sup> July, 2019, 23<sup>rd</sup> October, 2019 and on 29<sup>th</sup> January, 2020.

##### Composition and Attendance

The Composition and Attendance of the Audit Committee as on 31<sup>st</sup> March, 2020 was as follows:

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

##### 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) Recommendation 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;

## Corporate Governance Report (Contd.)

- (e) Compliance with listing and other legal requirements relating to financial statements;
- (f) Disclosure of any related party transactions;
- (g) Modified opinion(s) in the draft audit report;
- (5) Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the Company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to

ascertain any area of concern;

- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

### Review of information by Audit Committee

The Audit Committee reviews the following information:

- 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 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. During the year, the Nomination and Remuneration Committee has been re-constituted on 29<sup>th</sup> January, 2020 as the present Member of the Committee Shri Ramawatar Jaju resigned from the board of director of the Company w.e.f 24<sup>th</sup> December, 2019.

### Meeting

Three meeting of Nomination and Remuneration

## Corporate Governance Report (Contd.)

Committee was held during the year on 28<sup>th</sup> May, 2019, 7<sup>th</sup> December, 2019 and 29<sup>th</sup> January, 2020.

### Composition and Attendance

The Composition and Attendance of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2020 was as follows:

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

Note: Shri Ramawatar Jaju Independent Director resigned from the Board w.e.f. 24<sup>th</sup> December, 2019.

### Terms of reference

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;
- Recommend to the board all remuneration, in whatever form, payable to senior management.

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

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

### REMUNERATION OF NON-EXECUTIVE DIRECTOR (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, stakeholders relationship committees, nomination and remuneration committees. Any sitting fees paid to the Independent Director shall not be less the sitting fees paid to non-executive directors. Any incidental expense incurred by the directors with relation to the participation in the meetings of the Board and the Committee Meeting shall be reimbursed.

Details of Remuneration Paid or Payable to Directors for 2019-2020

(₹ in Lakhs)

Name of Director	Sitting fees	Salary	Perquisites and allowances	Commission	Others
Shri R. P. Soni	-	216.39	4.67	25.03	19.81
Shri S.N. Modani	-	127.43	11.61	25.03	11.10
Shri V.K. Sodani	-	56.94	17.70	6.25	5.02

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(₹ in Lakhs)

Name of Director	Sitting fees	Salary	Perquisites and allowances	Commission	Others
Shri Achintya Karati	5.35	-	-	-	-
Shri T.K. Mukhopadhyay	4.35	-	-	-	-
Shri Ramawatar Jaju	1.00	-	-	-	-
Ms. Seema Srivastava	0.50	-	-	-	-

### Notes:

- The Company has not introduced any stock options for its directors/employees.
- Notice period for termination of appointment of Managing Director and other Whole-time Directors is three month on either side.
- No severance fees is payable on termination of appointment.
- Shri Ramawatar Jaju and Ms. Seema Srivastava, Independent Director resigned from the Board w.e.f. 24<sup>th</sup> December, 2019 and 02<sup>nd</sup> March, 2020 respectively.

### PERFORMANCE EVALUATION

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

### (C) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted as per provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations. During the year, the Stakeholder's Relationship Committee has been re-constituted on 29<sup>th</sup> January, 2020 as the present Member of the Committee Shri Ramawatar Jaju resigned from the board of director of the Company w.e.f. 24<sup>th</sup> December, 2019.

### Meeting

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

Date of meetings - four meetings of the Stakeholders' Relationship Committee of Board of the Company were held during the financial year 2019-2020 on 28<sup>th</sup> May, 2019, 7<sup>th</sup> December, 2019, 23<sup>rd</sup> October, 2019 and on 29<sup>th</sup> January, 2020.

### Composition and Attendance

The Composition of Stakeholders' Relationship Committee as on 31<sup>st</sup> March, 2020 was as follows:

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

Note: Shri Ramawatar Jaju, Independent Director resigned from the Board w.e.f. 24<sup>th</sup> December, 2019.

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



## Corporate Governance Report (Contd.)

- b) Carrying out any other function as prescribed under the SEBI (LODR) Regulations, 2015.

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

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

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

During the year, 36 complaint/letters were received from investors directly/RTA or through SEBI or Stock Exchange(s) and were dealt with satisfactorily. All complaints received from the investors were general in nature, which were resolved to the satisfaction of the shareholders within the stipulated time.

### (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. During the year, the Corporate Social Responsibility Committee has been re-constituted on 29<sup>th</sup> January, 2020 as the present Member of the Committee Shri Ramawatar Jaju

resigned from the board of director of the Company w.e.f 24<sup>th</sup> December, 2019.

### Meeting

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

Date of meetings – Four meetings of the CSR Committee of Board of the Company were held during the financial year 2019-20 on 28<sup>th</sup> May, 2019, 7<sup>th</sup> December, 2019, 23<sup>rd</sup> October, 2019 and on 29<sup>th</sup> January, 2020.

### Composition and Attendance

The composition and Attendance of Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2020 was as follows:

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

Note: Shri Ramawatar Jaju, Independent Director resigned from the Board w.e.f. 24<sup>th</sup> December, 2019.

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

## GENERAL BODY MEETINGS

### General Meeting

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

General Body Meeting	Day, Date	Time	Venue	Detail of Special Resolution passed
31 <sup>st</sup> AGM - 2017	Friday, 29 <sup>th</sup> September, 2017	4.00 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajasthan)	<ul style="list-style-type: none"> <li>Re-appointment of Shri V.K. Sodani as Whole time Director, designated as Executive director of the Company for a period of 5 years effective from 1<sup>st</sup> October, 2017.</li> <li>Revision in terms of remuneration of Shri Anurag Soni, to hold an office or place of profit of the Company.</li> <li>Appointment of Shri Pranal Modani, to hold an office or place of profit in the Company.</li> </ul>



## Corporate Governance Report (Contd.)

32 <sup>nd</sup> AGM - 2018	Saturday, 29 <sup>th</sup> September, 2018	3.30 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajashtan)	-	Re-appointment of Shri R. P. Soni as Whole time Director, designated as Chairman of the Company for a period of 3 years effective from 01 <sup>st</sup> September, 2018.
33 <sup>rd</sup> AGM - 2019	Monday, 30 <sup>th</sup> September, 2019	4.00 P.M.	"Sangam House", Atun, Chittorgarh Road, Bhilwara-311001 (Rajashtan)	-	Re-appointment of Shri S.N. Modani as Managing Director of the Company
				-	Re-appointment of Shri Achintya Karati as an Independent Director of the Company
				-	Re-appointment of Shri Tapan Kumar Mukhopadhyay as an Independent Director of the Company
				-	Re-appointment of Shri Ramawatar Jaju as an Independent Director of the Company
				-	Re-appointment of Ms. Seema Srivastava as an Independent Director of the Company

- (b) Whether any special resolution passed last year through postal ballot – details of voting pattern - No special resolutions were passed during FY 2019-20 through postal ballot.
- (c) Person who conducted the postal ballot exercise: NA
- (d) Whether any special resolution is proposed to be conducted through postal ballot- At present there is no proposal to pass any special resolution through postal ballot.
- (e) Procedure for postal ballot - Does not arise

### MEANS OF COMMUNICATION

- (I) The Unaudited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited financial results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.
- (II) The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper. In addition, the same are published in local newspaper, within forty-eight hours of approval thereof.
- (III) The Company's financial result is displayed on the Company's Website - [www.sangamgroup.com](http://www.sangamgroup.com).
- (IV) Management Discussion and Analysis forms part of the Annual Report, which is sent to the shareholders of the Company.

- (V) A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors / public.

### BSE LISTING CENTRE

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

### NSE Electronic Application Processing System (NEAPS)

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

### Extensive Business Reporting Language (XBRL)

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular No. 37/2011 dated 07<sup>th</sup> June, 2011, had mandated certain companies to file their Annual Accounts vide this mode. The Company has filed its Annual Accounts on MCA through XBRL.

## Corporate Governance Report (Contd.)

### Ministry of Corporate Affairs (MCA)

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

### SEBI Complaints Redress System (SCORES)

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

### Annual Report

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

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

### Green Initiative

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company had during the financial year 2019-20 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.	<b>34<sup>th</sup> Annual General Meeting</b>	<b>Detail of Special Resolution passed</b>
	- Date and Time	Saturday, 28 <sup>th</sup> November, 2020 at 04.00 p.m.
	- Venue	Atun, Chittorgarh Road, Bhilwara-311001 (Raj.)
B	<b>Tentative Financial Calendar</b>	
	- Unaudited results for the quarter ending June 2020	14 <sup>th</sup> August, 2020
	- Un-audited results for the quarter/half year ending September 2020	14 <sup>th</sup> November, 2020
	- Un-audited results for the quarter ending December 2020	14 <sup>th</sup> February, 2021
	- Audited results for the year ending March, 2021	30 <sup>th</sup> May, 2021
C	<b>Book closure date</b>	(both days inclusive)
D	<b>Dividend payment dates</b>	Within 30 days from date of AGM
E	<b>The listing fee has been paid up to date, to all the Stock Exchanges.</b>	Yes
	<b>Bombay Stock Exchange Ltd. (BSE)</b>	P. J. Towers, Dalal Street, Mumbai-400 001
	i. Scrip code	514234
	ii. Trading symbol	SANGAMIND
	<b>National Stock Exchange of India Ltd. (NSE)</b>	Exchange Plaza, Block G, C1, Bandra Kurla Complex, Bandra East, Mumbai-400 051
	Trading symbol	SANGAMIND
F	Demat ISIN Numbers in NSDL & CDSL	INE495C01010

## Corporate Governance Report (Contd.)

### Credit Rating

The following is the credit rating obtained by the company during the financial year 2019-2020:

Description	Rating
Term Loan	IND A/Negative
Fund-based Working Capital Limits	IND A/Negative
Non-Fund-based Working Capital Limits	IND A1

### Dividend

The Board of Directors at their meeting held on 24<sup>th</sup> June, 2020, have recommended a Dividend of ₹ 1/- per share for the year ended 31<sup>st</sup> March, 2020, subject to shareholders' approval at the forthcoming 34<sup>th</sup> Annual General Meeting. If approved, the dividend will be paid to the shareholders within 30 days from the date of Annual General Meeting.

The Company will continue to use NECS/ECS or any other electronic mode for payment of dividend to the shareholders located in places where in such facilities/system is in existence.

### Unclaimed/Unpaid Dividend

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

### Stock Market Data

The reported high and low prices of equity shares of Sangam (India) Limited traded during Financial Year 2019-2020 on BSE and NSE are set out in the following table:

Month	Bombay Stock Exchange Ltd. (BSE)				National Stock Exchange of India Ltd. (NSE)			
	Share Price		Sensex		Share Price		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
April, 2019	69.55	59.50	39487.45	38460.25	70.00	59.50	11856.15	11549.10
May, 2019	64.90	50.10	40124.96	36956.10	64.20	50.10	12041.15	11108.30
June, 2019	63.95	50.05	40312.07	38870.96	64.00	50.00	12103.05	11625.10
July, 2019	56.50	39.85	40032.41	37128.26	54.95	39.75	11981.75	10999.40
August, 2019	52.85	32.15	37807.55	36102.35	53.90	32.40	11181.45	10637.15
September, 2019	47.50	33.80	39441.12	35987.80	47.40	33.60	11694.85	10670.25
October, 2019	45.50	35.80	40392.22	37415.83	42.95	35.20	11945.00	11090.15
November, 2019	56.85	40.05	41163.79	40014.23	58.00	39.20	12158.80	11802.65
December, 2019	70.50	55.00	41809.96	40135.37	70.50	53.05	12293.90	11832.30
January, 2020	65.45	56.65	42273.87	40476.55	67.60	56.25	12430.50	11929.60
February, 2020	59.90	49.70	41709.30	38219.97	61.40	50.00	12246.70	11175.05
March, 2020	52.90	33.60	39083.17	25638.90	53.00	32.35	11433.00	7511.10

### 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.

## Corporate Governance Report (Contd.)

### (i) Distribution of Shareholding as on 31<sup>st</sup> March, 2020

Category Range – Shares	Shareholders		Shareholding	
	Number	Percentage	Number of Shares	Percentage
Up to 500	6556	87.31	865530	2.20
501-1000	460	6.13	377753	0.96
1001-2000	209	2.78	323537	0.82
2001-3000	83	1.10	209760	0.53
3001-4000	49	0.65	178073	0.45
4001-5000	28	0.38	128151	0.33
5001-10,000	54	0.72	392755	0.99
10,001 and above	70	0.93	36946000	93.72
<b>TOTAL</b>	<b>8174</b>	<b>100.00</b>	<b>39421559</b>	<b>100.00</b>

### (ii) Shareholding Pattern as on 31<sup>st</sup> March, 2020

Category	No. of Shares held	% of Shareholding
<b>Promoters holding</b>		
(a) Individual Promoters	4234433	10.74
(b) Persons acting in Concerts	17447968	44.26
Others		
Mutual Funds and UTI	-	-
Banks, Financial Institution, Insurance Companies, NBFCs registered with RBI (Central/State Govt. Institutions/ Non Govt. Institutions)	1013409	2.57%
Foreign Portfolio Investors	-	-
Private Corporate Bodies	11723327	29.74%
Indian Public	2655423	6.74%
NRI's / OCBs	1841236	4.67%
Clearing Members	211512	0.54%
Investor Education and Protection Fund (IEPF)	76124	0.19%
HUF	218077	0.55%
Trusts	50	-
<b>TOTAL</b>	<b>39421559</b>	<b>100.00</b>



## Corporate Governance Report (Contd.)

### Dematerialization of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). The shareholder is required to fill in a Demat Request Form and submit the same along with the original share certificates to his DP. The DP will allocate a demat request number and shall forward the request physically and electronically through NSDL/CDSL to Registrar & Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of the shares is given in the account of the shareholder. Shares of the Company are traded in electronic form. About 99.69% of the shares holdings have already been dematerialized. Shares of the Company are actively traded in BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) and have reasonably good liquidity.

### 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

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

### Office and Works

#### Registered Office

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

Ph.: +91 1482 245400-06

E-mail: [secretarial@sangamgroup.com](mailto:secretarial@sangamgroup.com)

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

### Plant Location

#### Spinning

**Unit - I :** Vill. BiliyaKalan, Chittorgarh Road, Bhilwara - 311 001 (Raj.)

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

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

### Weaving, Processing and Seamless Garments

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

### Denim

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

### Registrar and Share Transfer Agent

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

### Address for Correspondence

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

### Company Secretary

#### Sangam (India) Limited,

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

Ph.: +91 1482-245400-6, Fax: +91 1482 245450

email: [secretarial@sangamgroup.com](mailto:secretarial@sangamgroup.com)

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

## OTHER DISCLOSURE

### Related Party Transaction:

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

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The policy is

## Corporate Governance Report (Contd.)

available on website of the company at the weblink: <http://www.sangamgroup.com/financials/Policies/RPT%20Policy.pdf>.

### Statutory Compliance, Penalties and Strictures:

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

### Vigil Policy (Whistle Blower Policy):

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

### Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

### Details of Compliance with Mandatory Requirements:

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

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

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

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

Details relating to fees paid to the Statutory Auditors are given in Notes to the Financial Statements.

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

The details of number of complaints filed and disposed of during the year and pending as on 31<sup>st</sup> March, 2020 is given in the Directors' report.

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

Pursuant to sub-regulation (3) of Regulation 26 read with Para D of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and the Senior Management personnel of the Company have affirmed compliance to their respective Code of Conduct, as applicable to them for the Financial Year ended 31<sup>st</sup> March, 2020.

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

**(S. N. Modani)**

Managing Director & CEO

DIN: 00401498

Place: Bhilwara

Date: 24<sup>th</sup> June, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,

The Members of

**Sangam (India) Limited**

Atun, Chittorgarh Road,

BHILWARA- 311001 (Rajasthan)

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1	Ram Pal Soni	00401439
2	Shri Niwas Modani	00401498
3	Vinod Kumar Sodani	00403740
4	Achintya Karati	00024412
5	Tapan Kumar Mukhopadhyay	00239251
6	Ramawatar Jaju (till 24/12/2019)	00083218
7	Seema Srivastava (till 02/03/2020)	07142986

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

**For B K Sharma and Associates**

Company Secretaries

**(Brij Kishore Sharma)**

Proprietor

Membership No.: 6206

CP No.: 12636

UDIN: F06206B000372924

Place: Jaipur

Date: 24<sup>th</sup> June, 2020



## Certificate on Corporate Governance

To

The Members of

### **Sangam (India) Limited**

1. We have examined the compliance of conditions of Corporate Governance by Sangam (India) Limited ("the Company") for the year ended on 31<sup>st</sup> March, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) & other applicable regulations and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the SEBI Listing Regulations').

### **Management Responsibility**

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

### **Auditors' Responsibility**

3. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.
4. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance and Guidance Manual on Quality of

Audit and Attestation Services issued by the Institute of Company Secretaries of India. It was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Management of the company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, as applicable for the year ended 31<sup>st</sup> March, 2020, referred to in paragraph 1 above.

### **Other matters and Restriction on use**

6. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. This Certificate is addressed to and provide to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

**For B K Sharma and Associates**

Company Secretaries

**(Brij Kishore Sharma)**

Proprietor

Membership No.: 6206

CP No.: 12636

UDIN: F06206B000372924

Place: Jaipur

Date: 24<sup>th</sup> June, 2020

## CEO / CFO Certification

(Pursuant to regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March, 2020

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

- a. We have reviewed financial statements and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions are entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or

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

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

**For Sangam (India) Limited**

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

**(Anurag Soni)**  
Chief Financial Officer

Place: Bhilwara  
Date: 24<sup>th</sup> June, 2020

# **FINANCIAL STATEMENTS**

# Independent Auditor's Report

To,  
The Members of  
**Sangam (India) Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Sangam (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and its profit including other comprehensive income, changes in equity and its cash flow for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements for the financial year ended 31<sup>st</sup> March, 2020. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

The key audit matters	How our audit addressed the key audit matter
<b>1. Investment in wholly owned subsidiary company – Impairment of investment</b>	
The Company carries its investment in the wholly owned subsidiary company at cost at an aggregate amount of ₹ 5 Lakhs. Being strategic investment and net worth of the subsidiary company is fully eroded, the determination of impairment charge required the application of significant judgments by management, in particular with respect to determination of recoverable/fair value amount of these investments which in aggregate is significant to the consolidated financial statements.	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>Comparing the carrying amount of investments with audited financial statements of Investee Company to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount.</li> <li>Obtaining and reviewing recoverable amounts as determined by the management for each investment.</li> <li>Obtaining and reviewing estimation and future plans made by the management for each investment.</li> </ul>

## Independent Auditor's Report (Contd.)

The key audit matters	How our audit addressed the key audit matter
<b>2. Uncertainty about Covid 19 pandemic impact on financial position of the company</b>	<b>position of the company</b>
<b>Inventory:</b>  Determination of net realizable value of inventory at the year ended 31 <sup>st</sup> March, 2020, the Company has inventory with the carrying value ₹ 36,753 Lakhs. The inventory is valued at the lower of cost and net realizable value. We considered the value of the inventory of as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of selling prices such as fluctuation of raw materials prices in the international market and substantial fall into selling prices due to shortage in demands due to Covid 19 pandemic.	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"> <li>We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory.</li> <li>Assessing the appropriateness of Company's accounting policy for valuation of stock-in- trade and compliance of the policy with the requirements of the prevailing accounting standards. We considered various factors including the actual selling price prevailing around and subsequent to the year-end and fixed price contracts with customers whose sales orders are on hand. Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value.</li> <li>For the purpose of determination of cost, the Company has considered the prevailing market situation. Based on the above procedures performed, the management's determination of the net realizable value of the inventory as at the year end and comparison with cost for valuation of inventory is considered to be reasonable.</li> </ul>

### Information other than the financial statements and Auditor's report thereon

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

## Independent Auditor's Report (Contd.)

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also

responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

## Independent Auditor's Report (Contd.)

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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 with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** to this report.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed impact of pending litigations under note no. 38 of standalone financial statements.
    - (ii) The Company has made provision as at 31<sup>st</sup> March, 2020 as required under the applicable Law or Accounting Standards for foreseeable losses on long term contracts including derivatives contracts.
    - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

#### For Rajendra & Co.

Chartered Accountants  
Firm Registration No. 108355W

#### For O. P. Dad & Co.

Chartered Accountants  
Firm Registration No. 002330C

#### Akshay R. Shah

Partner  
Membership No. 103316  
Place : Mumbai  
UDIN: 20103316AAAACJ3170  
Date: 24<sup>th</sup> June, 2020

#### O. P. Dad

Partner  
Membership No. 035373  
Place : Bhilwara  
UDIN: 20035373AAAABN9200  
Date: 24<sup>th</sup> June, 2020



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

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

(i) In respect of its fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of inventories:

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

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

b) There are no dues of Income Tax, Sales Tax, Wealth Tax, and Service Tax, duty of Customs, Duty of Excise, Value Added Tax, and Cess which have not been deposited as on 31<sup>st</sup> March, 2020 on account of any dispute, except in respect of the following:

- 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.
- 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.
- 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.
- In respect of statutory dues:
  - According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date of becoming payable.

Sr. no.	Name of the statute	Nature of dues	Amount of disputed demand (₹ In Lakhs)		Period to which the amount relate (F.Y.)	Forum where dispute is pending
			Gross	Net of Deposited		
1	Central Excise Act, 1944	Excise Duty and Penalty	11	10	2015-16	Commissioner of Excise and Service tax (Appeals), Jodhpur
2	Finance Act, 1994	Service tax and Penalty	445	421	2010-11 to 2014-15	CESTAT, New Delhi

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

3	Rajasthan Value Added Tax Act, 2003	Value Added Tax	94	78	2012-13	Tax Board, Ajmer
		Sales Tax Incentive matter	49	14	2006-07	Tax Board, Ajmer & Rajasthan High Court, Jodhpur
		Value Added Tax with RIPS Incentive on Exports	637	363	2010-11 to 2012-13	Tax Board, Ajmer
4	The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Penalty and Interest	2	2	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	66	42	2009-10 to 2010-11	APTEL, New Delhi

(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 fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details

of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of paragraph 3 of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-1A of the Reserve Bank of India Act, 1934.

### For Rajendra & Co.

Chartered Accountants

Firm Registration No. 108355W

### For O. P. Dad & Co.

Chartered Accountants

Firm Registration No. 002330C

### Akshay R. Shah

Partner

Membership No.103316

Place : Mumbai

UDIN:20103316AAAACJ3170

Date: 24<sup>th</sup> June, 2020

### O. P. Dad

Partner

Membership No. 035373

Place : Bhilwara

UDIN: 20035373AAAABN9200

Date: 24<sup>th</sup> June, 2020



## **ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Sangam (India) Limited** ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements 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 with reference to these Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Standalone Financial Statements.

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Standalone Financial Statements and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### For Rajendra & Co.

Chartered Accountants

Firm Registration No. 108355W

#### For O. P. Dad & Co.

Chartered Accountants

Firm Registration No. 002330C

#### Akshay R. Shah

Partner

Membership No.103316

Place : Mumbai

UDIN:20103316AAAACJ3170

Date: 24<sup>th</sup> June, 2020

#### O. P. Dad

Partner

Membership No. 035373

Place : Bhilwara

UDIN: 20035373AAAABN9200

Date: 24<sup>th</sup> June, 2020



# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	3	61,526	64,735
Capital Work-in-Progress		602	1,014
Intangible Assets	4	71	75
Intangible Assets under Development		356	168
<b>Financial Assets</b>			
(i) Investments	5	590	590
(ii) Other Financial Assets	6	949	1,020
Other Non Current Assets	7	639	837
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64,733</b>	<b>68,439</b>
<b>Current Assets</b>			
Inventories	8	36,753	35,405
<b>Financial Assets</b>			
(i) Trade Receivables	9	30,435	36,443
(ii) Cash and Cash equivalents	10	833	38
(iii) Bank balances other than (ii) above	11	530	29
(iv) Other Current Financial Assets	12	4,952	4,786
Current Tax Assets (Net)	13	445	835
Other Current Assets	14	6,027	8,124
<b>TOTAL CURRENT ASSETS</b>		<b>79,975</b>	<b>85,660</b>
<b>TOTAL ASSETS</b>		<b>1,44,708</b>	<b>1,54,099</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	3,942	3,942
Other Equity	16	49,382	48,739
<b>TOTAL EQUITY</b>		<b>53,324</b>	<b>52,681</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	17	24,228	28,517
Deferred Tax Liabilities (Net)	18	5,119	4,807
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,347</b>	<b>33,324</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	19	35,899	35,507
(ii) Trade Payables			
a) Total outstanding dues of Micro enterprises and Small enterprises		757	-
b) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises	20	10,702	16,432
(iii) Other Financial Liabilities	21	11,632	13,638
Other Current Liabilities	22	1,313	1,180
Provisions	23	1,734	1,337
<b>TOTAL CURRENT LIABILITIES</b>		<b>62,037</b>	<b>68,094</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,44,708</b>	<b>1,54,099</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 46

As per our Report of even date

**For Rajendra & Co.**

Chartered Accountants

(Firm Registration No. 108355W)

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

Chartered Accountants

(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

Place: Mumbai

Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**

Partner

Membership No. 035373

Place : Bhilwara

Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director &amp; CEO

(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

**(A. K. Jain)**

Company Secretary

(M No: F-7842)

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	Note	2019-20	2018-19
<b>INCOME</b>			
Revenue from Operations	24	1,78,297	1,87,363
Other Income	25	848	901
<b>Total Income</b>		<b>1,79,145</b>	<b>1,88,264</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	26	98,233	1,05,159
Purchases of Traded Goods	27	3,963	2,866
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	(1,313)	1,652
Employee Benefits Expenses	29	19,000	18,765
Power & Fuel		22,881	24,755
Finance Costs	30	6,865	6,654
Depreciation and Amortisation Expense	31	8,100	8,048
Other Expenses	32	19,399	17,919
<b>Total Expenses</b>		<b>1,77,128</b>	<b>1,85,818</b>
Profit Before Exceptional Item and Tax		2,017	2,446
Exceptional Items		-	-
Profit Before Tax		2,017	2,446
<b>Tax Expenses</b>			
Current Tax		1,232	823
Deferred Tax		(430)	62
Tax Expense for Earlier Years		(115)	-
<b>Profit for the year</b>		<b>1,330</b>	<b>1,561</b>
<b>Other comprehensive income</b>	33		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		(3)	69
Tax relating to remeasurement of defined benefit plans		1	(24)
		<b>(2)</b>	<b>45</b>
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on derivatives designated as cash flow hedges		(323)	-
Tax on items that will be reclassified subsequently to Profit & Loss		113	-
		<b>(210)</b>	<b>-</b>
<b>Total Other Comprehensive Income for the period</b>		<b>(212)</b>	<b>45</b>
<b>Total Comprehensive Income for the period</b>		<b>1,118</b>	<b>1,606</b>
Earnings per equity share of face value of ₹ 10 each	34		
Basic and Diluted (in ₹)		3.37	3.96
Significant Accounting Policies and Notes on Financial Statements	1 to 46		

As per our Report of even date

**For Rajendra & Co.**Chartered Accountants  
(Firm Registration No. 108355W)**For O. P. Dad & Co.**Chartered Accountants  
(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**Partner  
Membership No.103316  
Place: Mumbai  
Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**Chairman  
(DIN 00401439)**(S. N. Modani)**Managing Director & CEO  
(DIN 00401498)**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**Executive Director  
(DIN 00403740)**(A. K. Jain)**Company Secretary  
(M No: F-7842)



# Standalone Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	2,017	2,446
Adjustments for :-		
Depreciation and Amortisation Expense	8,100	8,048
Finance Costs	6,865	6,654
Allowance for Doubtful Debts	30	55
Interest Income	(773)	(655)
Foreign Exchange Fluctuation	66	172
Profit on Sale of Property, Plant & Equipments (Net)	(32)	(188)
<b>Operating Profit before working capital changes</b>	<b>16,273</b>	<b>16,532</b>
Movements in Working Capital :-		
(Increase) / Decrease in Inventories	(1,348)	252
(Increase) / Decrease in Trade Receivables	5,935	(4,051)
(Increase) / Decrease in Other Financial Assets	(156)	1,089
(Increase) / Decrease in Other Assets	2,366	(403)
Increase / (Decrease) in Trade Payables	(4,997)	1,394
Increase / (Decrease) in Other Financial Liabilities	(84)	136
Increase / (Decrease) in Provisions	71	413
Increase / (Decrease) in Other Liabilities	133	323
<b>Cash Generated from Operations</b>	<b>18,193</b>	<b>15,685</b>
Taxes Paid / (Refund) (Net)	(130)	(1,702)
<b>Net Cash Inflow / (Out Flow) from Operating Activities</b>	<b>18,323</b>	<b>17,387</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipments	(4,821)	(3,287)
Sale of Property, Plant & Equipments	190	312
Interest Income	764	612
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(3,867)</b>	<b>(2,363)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	766	1,860
Repayment of Long Term Borrowings	(7,110)	(8,147)
Increase / (Decrease) in Short- Term Borrowings	391	(1,722)
Finance Costs	(6,731)	(6,638)
Dividend Paid (Including Tax on Dividend)	(476)	(476)
<b>Net Cash Inflow / (Out Flow) from Financing Activities</b>	<b>(13,160)</b>	<b>(15,123)</b>
Net Increase/(Decrease) in Cash & Cash equivalents	1,296	(99)
Cash and Cash Equivalents at the Beginning	67	166
Cash and Cash Equivalents at the End	1,363	67



# Standalone Cash Flow Statement

## for the year ended 31<sup>st</sup> March, 2020 (Contd.)

### Change in Liability arising from financing activities

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	Cash Flow	As at 31 <sup>st</sup> March, 2020
Borrowing - Non Current (Refer Note No. 17)	35,223	(6,345)	28,878
Borrowing - Current (Refer Note No. 19)	35,507	392	35,899
<b>Total</b>	<b>70,730</b>	<b>(5,953)</b>	<b>64,777</b>

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

As per our Report of even date

**For Rajendra & Co.**Chartered Accountants  
(Firm Registration No. 108355W)**For O. P. Dad & Co.**Chartered Accountants  
(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**Partner  
Membership No.103316  
Place: Mumbai  
Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**Chairman  
(DIN 00401439)**(S. N. Modani)**Managing Director & CEO  
(DIN 00401498)**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**Executive Director  
(DIN 00403740)**(A. K. Jain)**Company Secretary  
(M No: F-7842)



# Standalone Statement of Changes in Equity

## for the year ended 31<sup>st</sup> March, 2020

### (a) Equity share capital

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	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					Other Comprehensive Income		Total
	General Reserve	Retained Earnings	Capital Reserve	Preference Share Capital Redemption Reserve	Securities Premium	Remeasurement of Defined Benefit Plans	Effective Portion of Cash Flow Hedges	
<b>Balance at 31<sup>st</sup> March, 2018</b>	<b>22,818</b>	<b>17,402</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>45</b>	<b>-</b>	<b>47,608</b>
Profit for the year	-	1,561	-	-	-	-	-	1,561
Other comprehensive income/(loss) for the year	-	-	-	-	-	45	-	45
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>1,606</b>
Transfer to general reserve	-	-	-	-	-	-	-	-
Dividend paid	-	(394)	-	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>22,818</b>	<b>18,488</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>-</b>	<b>48,739</b>
Restated balance at the beginning of the reporting period	22,818	18,488	297	1,178	5,868	90	-	48,739
Profit for the year	-	1,330	-	-	-	-	-	1,330
Other comprehensive income for the year	-	-	-	-	-	(2)	(210)	(212)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(210)</b>	<b>1,118</b>
Dividend paid	-	(394)	-	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>22,818</b>	<b>19,343</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>88</b>	<b>(210)</b>	<b>49,382</b>

The accompanying notes are an integral part of these financial statements

As per our Report of even date

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

For and on the Behalf of the Board

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

**(Akshay R. Shah)**  
Partner  
Membership No.103316  
Place: Mumbai  
Date: 24<sup>th</sup> June, 2020

**(O. P. Dad)**  
Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 24<sup>th</sup> June, 2020

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

**(S. N. Modani)**  
Managing Director & CEO  
(DIN 00401498)  
**(Anurag Soni)**  
Chief Financial Officer

**(V. K. Sodani)**  
Executive Director  
(DIN 00403740)  
**(A. K. Jain)**  
Company Secretary  
(M No: F-7842)

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 1. GENERAL INFORMATION:

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

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

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

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

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

### 1.1 BASIS OF PREPARATION:

#### A. Statement of compliance

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

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 24<sup>th</sup> June, 2020.

#### B. Functional and presentation currency

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

#### C. Basis of measurement

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

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

#### D. Use of estimates and judgements

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

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

#### Judgments

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

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

#### Assumptions and estimation uncertainties

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

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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### E. Measurement of fair values

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

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

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

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

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

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES:

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

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

##### Assets:

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

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

##### Liabilities:

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

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

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

Based on the nature of products and the time between the acquisition of assets for processing and their 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.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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 April 1, 2016.

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

Depreciation is 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)
<b>Plant and Equipment and Electrical Installations:</b>	
(i) For Textiles	9.19 years
(ii) For Power Generation	18 years

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

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

Depreciation on an item of property, plant and equipment sold, discarded, demolished or

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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)

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:

- Expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- Development expenditure on new products is capitalized as intangible asset, if all of the following can be demonstrated:
  - The technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - The company has intention to complete the intangible asset and use or sell it;
  - The company has ability to use or sell the intangible asset;
  - 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;
  - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - 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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 been 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



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 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.

### iv. Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities (fair value hedges); or
- hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedges).

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

### (a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### (b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognized in the Statement of Profit and Loss. Gains or losses accumulated in equity are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognized in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the Statement of Profit and Loss.

## 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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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.

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

# Notes

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events where it is either not probable that an outflow of resources will be required to settle the obligation or where reliable estimate of the obligation cannot be made. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### O. Contingent Assets

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

### P. Revenue recognition

#### (i) Revenue from operations

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

#### A. Sale of goods

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

#### B. Rendering of services

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

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

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

#### C. Other operational revenue

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

# Notes

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### 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

#### As lessee

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

#### Initial measurement

**Lease Liability:** At the commencement date, a Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate. **Right-of-use assets:** initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

### Subsequent measurement

**Lease Liability:** Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications. **Right-of-use assets:** subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset.

#### Impairment:

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

### Short term Lease or Low Value Lease

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. Low value lease is for which the underlying asset is of low value. If the company elected to apply short term lease/Low Value Lease, the lessee shall recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

Rules has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standard prospectively to its leases.

### 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.

### V. Estimation uncertainty relating to the global health pandemic on COVID-19

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipments, intangible assets, right of use assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. It has also assessed the probability of occurrence of forecasted transactions under the hedging relationships and continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone Ind AS financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 <sup>st</sup> March 2019	Additions	Deletions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	Additions	Deletions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Tangible Assets</b>										
Freehold land	1,265	152	1	1,416	-	-	-	-	1,416	1,265
Building	20,726	649	7	21,368	2,080	778	-	2,858	18,510	18,646
Plant and Machinery	56,328	2,833	51	59,110	17,903	6,298	-	24,201	34,909	38,425
Wind Power Machines	874	-	-	874	342	114	-	456	418	532
Electric Installation	4,899	946	-	5,845	1,524	502	-	2,026	3,819	3,375
Water Supply Installation	559	3	-	562	59	22	-	81	481	500
Furniture and Fixtures	1,336	67	7	1,396	393	131	-	524	872	943
Vehicles	1,212	292	64	1,440	399	157	4	552	888	813
Office Equipments	68	3	3	68	34	11	-	45	23	34
Computers	322	73	17	378	167	67	-	234	144	155
<b>Assets under Finance Lease</b>										
Leasehold Land	50	-	-	50	3	1	-	4	46	47
<b>Total</b>	<b>87,639</b>	<b>5,018</b>	<b>150</b>	<b>92,507</b>	<b>22,904</b>	<b>8,081</b>	<b>4</b>	<b>30,981</b>	<b>61,526</b>	<b>64,735</b>
Previous Year	84,735	3,042	138	87,639	14,892	8,026	14	22,904	64,735	69,843
Capital Work-in-Progress									602	1,014

### 4. INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 <sup>st</sup> March 2019	Additions	Deletions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	Additions	Deletions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Intangible Assets</b>										
Software IT (ERP)	129	26	11	144	54	19	-	73	71	75
<b>Total</b>	<b>129</b>	<b>26</b>	<b>11</b>	<b>144</b>	<b>54</b>	<b>19</b>	<b>-</b>	<b>73</b>	<b>71</b>	<b>75</b>
Previous Year	125	4	-	129	32	22	-	54	75	93
Intangible Assets under Development									356	168

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

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
Opening Balance	31	27
Financial Charges	57	58
Direct Costs Attributable to Project	10	-
<b>Total Amount</b>	<b>98</b>	<b>85</b>
Less: Expenses apportioned to fixed assets	79	54
<b>Balance yet to be allocated</b>	<b>19</b>	<b>31</b>

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

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



# Notes

on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

## 5. INVESTMENTS-NON CURRENT

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unquoted Non - Trade Investments</b>		
<b>In Equity Instrument</b>		
<b>(Measured at Cost)</b>		
<b>Unquoted, fully paid up</b>		
<b>Investment in wholly owned Subsidiary Company</b>		
<b>Equity Shares of ₹ 10/- each fully paid up</b>		
Sangam Lifestyle Ventures Ltd. 50000 (Previous Year 50000)	5	5
<b>Investment - Others</b>		
<b>Equity Shares of ₹ 10/- each fully paid up</b>		
Keti Sangam Infrastructure (India) Ltd. 580600 (Previous Year 580600)	581	581
PKSS Infrastructure Pvt. Ltd. 3900 (Previous Year 3900) ₹ 0.39 Lakh (Previous Year ₹ 0.39 Lakh)	-	-
Kalyan Sangam Infratech Ltd. 37500 (Previous Year 37500)	4	4
<b>Equity Shares of ₹ 20/- each fully paid</b>		
AP Mahesh Co-Operative Bank Ltd. 50 (Previous Year 50) ₹ 0.01 Lakh (Previous Year ₹ 0.01 Lakh)	-	-
<b>Aggregate Amount of unquoted investments</b>	<b>590</b>	<b>590</b>

## 6. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security Deposits	949	1,020
<b>TOTAL</b>	<b>949</b>	<b>1,020</b>

## 7. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital Advances	532	724
Prepaid Expenses	107	113
<b>TOTAL</b>	<b>639</b>	<b>837</b>

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

## 8. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw Materials	10,256	10,636
Stock-in-Process	6,349	6,411
Finished Goods	16,843	15,468
Traded Goods	184	81
Stores, Spares & Fuel	3,121	2,809
<b>TOTAL</b>	<b>36,753</b>	<b>35,405</b>

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

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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 9. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Trade Receivables considered good - Unsecured	30,435	36,443
Trade Receivables - Credit Impaired	281	267
<b>TOTAL</b>	<b>30,716</b>	<b>36,710</b>
Less: Provision for Trade Receivables	281	267
<b>TOTAL</b>	<b>30,435</b>	<b>36,443</b>
9.1 Included in the above Receivables amount due from wholly owned subsidiary company	1,802	1,888
9.2 Included in the above Receivables amount due from Other Related Party	48	-
9.3 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of	-	165
9.4 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 19.1)		

### 10. CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Balance with Banks	829	31
Cash on Hand	4	7
<b>TOTAL</b>	<b>833</b>	<b>38</b>

### 11. OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Earmarked Balances with banks for Unclaimed & Unpaid Dividends	23	24
Fixed Deposits with banks against Margin Money*	507	5
<b>TOTAL</b>	<b>530</b>	<b>29</b>

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

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 12 OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(Considered Good)</b>		
Security Deposits*	801	267
Recoverable from NHAI UP Towards Arbitration Award (Refer Note No. 35)	1,367	1,367
Export Incentive Receivable	489	464
Export Growth Entitlement Receivables	408	408
GST Refund Receivable	484	776
Subsidy Receivable	1,063	1,192
Electricity Duty Receivable	-	14
Advances for Expenses	20	20
Less : Allowances for Advances	(20)	(20)
Advance to Employees	58	58
Interest Receivable	193	184
Accrued Income	75	22
Insurance Claim Receivable	14	34
<b>TOTAL</b>	<b>4,952</b>	<b>4,786</b>
* Included in the above Security Deposits amount from Other Related Party	516	-

### 13 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Income Tax Refund Receivable	445	835
<b>TOTAL</b>	<b>445</b>	<b>835</b>

### 14 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Recoverable from Govt.	52	33
Advance to Employees (For Expenses)	14	7
Advance against Supplies	2,431	3,336
GST Balances	3,181	4,367
GST / Excise / VAT Recoverable	100	142
Prepaid Expenses	249	239
<b>TOTAL</b>	<b>6,027</b>	<b>8,124</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 15 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Authorised Share Capital:</b>		
6,40,00,000 (Previous Year 6,40,00,000) Equity share of ₹ 10 each	6,400	6,400
1,85,00,000 (Previous Year 1,85,00,000) Non - Cumulative Redeemable Preference Shares of ₹ 10 each	1,850	1,850
<b>TOTAL</b>	<b>8,250</b>	<b>8,250</b>
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
<b>TOTAL</b>	<b>3,942</b>	<b>3,942</b>

#### a. Terms and Rights attached to Equity Shares

Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

#### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity Shares as at 31 <sup>st</sup> March, 2019	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-
Equity Shares as at 31 <sup>st</sup> March, 2020	3,94,21,559	3,94,21,559

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

Name of the Shareholder	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	No. of Shares	% held	No. of Shares	% held
Sangam E-Com Limited	78,73,087	19.97	-	-
Authum Investment and Infrastructure Limited	50,12,355	12.71	-	-
Nidhi Mercantiles Ltd.	48,98,833	12.43	48,98,833	12.43
Anurag Soni	27,10,397	6.87	27,10,397	6.87
Hawamahal Finance Pvt. Ltd.	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Ltd.	22,16,145	5.62	22,16,145	5.62
Sangam Business Credit Ltd.	-	-	59,82,812	15.18
Altura Capital Advisors LLP	-	-	47,21,092	11.98



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 16 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Capital Reserve</b>		
Balance at the beginning of the year	297	297
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>297</b>	<b>297</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	5,868	5,868
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>5,868</b>	<b>5,868</b>
<b>Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the year	1,178	1,178
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>1,178</b>	<b>1,178</b>
<b>General Reserve</b>		
Balance at the beginning of the year	22,818	22,818
Add: Transferred from Retained Earnings	-	-
<b>Balance at the end of the year</b>	<b>22,818</b>	<b>22,818</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	18,488	17,402
Add: Profit for the year	1,330	1,561
Less: Appropriations		
Transferred to General Reserve	-	-
Dividend on Equity Shares	394	394
Tax on Dividend	81	81
<b>Balance at the end of the year</b>	<b>19,343</b>	<b>18,488</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	90	45
Addition during the year	(212)	45
<b>Balance at the end of the year</b>	<b>(122)</b>	<b>90</b>
<b>TOTAL</b>	<b>49,382</b>	<b>48,739</b>

#### Nature and Purpose of Other Reserves / Other Equity

##### 16.1 Capital Reserve

Capital Reserve created on account of merger/ amalgamation. The balance will be utilized for issue of fully paid bonus shares and as per provisions of the Companies Act, 2013.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 16.2 Securities Premium

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

### 16.3 Preference Share Capital Redemption Reserve

Preference Share Capital Redemption Reserve represents the statutory reserves created when the capital is redeemed and the same will be utilised for issue of bonus share as per provisions of the Companies Act, 2013.

### 16.4 General Reserve

The Company appropriates a portion to General Reserves out of the profits voluntarily to meet future contingencies. The said reserves is available for payment of dividend to the shareholders as per the provisions of the of the Companies Act, 2013.

### 16.5 Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) Actuarial Gains and Losses
- (b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

### 16.6 Dividend

The following dividends were declared and paid by the Company during the year.

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Dividend for the year ended 31 <sup>st</sup> March, 2019 ₹ 1 per share (31 <sup>st</sup> March, 2018: ₹ 1 per share)	394	394
Dividend Distribution tax on dividend	81	81
<b>TOTAL</b>	<b>475</b>	<b>475</b>

## 17 BORROWINGS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
<b>Term Loans From Banks</b>		
Rupee Loans	23,939	28,269
<b>Vehicle Loans From Banks</b>	289	246
<b>Vehicle Loans From Others</b>	-	2
<b>TOTAL</b>	<b>24,228</b>	<b>28,517</b>

17.1 All Term Loans from banks (including current maturities) except vehicle loan are secured by a joint equitable mortgage by deposit of title deeds in respect of all immovable properties and first hypothecation of the entire moveable properties of the company , both present and future (save and except book debts) subject to prior charges created/to be created in favour of bankers for securing working capital borrowing, ranking pari-passu with the charges created / to be created in favour of other participating bankers. The above Term Loans are further secured by personal guarantee of two directors of the company.

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

17.3 There is no default in repayment or interest of any loans on due dates.



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 3.90%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
31 <sup>st</sup> March, 2021	1,366	-	1,366	3
20 <sup>th</sup> June, 2021	640	160	480	4
20 <sup>th</sup> December, 2023	2,100	1,650	450	14
30 <sup>th</sup> June, 2024	3,200	2,600	600	16
31 <sup>st</sup> December, 2024	4,837	3,937	900	18
01 <sup>st</sup> July, 2025	4,692	4,348	344	20
30 <sup>th</sup> September, 2026	9,375	9,050	325	25
<b>Sub Total (A)</b>	<b>26,210</b>	<b>21,745</b>	<b>4,465</b>	<b>-</b>

### B) Carrying interest rate (Fixed Rate @ 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
01 <sup>st</sup> October, 2028	2,250	2,194	56	33
<b>Sub Total (B)</b>	<b>2,250</b>	<b>2,194</b>	<b>56</b>	
<b>TOTAL (A+B)</b>	<b>28,460</b>	<b>23,939</b>	<b>4,521</b>	

### Vehicle Loans from Banks & Financial Institutions

### C) Carrying Fixed interest rate 8.46% to 10.60%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks</b>	416	289	127	1-84
From Institutions	2	-	2	9
<b>Sub Total (C)</b>	<b>418</b>	<b>289</b>	<b>129</b>	
<b>GRAND TOTAL (A+B+C)</b>	<b>28,878</b>	<b>24,228</b>	<b>4,650</b>	

### A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 4.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
01 <sup>st</sup> January, 2020	287	-	287	4
31 <sup>st</sup> December, 2020	3,557	1,499	2,058	7
30 <sup>th</sup> June, 2024	5,737	4,537	1,200	21
31 <sup>st</sup> December, 2024	960	814	146	23
01 <sup>st</sup> January, 2025	5,378	4,692	686	24
31 <sup>st</sup> March, 2026	9,600	9,300	300	28
<b>Sub Total (A)</b>	<b>25,519</b>	<b>20,842</b>	<b>4,677</b>	

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### B) Carrying interest rate (Fixed Rate @ 9.15% to 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March, 2021	1,316	640	676	8
20 <sup>th</sup> September, 2023	2,550	2,100	450	18
31 <sup>st</sup> December, 2023	3,800	3,000	800	19
30 <sup>th</sup> September, 2027	1,687	1,687	-	28
<b>Sub Total (B)</b>	<b>9,353</b>	<b>7,427</b>	<b>1,926</b>	
<b>Total Rupee Term Loan (A+B)</b>	<b>34,872</b>	<b>28,269</b>	<b>6,603</b>	

### Vehicle Loans from Banks & Financial Institutions

### C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks</b>	347	246	101	5 - 59
From Institutions	4	2	2	1 - 21
<b>Sub Total (C)</b>	<b>351</b>	<b>248</b>	<b>103</b>	
<b>Grand Total (A+B+C)</b>	<b>35,223</b>	<b>28,517</b>	<b>6,706</b>	

## 18 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(a) Deferred Tax Assets</b>		
Accrued expenses allowable on payment basis	793	620
Allowance for Bad & Doubtful Debts	105	100
<b>Sub Total (a)</b>	<b>898</b>	<b>720</b>
<b>(b) Deferred Tax Liabilities</b>		
Related to Property, Plant and Equipment and Intangible Assets	6,392	6,645
Others	(113)	-
<b>Sub Total (b)</b>	<b>6,279</b>	<b>6,645</b>
<b>(c) Less : MAT Credit Entitlement</b>	<b>262</b>	<b>1,118</b>
<b>Deferred Tax Liabilities (Net) (b)-(a)-(c)</b>	<b>5,119</b>	<b>4,807</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

A. Movement in deferred tax balances	As at 31 <sup>st</sup> March, 2019	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2020
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	619	173	1	793
Allowance for Bad & Doubtful Debts	101	4	-	105
<b>Sub-Total (a)</b>	<b>720</b>	<b>177</b>	<b>1</b>	<b>898</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,645	(253)	-	6,392
Fair value changes on derivatives designated as cash flow hedges	-	-	(113)	(113)
<b>Sub-Total (b)</b>	<b>6,645</b>	<b>(253)</b>	<b>(113)</b>	<b>6,279</b>
<b>(c) MAT Credit Entitlement</b>				
MAT Credit Earlier Year	1,118	-	-	1,118
MAT Credit Current Year	-	-	-	(856)
<b>Sub-Total (c)</b>	<b>1,118</b>	<b>-</b>	<b>-</b>	<b>262</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,807</b>	<b>(430)</b>	<b>(114)</b>	<b>5,119</b>

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2019
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	528	115	(24)	619
Allowance for Bad & Doubtful Debts	111	(10)	-	101
<b>Sub-Total (a)</b>	<b>639</b>	<b>105</b>	<b>(24)</b>	<b>720</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,446	199	-	6,645
Others	32	(32)	-	-
<b>Sub-Total (b)</b>	<b>6,478</b>	<b>167</b>	<b>-</b>	<b>6,645</b>
<b>(c) MAT Credit Entitlement</b>				
MAT Credit Earlier Year	1,443	-	-	1,443
MAT Credit Current Year	-	-	-	(325)
<b>Sub-Total (c)</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,118</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,396</b>	<b>62</b>	<b>24</b>	<b>4,807</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

B. Amounts recognised in profit or loss	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>Current tax expense</b>		
Current Year	1,232	823
Earlier Years	(115)	-
<b>Total</b>	<b>1,117</b>	<b>823</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(430)	62
<b>Total</b>	<b>(430)</b>	<b>62</b>
<b>Total Tax Expense</b>	<b>687</b>	<b>885</b>

(₹ in Lakhs)

C. Amounts recognised in Other Comprehensive Income	For the year ended 31 <sup>st</sup> March, 2020		
	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	(3)	1	(2)
Fair value changes on derivatives designated as cash flow hedges	(323)	113	(210)
<b>Total</b>	<b>(326)</b>	<b>114</b>	<b>(212)</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2019		
	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	69	(24)	45
<b>Total</b>	<b>69</b>	<b>(24)</b>	<b>45</b>

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

(₹ in Lakhs)

	2019-20	2018-19
Profit Before Tax	2,017	2,446
Applicable Tax Rate	34.94%	34.94%
Computed Tax Expense	705	855
<b>Tax effect of :</b>		
Exempted income / Items Considered Separately	(11)	(66)
Expenses Disallowed	903	411
Additional Allowances	(365)	(377)
<b>Current Tax Provision (A)</b>	<b>1,232</b>	<b>823</b>
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	(430)	62
<b>Taxes recognised in Statement of Profit &amp; Loss (B)</b>	<b>(430)</b>	<b>62</b>
<b>Net Taxes (A+B)</b>	<b>802</b>	<b>885</b>
Effective Tax Rate	39.75%	36.17%

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 19 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
<b>Loans Repayable on Demand from Banks</b>		
Rupee Loans	28,330	29,184
Foreign Currency Loans	6,824	6,262
<b>TOTAL (A)</b>	<b>35,154</b>	<b>35,446</b>
<b>Unsecured</b>		
<b>Loans Repayable on Demand from Others</b>		
Rupee Loans (Refer Note No. 19.4)	745	61
<b>TOTAL (B)</b>	<b>745</b>	<b>61</b>
<b>TOTAL (A+B)</b>	<b>35,899</b>	<b>35,507</b>

19.1 Borrowings from Banks for working capital are secured by hypothecation of inventories and charge on book debts both present and future and second charge on all the immoveable and moveable Property, Plant & Equipments of the company. The above borrowing are further secured by personal guarantee of two directors of the company. There is no default in repayment or interest of any loans on due dates.

19.2 Rupee Loans carry floating interest rate from 8.25% to 10.50% per annum, computed monthly.

19.3 Rupee Loans from Banks includes a loan of ₹ 638 Lakhs from Indusind Bank Ltd. Which is secured by pledge of cotton bales.

19.4 Foreign Currency Loans carry floating interest rate LIBOR+1.30 to 2% per annum, computed monthly.

19.5 Unsecured Rupee Loan from others carrying interest rate 11.00% per annum, computed monthly.

### 20 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Total outstanding dues of Micro enterprises and Small enterprises (Refer Note No. 36)	757	-
Total outstanding dues of creditors other than micro enterprises and Small enterprises	10,702	16,432
<b>TOTAL</b>	<b>11,459</b>	<b>16,432</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 21 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of long term debt	4,650	6,706
Interest accrued but not due on borrowings	231	96
Unpaid Dividends #	23	24
Creditors for Capital Expenditure	238	149
Security Deposit	272	312
Liability towards Staff and Workers	1,023	1,731
Commission Payable on Sales	1,580	1,670
Liabilities for Expenses*\$	3,615	2,950
<b>TOTAL</b>	<b>11,632</b>	<b>13,638</b>
# There is no overdue amount to be credited to investor education & protection fund.	-	-
* Include total outstanding dues of micro enterprises and small enterprises	36	-
\$ Included in the above amount due to Relatives of Key Managerial Persons	26	-

### 22 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security Deposit	189	167
Advance from Customers	779	649
Liabilities for Expenses	83	88
Statutory Dues	262	276
<b>TOTAL</b>	<b>1,313</b>	<b>1,180</b>

### 23 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provisions for Employee Benefits	1,734	1,337
<b>TOTAL</b>	<b>1,734</b>	<b>1,337</b>

### 24 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	2019-20	2018-19
Sale of Products/ Income from Services	1,78,297	1,87,363
<b>TOTAL</b>	<b>1,78,297</b>	<b>1,87,363</b>

(₹ in Lakhs)

PARTICULARS OF SALE OF PRODUCTS/SERVICES	2019-20	2018-19
<b>a) Sale of Products</b>		
Finished Goods	1,64,312	1,75,364
Traded Goods	4,108	2,941
<b>TOTAL</b>	<b>1,68,420</b>	<b>1,78,305</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>b) Sale of Services</b>		
Job Processing	7,094	6,564
<b>TOTAL</b>	<b>7,094</b>	<b>6,564</b>
<b>c) Other Operating Revenues</b>		
Sale of Waste	1,113	972
Export Benefits / Incentives	1,670	1,522
<b>TOTAL</b>	<b>2,783</b>	<b>2,494</b>
<b>TOTAL (a+b+c)</b>	<b>1,78,297</b>	<b>1,87,363</b>

### 25 OTHER INCOME

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Interest Income on Financial Assets at amortized cost</b>		
from Customers	544	545
from Others	228	109
<b>Other Non-Operating Income</b>		
Insurance Claim	-	3
Rent	1	1
Profit on Sale of Property, Plant & Equipment (Net)	32	188
Miscellaneous Receipts	43	55
<b>TOTAL</b>	<b>848</b>	<b>901</b>

### 26 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	2019-20	2018-19
Raw Material Consumed	90,159	97,159
Consumption of Dyes & Chemical	8,074	8,000
<b>TOTAL</b>	<b>98,233</b>	<b>1,05,159</b>

### 27 PURCHASES OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Stock in Trade – Yarn	610	148
Stock in Trade – Fabric	3,343	2,550
Stock in Trade – Readymade Garment	7	168
Stock in Trade – Seamless Garment	3	-
<b>TOTAL</b>	<b>3,963</b>	<b>2,866</b>



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Inventories at the end of the year</b>		
Finished Goods	16,843	15,468
Work-in-Progress	6,349	6,411
<b>TOTAL</b>	<b>23,192</b>	<b>21,879</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	15,468	17,413
Work-in-Progress	6,411	6,118
<b>TOTAL</b>	<b>21,879</b>	<b>23,531</b>
<b>(INCREASE) / DECREASE IN INVENTORY</b>	<b>(1,313)</b>	<b>1652</b>

### 29 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Salaries and Wages	17,669	17,451
Contribution to Provident and Other Funds	1,242	1,221
Staff Welfare Expenses	89	93
<b>TOTAL</b>	<b>19,000</b>	<b>18,765</b>

### 30 FINANCE COSTS

(₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Expenses	6,149	6,189
Other Borrowing Costs	423	465
Loss on foreign currency transactions and translation (Considered as finance cost)	293	-
<b>TOTAL</b>	<b>6,865</b>	<b>6,654</b>
30.1 Net of Interest Capitalised (Refer Note No. 3)	55	49
30.2 Net of Interest Subsidy (TUF/RIPS)	784	1,060

### 31 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Depreciation on Tangible Assets	8,081	8,026
Amortisation of Intangible Assets	19	22
<b>TOTAL</b>	<b>8,100</b>	<b>8,048</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 32 OTHER EXPENSES

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>A. Manufacturing Expenses</b>		
Stores & Spares Consumed	3,586	3,303
Packing Material Consumed	2,038	2,094
Processing and Job Charges	2,571	1,793
Repairs To : Plant & Machinery	525	479
Repairs To : Building	154	127
Repairs To : Others	48	40
Misc. Manufacturing Expenses	2,150	2,114
<b>Sub Total (A)</b>	<b>11,072</b>	<b>9,950</b>
<b>B. Administrative Expenses</b>		
Rent (including short term lease rent )	208	155
Rates & Taxes	302	79
Payments to Auditors : Statutory Audit Fees	14	14
Reimbursement of Expenses	2	2
Cost Audit Fees	1	2
Insurance Premium	389	144
Directors' Travelling	43	13
Travelling & Conveyance	257	297
Telephone & Postage	94	95
Directors' Remuneration	493	451
Printing & Stationery	41	45
Legal & Professional Fees	219	244
Vehicle Running & Maintenance	476	491
Director's Sitting Fees	11	9
Charity and Donations	26	2
Miscellaneous Expenses	233	206
Contribution towards CSR (Refer Note No. 42)	265	181
<b>Sub Total (B)</b>	<b>3,074</b>	<b>2,430</b>
<b>C. Selling &amp; Distribution Expenses</b>		
Sales Commission & Brokerage	2,228	2,134
Freight, Octroi and Other Selling Expenses	2,904	2,773
Allowance for Doubtful Debts *	30	55
<b>Sub Total (C)</b>	<b>5,162</b>	<b>4,962</b>
<b>D. Other Expenses</b>		
Loss on Foreign Currency Fluctuation (Net)	91	577
<b>Sub Total (D)</b>	<b>91</b>	<b>577</b>
<b>TOTAL (A+B+C+D)</b>	<b>19,399</b>	<b>17,919</b>

\*(Bad Debts Written Off ₹ 16 Lakhs (Previous Year ₹ 84 Lakhs) out of Provision for Trade Receivables)

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 33 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plans	(3)	69
Tax relating to remeasurement of defined benefit plans	1	(24)
<b>Sub Total (A)</b>	<b>(2)</b>	<b>45</b>
<b>Items that will be reclassified to profit or loss</b>		
Fair value changes on derivatives designated as cash flow hedges	(323)	-
Tax on items that will be reclassified subsequently to Profit & Loss	113	-
<b>Sub Total (B)</b>	<b>(210)</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>(212)</b>	<b>45</b>

### 34 EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	2019-20	2018-19
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ in Lakhs	1,330	1,561
ii) Weighted Average number of equity shares used as denominator for calculating EPS	3,94,21,559	3,94,21,559
iii) Basic and Diluted Earning per share (₹)	3.37	3.96
iv) Face Value per equity share (₹)	10	10

**35** The Company had undertaken a Toll user collection contract with National Highway Authority of India (NHAI) for Ushaka Toll Plaza on N.H. No. 25. Due to Dispute with NHAI the contract was terminated and the matter was referred to arbitration. The Arbitrator had given the award in favour of the company during F.Y. 2015-16 which was disputed by NHAI and filed an appeal against the same with the single bench of Delhi High Court, which referred the matter back for arbitration. The Company has objected to the above decision before the division bench of Delhi High Court and filed an appeal to stay the order. The Delhi High Court has admitted the appeal and stayed the said order.

Based on the legal provisions and the facts, the management is of the opinion that the company would be successful in its claim for recovery of the dispute amount. The other current financial asset includes the above claim amounting to ₹ 1,367 Lakhs.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 36 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises*	793	-
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

The figures have been disclosed on the basis of informations received from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and/or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.

\* Include total outstanding dues of micro enterprises and small enterprises of ₹ 757 Lakhs (Previous Year ₹ NIL) included in Trade Payables

\* Include total outstanding dues of micro enterprises and small enterprises of ₹ 36 Lakhs (Previous Year ₹ NIL) in other liabilities under the other current financial liabilities.

### 37 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

Chairman

Shri S.N. Modani

Managing Director & CEO

Shri V.K. Sodani

Executive Director

Shri Anil Jain

CFO & Company Secretary (Upto 31<sup>st</sup> May, 2019)

CFO (Retired as CFO w.e.f. 31<sup>st</sup> March, 2020)

Shri A.K. Jain

Company Secretary (Appointed w.e.f. 1<sup>st</sup> June, 2019)

#### 3 Non Executive Director/ Independent Director

Shri Ramawatar Jaju (Resigned w.e.f. 24<sup>th</sup> December, 2019)

Shri Achintya Karati

Shri T.K. Mukhopadhyay

Ms. Seema Srivastava (Resigned w.e.f. 02<sup>nd</sup> March, 2020)

#### 4 Relatives of Key Managerial Personnel (KMP)

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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

### 5 Other Related Parties

Mahalaxmi TMT Private Limited (Director common)  
Sangam E-com Limited (Director Common)  
Raj Rajeshwar Enterprises Private Limited (Relative of Director is member)  
Laddha Construction Company Private Limited (Relative of Director is member)  
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)

S. No.	Nature of transaction/relationship/major parties	Relationship	2019-20	2018-19
			Amount	Amount
<b>1</b>	<b>Purchase of goods &amp; services (including commission paid)</b>			
	<b>(a) Purchase of Service</b>			
	Smt. Anjana Thakur	Relatives of Key Managerial Personnel (KMP)	2	-
	<b>(b) Purchase of Goods</b>			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	5
<b>2</b>	<b>Sale of goods/contract revenue &amp; services</b>			
	<b>(a) Sale of Goods</b>			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	744	1,371
	<b>(b) Sale of Services</b>			
	Mahalaxmi TMT Private Limited	Other Related Parties	121	-
<b>3</b>	<b>Rent paid</b>			
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	90	48
	Smt. Mamta Modani	Relatives of Key Managerial Personnel (KMP)	5	4

# Notes

on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

S. No.	Nature of transaction/relationship/major parties	Relationship	2019-20	2018-19
			Amount	Amount
	Sh. Anurag Soni	Relatives of Key Managerial Personnel (KMP)	12	6
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	18	11
	R.P. Soni HUF	Other Related Parties	12	6
	Laddha Construction Company Private Limited	Other Related Parties	18	-
<b>4</b>	<b>Rent received</b>			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1	1
<b>5</b>	<b>Insurance paid for</b>			
	<b>(a) Key Managerial Personnel</b>			
	Shri S.N. Modani		2	5
	Shri V.K. Sodani		-	3
	<b>(b) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		10	-
<b>6</b>	<b>Compensation paid to key management personnel:</b>			
	<b>Remuneration</b>			
	<b>(1) Short-term employment benefits / Salary</b>			
	<b>(i) Key Managerial Personnel</b>			
	Shri R.P. Soni		236	215
	Shri S.N. Modani		139	120
	Shri V.K. Sodani		62	56
	Shri Anil Jain		39	36
	Shri A.K. Jain		6	-
	<b>(ii) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		60	55
	Smt. Antima Bass		1	11
	Shri Pranal Modani		38	39
	Smt. Palak Modani		9	-
	Ms. Mihika Sodani		1	-
	<b>(2) Director Sitting fees</b>			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		5	4
	Shri T.K. Mukhopadhyay		4	4

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

S. No.	Nature of transaction/relationship/major parties	Relationship	2019-20	2018-19
			Amount	Amount
	Ms. Seema Srivastava		1	1
	<b>(3) Commission</b>			
	Shri R.P. Soni		25	27
	Shri S.N. Modani		25	27
	Shri V.K. Sodani		6	7
<b>7</b>	<b>Expenditure Incurred in CSR</b>			
	(i) M/S Badri Lal Soni Charitable Trust	Other Related Parties	160	105
	(ii) M/S Kesar Bai Soni Charitable Trust	Other Related Parties	86	61

### (C) Amount due to/from related parties:

<b>1</b>	<b>Trade &amp; other Receivables</b>			
	Sangam Lifestyle Ventures Limited	Wholly Owned Subsidiary Company	1,802	1,888
	Mahalaxmi TMT Private Limited	Other Related Parties	48	-
	Laddha Construction Company Private Limited	Other Related Parties	516	-
<b>2</b>	<b>Other Payables</b>			
	Shri Anurag Soni	Relatives of Key Managerial Personnel (KMP)	2	-
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	11	-
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	13	-

## 38 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

Particulars		2019-20	2018-19
<b>(I) Contingent Liabilities:</b>			
<b>(a) Guarantees:</b>			
	Outstanding Bank Guarantees (Excluding Financial Guarantees)	348	338
<b>(b) Other Money for which the Company is contingently liable:</b>			
1	Stamp Duty dispute pending with Rajasthan High Court, Jodhpur under Rajasthan Stamp Duty Act, 1998.	109	109
2	Various cases pending with Central Excise under Central Excise Act, 1944 & Service Tax cases under Finance Act, 1994 (Net of amount fully provided).	452	616
3	Dispute of Fixed Charges recovery pending with APTEL, New Delhi under Electricity Act, 2003.	66	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.	3	213
<b>5</b>	<b>Disputed VAT Liabilities under The Rajasthan Value Added Tax Act, 2003 in respect of :</b>		
5.1	Input Tax Credit	94	94
5.2	VAT with RIPS incentive on exports.	363	341



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	2019-20	2018-19
5.3 Incentive Benefit	14	35
<b>6 Disputes on various tolls for which company is contingently liable.</b>	243	243
<b>(II) Commitments:</b>		
(a) Estimated amount of contracts (Net of advances) remaining to be executed on capital and not provided for.	1605	2076
(b) In respect of Capital goods imported at the concessional rate of duty under the Export Promotion Capital goods scheme, the company has approximate exports obligations which is required to be met at the different due dates before 31 March, 2026. In the event of non-fulfillment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	2318	1560

### 39 SEGMENT INFORMATION

#### Operating Segment

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (“CODM”) evaluates the company’s performance and allocates resources based on an analysis of various indicators of business segment/s in which the company operates. The Company is primarily engaged in the business of textile manufacturing which the management and CODM recognise as the sole business segment. Hence disclosure of segment-wise information is not required and accordingly not provided.

The other applicable information applicable where there is only one segment as required in accordance with IND AS 108 – Operating Segments, are as under:

- (a) The company does not have the information in respect of the revenues from external customers for each product and service, or each group of similar products and services, and the cost to develop such system will be highly excessive. Accordingly such information is not disclosed as allowed by para 32 of IND AS 108.

#### (b) Revenues

(₹ in Lakhs)

Particulars	2019-20	2018-19
Domestic	131317	137892
Export	46980	49471
TOTAL	178297	187363

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.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 40. EMPLOYEE BENEFITS

The Company contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Particulars	For the year ended	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Contribution to government Provident Fund	861	759

(₹ in Lakhs)

#### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company. Company makes contributions to Group Gratuity Schemes administrated by the LIC of India.

#### Other long term employee benefit plans

##### Compensated absences

Every employee is entitled to paid leave as per the company's policies. The employees are allowed to avail leave and carry forward a specified number of days, the same is encashable during the service period and at the time of separation from the company or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31<sup>st</sup> March 2020. 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:

Particulars	Gratuity (Funded)		Leave encashment	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Net defined benefit (liability) / asset	1,511.29	1,093.28	223.39	244.01
Non-current	-	-	-	-
Current	1,511.29	1,093.28	223.39	244.01

(₹ in Lakhs)

# Notes

on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

## B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity (Funded)				Leave Encashment (Funded)			
	31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019	
	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
<b>Balance as at 1<sup>st</sup> April</b>	<b>1,801.94</b>	<b>708.66</b>	<b>1,093.28</b>	<b>1,562.50</b>	<b>777.01</b>	<b>785.49</b>	<b>469.57</b>	<b>262.22</b>
Included in profit or loss								
Current service cost	411.85		411.85	369.04		369.04	272.56	
Interest cost (income)	131.83		131.83	113.21		113.21	32.93	
<b>Total</b>	<b>543.68</b>		<b>543.68</b>	<b>482.25</b>	<b>-</b>	<b>482.25</b>	<b>305.49</b>	<b>-</b>
<b>Included in OCI</b>								
Remeasurements loss (gain)								
- Actuarial loss (gain) arising from:								
- demographic assumptions	-	-	-	-	-	-	-	-
- financial assumptions	188.36		188.36	5.78		5.78	1.56	
- experience adjustment	(186.72)		(186.72)	(75.75)		(75.75)	(171.45)	
- on plan assets	-	(1.64)	1.64		(2.91)	2.91		(2.23)
<b>Total</b>	<b>1.64</b>	<b>(1.64)</b>	<b>3.28</b>	<b>(69.97)</b>	<b>(2.91)</b>	<b>(67.06)</b>	<b>(169.89)</b>	<b>(2.23)</b>
<b>Other</b>								
Contributions paid by the employer	-	77.67	(77.67)	-	52.42	(52.42)	-	81.04
Benefits paid	(152.68)	(152.68)		(172.84)	(172.84)		(80.61)	
Expected Return on Plan Assets	-	51.28	(51.28)	-	54.98	(54.98)	-	20.13
<b>Total</b>	<b>(152.68)</b>	<b>(23.73)</b>	<b>(128.95)</b>	<b>(172.84)</b>	<b>(65.44)</b>	<b>(107.40)</b>	<b>(80.61)</b>	<b>20.56</b>
<b>Balance as at 31<sup>st</sup> March</b>	<b>2,194.58</b>	<b>683.29</b>	<b>1,511.29</b>	<b>1,801.94</b>	<b>708.66</b>	<b>1,093.28</b>	<b>524.56</b>	<b>280.55</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### C. Plan assets

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
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	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Discount rate	6.80%	7.64%
Expected rate of future salary increase	5.50%	5.50%
Mortality	100% of IALM (2006 - 08) Ult.	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### E. Sensitivity analysis

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

(₹ in Lakhs)

Particulars	Gratuity				Leave Encashment			
	31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,973.55	2,462.12	1,625.26	2,014.25	475.97	583.09	476.77	581.89
Expected rate of future salary increase (1% movement)	2,460.27	1,971.40	2,014.44	1,622.39	582.65	475.53	581.91	476.03

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 -

- 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.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### G. Expected maturity analysis of the undiscounted gratuity benefits is as follows

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Duration of defined benefit payments</b>		
Less than 1 year	162.05	121.88
Between 1-2 years	63.76	77.84
Between 2-5 years	483.47	418.19
Over 5 years	765.47	620.07
<b>Total</b>	<b>1,474.75</b>	<b>1,237.98</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.67 years (31<sup>st</sup> March, 2019: 18.97 years)

### 41. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

#### I. Fair value measurements Hierarchy

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020				As at 31 <sup>st</sup> March, 2019			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
Investments	590	-	-	-	590	-	-	-
Other Non-Current Financial Assets	949	-	-	-	1,020	-	-	-
Trade Receivables	30,435	-	-	-	36,443	-	-	-
Cash and Cash Equivalents	833	-	-	-	38	-	-	-
Bank Balances other than above	530	-	-	-	29	-	-	-
Other Current Financial Assets	4,952	-	-	-	4,786	-	-	-
<b>Total</b>	<b>38,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,906</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	24,228	-	-	-	28,517	-	-	-
Short Term Borrowings	35,899	-	-	-	35,507	-	-	-
Trade Payables	11,459	-	-	-	16,432	-	-	-
Other Current Financial Liabilities	10,965	-	-	-	13,790	-	-	-
<b>At Fair Value through P&amp;L</b>								
Other Current Financial Liabilities	344	-	344	-	(152)	-	(152)	-
<b>At Fair Value through OCI</b>								
Other Current Financial Liabilities	323	-	323	-	-	-	-	-
<b>Total</b>	<b>83,218</b>	<b>-</b>	<b>667</b>	<b>-</b>	<b>94,094</b>	<b>-</b>	<b>(152)</b>	<b>-</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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 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 credit worthiness 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 ₹ 30716 Lakhs (31<sup>st</sup> March, 2019 – ₹ 36710 Lakhs).

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

#### Reconciliation of Loss Allowance Provision – Trade Receivables

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Opening Balances	267	297
Impairment Loss Recognised	30	55
Amount written back	16	85
<b>Closing balance</b>	<b>281</b>	<b>267</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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 Amounts		Contractual cash flows		
	31 <sup>st</sup> March, 2020	Total	Within 1 Year	1 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Borrowings	24,228	24,228	-	22,363	1,865
Short term borrowings	35,899	35,899	35,899	-	-
Trade payables	11,459	11,459	11,459	-	-
Other current financial liabilities	11,632	11,632	11,632	-	-
<b>Total non-derivative liabilities</b>	<b>83,218</b>	<b>83,218</b>	<b>58,990</b>	<b>22,363</b>	<b>1,865</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	667	667	667	-	-
<b>Total derivative liabilities</b>	<b>667</b>	<b>667</b>	<b>667</b>	<b>-</b>	<b>-</b>

Particulars	Carrying Amounts		Contractual cash flows		
	31 <sup>st</sup> March, 2019	Total	Within 1 Year	1 – 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Borrowings	28,517	28,517	-	26,107	2,410
Short term borrowings	35,507	35,507	35,507	-	-
Trade payables	16,432	16,432	16,432	-	-
Other current financial liabilities	13,638	13,638	13,638	-	-
<b>Total non-derivative liabilities</b>	<b>94,094</b>	<b>94,094</b>	<b>65,577</b>	<b>26,107</b>	<b>2,410</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	(152)	(152)	(152)	-	-
<b>Total derivative liabilities</b>	<b>(152)</b>	<b>(152)</b>	<b>(152)</b>	<b>-</b>	<b>-</b>



# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

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. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

### 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.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	USD	EUR	USD	EUR
<b>Financial Instruments</b>				
Trade receivables	87	(2)	121	-
Trade payables	(7)	-	(2)	-
Borrowings	(90)	-	(91)	-
Derivatives - Forward Contracts	(96)	-	(94)	-
Net statement of financial position exposure	(106)	(2)	(66)	-

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss	
	Strengthening	Weakening
<b>31<sup>st</sup> March, 2020</b>		
USD (1% movement)	(80)	80
EUR (1% movement)	(1)	1
<b>31<sup>st</sup> March, 2019</b>		
USD (1% movement)	(46)	46
EUR (1% movement)	-	-

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	2,668	9,704
<b>Total</b>	<b>2,668</b>	<b>9,704</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	26,210	25,519
<b>Total</b>	<b>26,210</b>	<b>25,519</b>

### 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.

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
<b>31<sup>st</sup> March, 2020</b>		
Variable-rate instruments	(262)	262
<b>Cash flow sensitivity</b>	<b>(262)</b>	<b>262</b>
<b>31<sup>st</sup> March, 2019</b>		
Variable-rate instruments	(255)	255
<b>Cash flow sensitivity</b>	<b>(255)</b>	<b>255</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Hedge Accounting

The company's business objective includes safe-guarding its earnings against foreign exchange fluctuations. The Company has adopted a structured risk management policy to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for Fair Value hedges and Cash Flow 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.

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Disclosure of effect of Hedge Accounting:

#### (i) Fair Value Hedge

##### Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	7,058	344	344	April 2020 to September 2020	Other Current Financial Liabilities

##### Hedged Items

(₹ in Lakhs)

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Trade Receivables	6,578	415	Financial Assets - Trade Receivables

#### (ii) Cash Flow Hedge

During the year ended 31<sup>st</sup> March, 2020, the Company has designated certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve as at 31<sup>st</sup> March, 2020 are expected to occur and reclassified to Statement of Profit and Loss within three months.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of its forecasted cash flows. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit and Loss at the time of the hedge relationship rebalancing.

##### Cash Flow Hedge

##### Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	7,484	323	323	April 2020 to September 2020	Other Current Financial Liabilities

##### Hedged Items

(₹ in Lakhs)

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Highly Probable Exports Forecasted	7,484	-	-

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

The reconciliation of cash flow hedge reserve for the years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as follows :

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Gain / (Loss)		
Balance at the beginning of the year	-	-
Gain / (Loss) recognized in other comprehensive income during the year	(323)	-
Amount reclassified to profit and loss during the year	-	-
<b>Balance at the end of the year</b>	<b>(323)</b>	<b>-</b>

### 42 CORPORATE SOCIAL RESPONSIBILITIES (CSR)

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
a) The Gross amount required to be spent by the company during the year	64	123

b) The Details of the amount spent during the year on CSR activities as follow.

(₹ in Lakhs)

Particulars	Expenditure incurred in Cash	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Construction / acquisition of any asset	-	-
On purpose other than (i) above	265	181
<b>TOTAL</b>	<b>265</b>	<b>181</b>

c) Out of above ₹ 160 Lakhs (Previous Year ₹ 105 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 86 Lakhs (Previous year ₹ 61 Lakhs) has been spent through M/s Kesar Bai Soni Charitable Trust, which are related parties.

Breakup of the expenditure incurred through the trust during the year is as under.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Environmental Sustainability	50	28
Promoting Education	107	75
Promoting Health Care	75	45
Eradication Hunger, Poverty and Malnutrition	14	16
Promoting Sports	-	2
<b>TOTAL</b>	<b>246</b>	<b>166</b>

# Notes

## on Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020

**43** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on 11th March, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all the units of the Company in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till 17th May, 2020. However, production and supply of goods has commenced during the month of April 2020 on various dates at all the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. It has also assessed the probability of occurrence of forecasted transactions under the hedging relationships and continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone Ind AS financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

### **44 STANDARD ISSUED BUT NOT EFFECTIVE**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### **45 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.

### **46 APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved for issue by the Board of Directors on 24<sup>th</sup> June, 2020

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 Registration No. 108355W)

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

Chartered Accountants

(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

Place: Mumbai

Date: 24<sup>th</sup> June, 2020

**(O. P. Dad)**

Partner

Membership No. 035373

Place : Bhilwara

Date: 24<sup>th</sup> June, 2020

**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director & CEO

(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

**(A. K. Jain)**

Company Secretary

(M No: F-7842)

# Independent Auditor's Report

To,  
The Members of  
**Sangam (India) Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Sangam (India) Limited ("hereinafter referred to as "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2020, Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), Consolidated Statement of changes in equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of one of Joint auditors on separate financial statements, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and as at 31<sup>st</sup> March 2020, and its Consolidated Profit including Other Comprehensive Income, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of Consolidated Financial Statement in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of

the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Consolidated Financial Statements.

### Emphasis of Matter

We draw attention to the Note 48 of the financial statements relating to Subsidiary Company financial statements being prepared on a going concern basis, notwithstanding complete erosion of its net worth. The subsidiary being WOS of the Company, its accumulated losses are accounted for in the Consolidated Financial statements of the Group and any other adverse impact in future will not have material impact on the consolidated financial statements.

Our Report is not modified for these matters.

### Key Audit Matters

Key audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement for the financial year ended 31<sup>st</sup> March 2020. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

## Independent Auditor's Report (Contd.)

The key audit matters	How our audit addressed the key audit matter
<b>1. Uncertainty about Covid 19 pandemic impact on financial position of the Group</b>	<b>position of the Group</b>
<b>Inventory:</b>  Determination of net realizable value of inventory at the year ended 31 <sup>st</sup> March 2020, the Group has inventory with the carrying value Rs. 37,278 Lakhs. The inventory is valued at the lower of cost and net realizable value. We considered the value of the inventory of as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of selling prices such as fluctuation of raw materials prices in the international market and substantial fall into selling prices due to shortage in demands due to Covid 19 pandemic.	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"> <li>We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory.</li> <li>Assessing the appropriateness of Company's accounting policy for valuation of stock-in-trade and compliance of the policy with the requirements of the prevailing accounting standards. We considered various factors including the actual selling price prevailing around and subsequent to the year-end and fixed price contracts with customers whose sales orders are on hand Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value.</li> <li>For the purpose of determination of cost, the Group has considered the prevailing market situation. Based on the above procedures performed, the management's determination of the net realizable value of the inventory as at the year end and comparison with cost for valuation of inventory is considered to be reasonable.</li> </ul>

### Other Matter

The Consolidated Financial Statements includes subsidiary company which reflects total assets of Rs. 1374 Lacs as at 31<sup>st</sup> March 2020, total revenues of Rs. 1457 Lacs, total net loss after tax of Rs. 2 Lacs and net cash Inflow of Rs. 0.31 Lacs for year then ended, which have been audited by one of the joint auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the one of the joint auditors.

### Other Information

The Holding Company's Management and Board of Directors are responsible for the preparation of other information. The other information obtained on the date of Auditor's Report is Director Report, Corporate Governance report and Management Discussion and analysis report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including Other Comprehensive Income, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other 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



## Independent Auditor's Report (Contd.)

and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the Company included in the Group are responsible for assessing the ability of each of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of each of the Company included in the Group are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013 as amended, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the these assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions read with **Emphasis of matters** are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated



## Independent Auditor's Report (Contd.)

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated the Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiary Company, none of the directors are disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and Subsidiary Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial statements disclose the impact of pending litigations on its Consolidated Financial Position of the Group - Refer Note No. 39 to the consolidated financial statements.
- ii. The Provision has made provision in the Consolidated Financial Statement, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary during the year ended 31<sup>st</sup> March, 2020.

2. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, we report that the Holding Company and its Subsidiary has paid remuneration to its directors during the year in accordance with the provisions of the limits laid down under Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

#### For Rajendra & Co.

Chartered Accountants

Firm Registration No. 108355W

#### For O. P. Dad & Co.

Chartered Accountants

Firm Registration No. 002330C

#### Akshay R. Shah

Partner

Membership No.103316

Place : Mumbai

UDIN:20103316AAAACK6922

Date: 24<sup>th</sup> June, 2020

#### O. P. Dad

Partner

Membership No. 035373

Place : Bhilwara

UDIN:20035373AAAABO3036

Date: 24<sup>th</sup> June, 2020

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SANGAM (INDIA) LIMITED**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

We have audited the internal financial controls with reference to consolidated financial statements of Sangam (India) Limited ("herein after referred to as "Holding Company") and its subsidiary Company as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Holding Company and its Subsidiary has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management Responsibility for the Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note

issued by ICAI and the Standards on auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by one of the joint auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and Subsidiary Company internal financial controls system with reference to consolidated financial statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely

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

detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

### **Other Matters**

Our report under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal controls of Holding Company, in so far as it relates to separate financial statements of Subsidiary Company, which is company incorporated in India, is based on the corresponding reports of the auditor of such Subsidiary Company incorporated in India.

### **For Rajendra & Co.**

*Chartered Accountants*

Firm Registration No. 108355W

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

*Chartered Accountants*

Firm Registration No. 002330C

### **Akshay R. Shah**

*Partner*

Membership No.103316

Place : Mumbai

UDIN:20103316AAAACK6922

Date: 24<sup>th</sup> June, 2020

### **O. P. Dad**

*Partner*

Membership No. 035373

Place : Bhilwara

UDIN: 20035373AAAABO3036

Date: 24<sup>th</sup> June, 2020



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4	61,541	64,752
Capital Work-in-Progress		602	1,014
Intangible Assets	5	81	88
Intangible Assets under Development		356	168
<b>Financial Assets</b>			
(i) Investments	6	585	585
(ii) Other Financial Assets	7	950	1,021
Other Non Current Assets	8	639	837
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64,754</b>	<b>68,465</b>
<b>Current Assets</b>			
Inventories	9	37,278	36,080
<b>Financial Assets</b>			
(i) Trade Receivables	10	29,155	34,988
(ii) Cash and Cash equivalents	11	835	39
(iii) Bank balances other than (ii) above	12	530	29
(iv) Other Current Financial Assets	13	4,952	4,786
Current Tax Assets (Net)	14	445	835
Other Current Assets	15	6,102	8,218
<b>TOTAL CURRENT ASSETS</b>		<b>79,297</b>	<b>84,975</b>
<b>TOTAL ASSETS</b>		<b>1,44,051</b>	<b>1,53,440</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	3,942	3,942
Other Equity	17	48,770	48,128
<b>TOTAL EQUITY</b>		<b>52,712</b>	<b>52,070</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	18	24,228	28,517
Deferred Tax Liabilities (Net)	19	4,911	4,598
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,139</b>	<b>33,115</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	20	35,899	35,507
(ii) Trade Payables			
a) Total outstanding dues of Micro enterprises and Small enterprises		763	-
b) Total outstanding dues of creditors other than micro enterprises and Small enterprises	21	10,703	16,458
(iii) Other Financial Liabilities	22	11,746	13,731
Other Current Liabilities	23	1,337	1,208
Provisions	24	1,752	1,351
<b>TOTAL CURRENT LIABILITIES</b>		<b>62,200</b>	<b>68,255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,44,051</b>	<b>1,53,440</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 49

As per our Report of even date

**For Rajendra & Co.**

Chartered Accountants

(Firm Registration No. 108355W)

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

Chartered Accountants

(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

Place: Mumbai

Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**

Partner

Membership No. 035373

Place : Bhilwara

Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director &amp; CEO

(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

**(A. K. Jain)**

Company Secretary

(M No: F-7842)

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	Note	2019-20	2018-19
<b>INCOME</b>			
Revenue from Operations	25	1,79,011	1,87,353
Other Income	26	847	900
<b>Total Income</b>		<b>1,79,858</b>	<b>1,88,253</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	27	98,233	1,05,159
Purchases of Traded Goods	28	4,014	2,954
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(1,165)	1,328
Employee Benefits Expense	30	19,241	19,010
Power & Fuel		22,881	24,755
Finance Costs	31	6,881	6,661
Depreciation and Amortisation Expense	32	8,105	8,053
Other Expenses	33	19,654	18,224
<b>Total Expenses</b>		<b>1,77,844</b>	<b>1,86,144</b>
Profit Before Exceptional Item and Tax		2,014	2,109
Exceptional Items		-	-
Profit Before Tax		2,014	2,109
<b>Tax Expenses</b>			
Current Tax		1,232	823
Deferred Tax		(431)	(37)
Tax Expense for Earlier Years		(115)	-
<b>Profit for the year</b>		<b>1,328</b>	<b>1,323</b>
<b>Other comprehensive income</b>	34		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		(1)	71
Tax relating to remeasurement of defined benefit plans		1	(24)
		-	<b>47</b>
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on derivatives designated as cash flow hedges		(323)	-
Tax on items that will be reclassified subsequently to Profit & Loss		113	-
		<b>(210)</b>	<b>-</b>
<b>Total Other Comprehensive Income for the period</b>		<b>(210)</b>	<b>47</b>
<b>Total Comprehensive Income for the period</b>		<b>1,118</b>	<b>1,370</b>
Earnings per equity share of face value of ₹ 10 each	35		
Basic and Diluted (in ₹)		3.37	3.36
Significant Accounting Policies and Notes on Financial Statements	1 to 49		

As per our Report of even date

**For Rajendra & Co.**

Chartered Accountants

(Firm Registration No. 108355W)

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

Chartered Accountants

(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

Place: Mumbai

Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**

Partner

Membership No. 035373

Place : Bhilwara

Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director &amp; CEO

(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

**(A. K. Jain)**

Company Secretary

(M No: F-7842)

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	2,014	2,109
Adjustments for :-		
Depreciation and Amortisation Expense	8,105	8,053
Finance Costs	6,881	6,660
Allowance for Doubtful Debts	30	55
Interest Income	(773)	(654)
Foreign Exchange Fluctuation	66	172
Profit on Sale of Property, Plant & Equipments (Net)	(32)	(188)
<b>Operating Profit before working capital changes</b>	<b>16,291</b>	<b>16,207</b>
Movements in Working Capital :-		
(Increase) / Decrease in Inventories	(1,197)	(76)
(Increase) / Decrease in Trade Receivables	5,759	(3,417)
(Increase) / Decrease in Other Financial Assets	(156)	1,089
(Increase) / Decrease in Other Assets	2,384	(419)
Increase / (Decrease) in Trade Payables	(5,016)	1,357
Increase / (Decrease) in Other Financial Liabilities	(63)	195
Increase / (Decrease) in Provisions	78	419
Increase / (Decrease) in Other Liabilities	129	345
<b>Cash Generated from Operations</b>	<b>18,209</b>	<b>15,700</b>
Taxes Paid / (Refund) (Net)	(130)	(1,702)
<b>Net Cash Inflow / (Out Flow) from Operating Activities</b>	<b>18,339</b>	<b>17,402</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(4,821)	(3,295)
Sale of Property, Plant & Equipment	190	312
Interest Income	764	611
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(3,867)</b>	<b>(2,372)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	766	1,860
Repayment of Long Term Borrowings	(7,110)	(8,146)
Increase / (Decrease) in Short- Term Borrowings	391	(1,723)
Finance Costs	(6,746)	(6,645)
Dividend Paid (Including Tax on Dividend)	(476)	(476)
<b>Net Cash Inflow / (Out Flow) from Financing Activities</b>	<b>(13,175)</b>	<b>(15,130)</b>
Net Increase/(Decrease) in Cash & Cash equivalents	1,297	(100)
Cash and Cash Equivalents at the Beginning	68	168
Cash and Cash Equivalents at the End	1,365	68

**Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020 (Contd.)****Change in Liability arising from financing activities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	Cash Flow	As at 31 <sup>st</sup> March, 2020
Borrowing - Non Current (Refer Note 18)	35,223	(6,345)	28,878
Borrowing - Current (Refer Note 20)	35,507	392	35,899
<b>Total</b>	<b>70,730</b>	<b>(5,953)</b>	<b>64,777</b>

Particulars	As at 31 <sup>st</sup> March, 2018	Cash Flow	As at 31 <sup>st</sup> March, 2019
Borrowing - Non Current (Refer Note 18)	41,509	(6,286)	35,223
Borrowing - Current (Refer Note 20)	37,230	(1,723)	35,507
<b>Total</b>	<b>78,739</b>	<b>(8,009)</b>	<b>70,730</b>

As per our Report of even date

**For Rajendra & Co.**

Chartered Accountants

(Firm Registration No. 108355W)

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

Chartered Accountants

(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner

Membership No.103316

Place: Mumbai

Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**

Partner

Membership No. 035373

Place : Bhilwara

Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**

Chairman

(DIN 00401439)

**(S. N. Modani)**

Managing Director &amp; CEO

(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director

(DIN 00403740)

**(A. K. Jain)**

Company Secretary

(M No: F-7842)



# Consolidated Statement of Changes

## for the year ended 31<sup>st</sup> March, 2020

### (a) Equity share capital

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	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					Other Comprehensive Income		Total
	General Reserve	Retained Earnings	Capital Reserve	Preference Share Capital Redemption Reserve	Securities Premium	Remeasurement of Defined Benefit Plans	Effective Portion of Cash Flow Hedges	
<b>Balance at 31<sup>st</sup> March, 2018</b>	<b>22,818</b>	<b>17,029</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>43</b>	<b>-</b>	<b>47,233</b>
Profit for the year	-	1,323	-	-	-	-	-	1,323
Other comprehensive income for the year	-	-	-	-	-	47	-	47
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>1,370</b>
Dividend paid	-	(394)	-	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>22,818</b>	<b>17,877</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>-</b>	<b>48,128</b>
<b>Restated balance at the beginning of the reporting period</b>	<b>22,818</b>	<b>17,877</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>-</b>	<b>48,128</b>
Profit for the year	-	1,328	-	-	-	-	-	1,328
Other comprehensive income for the year	-	-	-	-	-	-	(210)	(210)
Total comprehensive income for the year	-	1,328	-	-	-	-	(210)	1,118
Dividend paid	-	(394)	-	-	-	-	-	(394)
Dividend distribution tax	-	(81)	-	-	-	-	-	(81)
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>22,818</b>	<b>18,730</b>	<b>297</b>	<b>1,178</b>	<b>5,868</b>	<b>90</b>	<b>(210)</b>	<b>48,770</b>

The accompanying notes are an integral part of these Financial Statements

As per our Report of even date

**For Rajendra & Co.**Chartered Accountants  
(Firm Registration No. 108355W)**For O. P. Dad & Co.**Chartered Accountants  
(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**Partner  
Membership No.103316  
Place: Mumbai  
Date: 24<sup>th</sup> June, 2020**(O. P. Dad)**Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 24<sup>th</sup> June, 2020**(R.P. Soni)**Chairman  
(DIN 00401439)**(S. N. Modani)**Managing Director & CEO  
(DIN 00401498)**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**Executive Director  
(DIN 00403740)**(A. K. Jain)**Company Secretary  
(M No: F-7842)



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 1. GENERAL INFORMATION:

Sangam (India) Limited ("the Holding Company"), is a public limited company domiciled in India and was incorporated on 29<sup>th</sup> December, 1984 under the provisions of the Companies Act, 1956 (now replaced by Companies Act 2013) as applicable in India. Its shares are listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) of India.

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

The Company is principally engaged in the business of manufacturing and selling of Synthetic Blended, Cotton & Texturised Yarn, Fabrics, Denim Fabrics and Readymade Seamless Garment.

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

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

The holding company has a wholly owned subsidiary company (hereinafter collectively called "the group" or "the company") and accordingly these consolidated financial statements have been prepared by the group consisting of accounts of the parent and its wholly owned subsidiary.

### 2. BASIS OF ACCOUNTING

2.1 The notes including significant policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

2.2 The list of subsidiaries included in the Consolidated Financial Statements are as under:

Sl. No.	Name of subsidiary company	Country of incorporation	Proportion of ownership interest and voting power (%)
1.	Sangam Lifestyle Ventures Limited	India	100%

The subsidiary company was incorporated on 14<sup>th</sup> June, 2016 and became the wholly owned subsidiary of the parent company from the date of incorporation.

2.3 Other Equity shown in the Consolidated Balance Sheet and profit in the Consolidated Statement of Profit & Loss, Other Comprehensive income, Total Comprehensive income is after setting off the Group's share in the loss of the wholly owned subsidiary.

### 2(A) Principles of Consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and its wholly owned subsidiary. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as a subsidiary. The Parent Company together with its subsidiary constitutes the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- (ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- (iii) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiary line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealized profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiary have been harmonized to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.  
  
Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company.
- (iv) The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control are recognized directly in other equity attributable to the owners of the Parent Company.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 3. BASIS OF PREPARATION:

#### A. Statement of Compliance

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

These financial statements were approved for issue in accordance with the resolution of the Board of Directors as per its meeting held on 24<sup>th</sup> June, 2020.

#### 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.

#### 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

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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.

- 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.

### 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. 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.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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)
<b>Plant and Equipment and Electrical Installations:</b>	
(i) For Textiles	9.19 years
(ii) For Power Generation	18 years

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

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

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

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.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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)

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.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is 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.



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 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.

### iv. Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- (a) hedges of the fair value of recognized assets or liabilities (fair value hedges); or

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

- (b) hedges of a particular risk associated with a firm commitment or a highly probable forecasted transaction (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

Movements in the hedging reserve are accounted in other comprehensive income and are shown within the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

- (a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

- (b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognized in the Statement of Profit and Loss. Gains or losses accumulated in equity are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

When a hedging instrument expires or swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in statement of changes in equity is recognized in the Statement of Profit and Loss.

When a forecasted transaction is no longer expected to occur, the cumulative gains/losses that were reported in equity are immediately transferred to the Statement of Profit and Loss.

### 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.



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## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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 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.

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## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### K. Cash and cash equivalents

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

### L. Foreign currency translation

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

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

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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

#### (i) Revenue from operations

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

##### A. Sale of goods

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available

to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

### B. Rendering of services

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

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

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

### C. Other operational revenue

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

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## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

- 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

#### As lessee

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

#### Initial measurement

Lease Liability: At the commencement date, a Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate. Right-of-use assets: initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

#### Subsequent measurement

Lease Liability: Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications. Right-of-use assets: subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

#### Impairment:

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

### Short term Lease or Low Value Lease

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. Low value lease is for which the underlying asset is of low value. If the company elected to apply short term lease/Low Value Lease, the lessee shall recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning 1<sup>st</sup> April, 2019 and applied the standard prospectively to its leases.

### 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.

### V. Estimation uncertainty relating to the global health pandemic on COVID-19

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipments, intangible assets, right of use assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. It has also assessed the probability of occurrence of forecasted transactions under the hedging relationships and continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these consolidated Ind AS financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31 <sup>st</sup> March, 2019	Additions	Deletions	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	Additions	Deletions	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Tangible Assets</b>									
Freehold land	1,265	152	1	1,416	-	-	-	-	1,265
Building	20,726	649	7	21,368	2,080	778	-	2,858	18,646
Plant and Machinery	56,328	2,833	51	59,110	17,903	6,298	-	24,201	38,425
Wind Power Machines	874	-	-	874	342	114	-	456	532
Electric installation	4,899	946	-	5,845	1,524	502	-	2,026	3,375
Water supply installation	559	3	-	562	59	22	-	81	500
Furniture and fixtures	1,359	67	7	1,419	399	133	-	532	960
Vehicles	1,212	292	64	1,440	399	157	4	552	813
Office equipments	68	3	3	68	34	11	-	45	34
Computers	324	73	17	380	169	67	-	236	155
<b>Assets under Finance Lease</b>									
Leasehold land	50	-	-	50	3	1	-	4	47
<b>Total</b>	<b>87,664</b>	<b>5,018</b>	<b>150</b>	<b>92,532</b>	<b>22,912</b>	<b>8,083</b>	<b>4</b>	<b>30,991</b>	<b>64,752</b>
Previous Year	84,760	3,042	138	87,664	14,897	8,029	14	22,912	69,863
Capital Work-in-progress								602	1,014

### 5 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	As at 31 <sup>st</sup> March, 2019	Additions	Deletions	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	Additions	Deletions	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Intangible Assets</b>									
Software IT (ERP)	145	26	11	160	57	22	-	79	88
<b>Total</b>	<b>145</b>	<b>26</b>	<b>11</b>	<b>160</b>	<b>57</b>	<b>22</b>	<b>-</b>	<b>79</b>	<b>88</b>
Previous Year	132	13	-	145	33	24	-	57	99
Intangible Assets under Development								356	168

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

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Opening Balance	31	27
Financial Charges	57	58
Direct Costs Attributable to Project	10	-
<b>Total Amount</b>	<b>98</b>	<b>85</b>
Less: Exp. Apportioned to fixed assets	79	54
<b>Balance yet to be allocated</b>	<b>19</b>	<b>31</b>

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

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

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 6 INVESTMENTS-NON CURRENT

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unquoted Non - Trade Investment In Equity Instrument (Measured at Cost)</b>		
<b>Unquoted, fully paid up</b>		
Equity Shares of ₹ 10/- each fully paid up		
Keti Sangam Infrastructure (India) Ltd. 580600 (Previous Year 580600)	581	581
PKSS Infrastructure Pvt. Ltd.	-	-
3900 (Previous Year 3900) ₹ 0.39 Lakh (Previous Year ₹ 0.39 Lakh)		
Kalyan Sangam Infratech Ltd. 37500 (Previous Year 37500)	4	4
Equity Shares of ₹ 20/- each fully paid		
AP Mahesh Co-Operative Bank Ltd. 50 (Previous Year 50)	-	-
₹ 0.01 Lakh (Previous Year ₹ 0.01 Lakh)		
<b>Aggregate Amount of unquoted investment</b>	<b>585</b>	<b>585</b>

### 7 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security Deposit	950	1,021
<b>TOTAL</b>	<b>950</b>	<b>1,021</b>

### 8 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital Advances	532	724
Prepaid Expenses	107	113
<b>TOTAL</b>	<b>639</b>	<b>837</b>

### 9 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw Materials	10,256	10,636
Stock-in-Process	6,349	6,411
Finished Goods	17,366	16,139
Traded Goods	184	81
Stores, Spares & Fuel	3,123	2,813
<b>TOTAL</b>	<b>37,278</b>	<b>36,080</b>

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

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



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 10 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Trade Receivables considered good - Unsecured	29,155	34,988
Trade Receivables - Credit Impaired	281	267
<b>TOTAL</b>	<b>29,436</b>	<b>35,255</b>
Less: Provision for Trade Receivables	281	267
<b>TOTAL</b>	<b>29,155</b>	<b>34,988</b>
10.1 Included in the above Receivables amount due from Other Related Party	48	-
10.2 Above Trade Receivables are net off bills discounted with an aggregate carrying amount of	-	165
10.3 Above Trade Receivables are hypothecated to secured short term borrowings (Refer Note No. 20.1)		

### 11 CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Balance with Banks	831	32
Cash on Hand	4	7
<b>TOTAL</b>	<b>835</b>	<b>39</b>

### 12 OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Earmarked Balances with banks for Unclaimed & Unpaid Dividends	23	24
Fixed Deposits with banks against Margin Money*	507	5
<b>TOTAL</b>	<b>530</b>	<b>29</b>

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

### 13 OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(Considered Good)</b>		
Security Deposits*	801	267
Recoverable from NHAI UP Towards Arbitration Award (Refer Note No. 36)	1,367	1,367
Export Incentive Receivable	489	464
Export Growth Entitlement Receivables	408	408
GST Refund Receivable	484	776
Subsidy Receivable	1,063	1,192
Electricity Duty Receivable	-	14
Advances for Expenses	20	20
Less : Allowances for Advances	(20)	(20)
Advance to Employees	58	58
Interest Receivable	193	184
Accrued Income	75	22
Insurance Claim Receivable	14	34
<b>TOTAL</b>	<b>4,952</b>	<b>4,786</b>
* Included in the above Security Deposits amount from Other Related Party	516	-

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 14 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Income Tax Refund Receivable	445	835
<b>TOTAL</b>	<b>445</b>	<b>835</b>

### 15 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Recoverable from Govt.	52	33
Advance to Employees (For Expenses)	14	7
Advance against Supplies	2,439	3,356
GST Balances	3,247	4,440
GST / Excise / VAT Recoverable	100	142
Prepaid Expenses	250	240
<b>TOTAL</b>	<b>6,102</b>	<b>8,218</b>

### 16 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Authorised Share Capital:</b>		
6,40,00,000 (Previous Year 6,40,00,000) Equity share of ₹ 10 each	6,400	6,400
1,85,00,000 (Previous Year 1,85,00,000) Non - Cumulative Redeemable	1,850	1,850
Preference Shares of ₹ 10 each		
<b>TOTAL</b>	<b>8,250</b>	<b>8,250</b>
<b>Issued, Subscribed and Paid Up:</b>		
3,94,21,559 (Previous Year 3,94,21,559) Equity share of ₹ 10 each fully paid up	3,942	3,942
<b>TOTAL</b>	<b>3,942</b>	<b>3,942</b>

#### a. Terms and Rights attached to Equity Shares

Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

#### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity Shares as at 31 <sup>st</sup> March, 2019	3,94,21,559	3,94,21,559
Add: Shares Issued During the year	-	-
Equity Shares as at 31 <sup>st</sup> March, 2020	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 E-Com Limited	78,73,087	19.97	-	-
Authum Investment and Infrastructure Limited	50,12,355	12.71	-	-
Nidhi Mercantiles Ltd.	48,98,833	12.43	48,98,833	12.43
Anurag Soni	27,10,397	6.87	27,10,397	6.87
Hawamahal Finance Pvt. Ltd.	23,35,500	5.92	23,35,500	5.92
Sangam Fincap Ltd.	22,16,145	5.62	22,16,145	5.62
Sangam Business Credit Ltd.	-	-	59,82,812	15.18
Altura Capital Advisors LLP	-	-	47,21,092	11.98

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 17 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Capital Reserve</b>		
Balance at the beginning of the year	297	297
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>297</b>	<b>297</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	5,868	5,868
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>5,868</b>	<b>5,868</b>
<b>Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the year	1,178	1,178
Addition during the Financial Year	-	-
<b>Balance at the end of the year</b>	<b>1,178</b>	<b>1,178</b>
<b>General Reserve</b>		
Balance at the beginning of the year	22,818	22,818
Add: Transferred from Retained Earnings	-	-
<b>Balance at the end of the year</b>	<b>22,818</b>	<b>22,818</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	17,877	17,029
Add: Profit for the year	1,328	1,323
Less: Appropriations		
Transferred to General Reserve	-	-
Dividend on Equity Shares	394	394
Tax on Dividend	81	81
<b>Balance at the end of the year</b>	<b>18,730</b>	<b>17,877</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	90	43
Addition during the year	(210)	47
<b>Balance at the end of the year</b>	<b>(120)</b>	<b>90</b>
<b>TOTAL</b>	<b>48,770</b>	<b>48,128</b>

### Nature and Purpose of Other Reserves / Other Equity

#### 17.1 Capital Reserve

Capital Reserve created on account of merger/ amalgamation. The balance will be utilized for issue of fully paid bonus shares and as per provisions of the Companies Act, 2013.

#### 17.2 Securities Premium

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

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 17.3 Preference Share Capital Redemption Reserve

Preference Share Capital Redemption Reserve represents the statutory reserves created when the capital is redeemed and the same will be utilised for issue of bonus share as per provisions of the Companies Act, 2013.

### 17.4 General Reserve

The Company appropriates a portion to General Reserves out of the profits voluntarily to meet future contingencies. The said reserves is available for payment of dividend to the shareholders as per the provisions of the of the Companies Act, 2013.

### 17.5 Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) Actuarial Gains and Losses
- (b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

### 17.6 Dividend

The following dividends were declared and paid by the Company during the year.

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Dividend for the year ended 31 <sup>st</sup> March, 2019 ₹ 1 per share (31 <sup>st</sup> March, 2018: ₹ 1 per share)	394	394
Dividend Distribution tax on dividend	81	81
<b>TOTAL</b>	<b>475</b>	<b>475</b>

## 18 BORROWINGS

(₹ in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
Term Loans From Banks		
Rupee Loans	23,939	28,269
Vehicle Loans From Banks	289	246
Vehicle Loans From Others	-	2
<b>TOTAL</b>	<b>24,228</b>	<b>28,517</b>

18.1 All Term Loans from banks (including current maturities) except vehicle loan are secured by a joint equitable mortgage by deposit of title deeds in respect of all immovable properties and first hypothecation of the entire moveable properties of the company, both present and future (save and except book debts) subject to prior charges created/to be created in favour of bankers for securing working capital borrowing, ranking pari-passu with the charges created / to be created in favour of other participating bankers. The above Term Loans are further secured by personal guarantee of two directors of the company.

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

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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 3.90%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
31 <sup>st</sup> March, 2021	1,366	-	1,366	3
20 <sup>th</sup> June, 2021	640	160	480	4
20 <sup>th</sup> December, 2023	2,100	1,650	450	14
30 <sup>th</sup> June, 2024	3,200	2,600	600	16
31 <sup>st</sup> December, 2024	4,837	3,937	900	18
1 <sup>st</sup> July, 2025	4,692	4,348	344	20
30 <sup>th</sup> September, 2026	9,375	9,050	325	25
<b>Sub Total (A)</b>	<b>26,210</b>	<b>21,745</b>	<b>4,465</b>	

### B) Carrying interest rate (Fixed Rate @ 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
1 <sup>st</sup> October, 2028	2,250	2,194	56	33
<b>Sub Total (B)</b>	<b>2,250</b>	<b>2,194</b>	<b>56</b>	
<b>Total Rupee Term Loan (A+B)</b>	<b>28,460</b>	<b>23,939</b>	<b>4,521</b>	

### Vehicle Loans from Banks & Financial Institutions

#### C) Carrying Fixed interest rate 8.46% to 10.60%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2020			Installments due after 31 <sup>st</sup> March, 2020 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks</b>	416	289	127	1-84
From Institutions	2	-	2	9
<b>Sub Total (C)</b>	<b>418</b>	<b>289</b>	<b>129</b>	
<b>Grand Total (A+B+C)</b>	<b>28,878</b>	<b>24,228</b>	<b>4,650</b>	

### Term Loans from Banks & Financial Institutions

#### A) Floating Rate-Carrying Floating interest rate MCLR + 0.75% to 4.25%

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
01 <sup>st</sup> January, 2020	287	-	287	4
31 <sup>st</sup> December, 2020	3,557	1,499	2,058	7
30 <sup>th</sup> June, 2024	5,737	4,537	1,200	21
31 <sup>st</sup> December, 2024	960	814	146	23
01 <sup>st</sup> January, 2025	5,378	4,692	686	24
31 <sup>st</sup> March, 2026	9,600	9,300	300	28
<b>Sub Total (A)</b>	<b>25,519</b>	<b>20,842</b>	<b>4,677</b>	

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### B) Carrying interest rate (Fixed Rate @ 9.15% to 9.25%.)

(₹ in Lakhs)

Date of Maturity	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Quarterly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks:</b>				
20 <sup>th</sup> March, 2021	1,316	640	676	8
20 <sup>th</sup> September, 2023	2,550	2,100	450	18
31 <sup>st</sup> December, 2023	3,800	3,000	800	19
30 <sup>th</sup> September, 2027	1,687	1,687	-	28
<b>Sub Total (B)</b>	<b>9,353</b>	<b>7,427</b>	<b>1,926</b>	
<b>Total Rupee Term Loan (A+B)</b>	<b>34,872</b>	<b>28,269</b>	<b>6,603</b>	

### Vehicle Loans from Banks & Financial Institutions

### C) Carrying Fixed interest rate 8.46% to 11%

(₹ in Lakhs)

Particulars	Outstanding as on 31 <sup>st</sup> March, 2019			Installments due after 31 <sup>st</sup> March, 2019 (Monthly)
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>From Banks</b>	347	246	101	5 - 59
From Institutions	4	2	2	1 - 21
<b>Sub Total (C)</b>	<b>351</b>	<b>248</b>	<b>103</b>	
<b>Grand Total (A+B+C)</b>	<b>35,223</b>	<b>28,517</b>	<b>6,706</b>	

## 19 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Deferred Tax Assets</b>		
Accrued expenses allowable on payment basis	798	624
Related to Unabsorbed Depreciation & losses	204	205
Allowance for Bad & Doubtful Debts	105	101
<b>Sub Total (a)</b>	<b>1,107</b>	<b>930</b>
<b>Deferred Tax Liabilities</b>		
Related to Property, Plant and Equipment and Intangible Assets	6,393	6,646
Others	(113)	-
<b>Sub Total (b)</b>	<b>6,280</b>	<b>6,646</b>
<b>Less : MAT Credit Entitlement (c)</b>	<b>262</b>	<b>1,118</b>
<b>Deferred Tax Liabilities (Net) (b-a-c)</b>	<b>4,911</b>	<b>4,598</b>

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

A. Movement in deferred tax balances	As at 31 <sup>st</sup> March, 2019	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2020
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	624	173	1	798
Related to Unabsorbed Depreciation & losses	205	(1)	-	204
Allowance for Bad & Doubtful Debts	101	4	-	105
<b>Sub-Total (a)</b>	<b>930</b>	<b>176</b>	<b>1</b>	<b>1,107</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,648	(255)	-	6,393
Fair value changes on derivatives designated as cash flow hedges	-	-	(113)	(113)
<b>Sub-Total (b)</b>	<b>6,648</b>	<b>(255)</b>	<b>(113)</b>	<b>6,280</b>
<b>(c) MAT Credit</b>				
MAT Credit Entitlement				
MAT Credit Earlier Year	1,118	-	-	1,118
MAT Credit Current Year	-	-	-	(856)
<b>Sub-Total (c)</b>	<b>1,118</b>	<b>-</b>	<b>-</b>	<b>262</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,600</b>	<b>(431)</b>	<b>(114)</b>	<b>4,911</b>

(₹ in Lakhs)

Movement in deferred tax balances	As at 31 <sup>st</sup> March, 2018	Recognized in P&L	Recognized in OCI	As at 31 <sup>st</sup> March, 2019
<b>(a) Deferred Tax Assets</b>				
Accrued expenses allowable on payment basis	531	117	(24)	624
Related to Unabsorbed Depreciation & losses	107	98	-	205
Allowance for Bad & Doubtful Debts	111	(10)	-	101
<b>Sub-Total (a)</b>	<b>749</b>	<b>205</b>	<b>(24)</b>	<b>930</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	6,448	199	-	6,647
Others	31	(31)	-	-
<b>Sub-Total (b)</b>	<b>6,479</b>	<b>168</b>	<b>-</b>	<b>6,647</b>
<b>Sub-Total (b)</b>	<b>6,478</b>	<b>167</b>	<b>-</b>	<b>6,645</b>
<b>(c) MAT Credit</b>				
MAT Credit Entitlement				
MAT Credit Current Year	1,443	-	-	1,443
MAT Credit Earlier Year	-	-	-	(325)
<b>Sub-Total (c)</b>	<b>1,443</b>	<b>-</b>	<b>-</b>	<b>1,118</b>
<b>Net Deferred Tax Liability (b)-(a)-(c)</b>	<b>4,287</b>	<b>(37)</b>	<b>24</b>	<b>4,599</b>



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

B. Amounts recognised in profit or loss	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>Current tax expense</b>		
Current year	1,232	823
Earlier Years	(115)	-
<b>Total</b>	<b>1,117</b>	<b>823</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(431)	(37)
<b>Total</b>	<b>(431)</b>	<b>(37)</b>
<b>Total Tax Expense</b>	<b>686</b>	<b>786</b>

(₹ in Lakhs)

C. Amounts recognised in Other Comprehensive Income	For the year ended 31 <sup>st</sup> March, 2020		
	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	(1)	1	-
Fair value changes on derivatives designated as cash flow hedges	(323)	113	(210)
<b>Total</b>	<b>(324)</b>	<b>114</b>	<b>(210)</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2019		
	Before tax	Tax (Expense) / Income	Net of tax
Remeasurements of defined benefit liability	71	(24)	47
<b>Total</b>	<b>71</b>	<b>(24)</b>	<b>47</b>

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

Particulars	2019-20	2018-19
Profit Before Tax	2,014	2,109
Applicable Tax Rate	34.94%	34.94%
Computed Tax Expense	704	737
<b>Tax effect of :</b>		
Exempted income / Items Considered Separately	(11)	(66)
Expenses Disallowed	906	414
Additional Allowances	(367)	(375)
<b>Current Tax Provision (A)</b>	<b>1,232</b>	<b>823</b>
Incremental Deferred Tax Liability on account of Tangible and Intangible Assets	(430)	62
Incremental Deferred Tax on account of Unabsorbed Business Losses	(1)	(99)
<b>Taxes recognised in Statement of Profit &amp; Loss (B)</b>	<b>(431)</b>	<b>(37)</b>
<b>Net Taxes (A+B)</b>	<b>801</b>	<b>786</b>
Effective Tax Rate	39.76%	37.27%

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 20 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
<b>Loans Repayable on Demand from Banks</b>		
Rupee Loans	28,330	29,184
Foreign Currency Loans	6,824	6,262
<b>TOTAL (A)</b>	<b>35,154</b>	<b>35,446</b>
<b>Unsecured</b>		
<b>Loans Repayable on Demand from Others</b>		
Rupee Loans (Refer Note No. 20.5)	745	61
<b>TOTAL (B)</b>	<b>745</b>	<b>61</b>
<b>TOTAL (A)+(B)</b>	<b>35,899</b>	<b>35,507</b>

20.1 Borrowings from Banks for working capital are secured by hypothecation of inventories and charge on book debts both present and future and second charge on all the immoveable and moveable Property, Plant & Equipment 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 8.25% to 10.50% per annum, computed monthly.

20.3 Rupee Loans from Banks includes a loan of ₹ 638 Lakhs from Indusind Bank Ltd. Which is secured by pledge of cotton bales.

20.4 Foreign Currency Loans carry floating interest rate LIBOR+1.30 to 2% per annum, computed monthly.

20.5 Unsecured Rupee Loan from others carrying interest rate 11.00% per annum, computed monthly.

### 21 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Total outstanding dues of Micro enterprises and Small enterprises (Refer Note No. 37)	763	-
Total outstanding dues of creditors other than micro enterprises and Small enterprises	10,703	16,458
<b>TOTAL</b>	<b>11,466</b>	<b>16,458</b>

### 22 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of long term debt	4,650	6,706
Interest accrued but not due on borrowings	231	96
Unpaid Dividends #	23	24
Creditors for Capital Expenditure	238	149
Security Deposit	288	328
Liability towards Staff and Workers	1,044	1,760
Commission Payable on Sales	1,583	1,675
Liabilities for Expenses*\$	3,689	2,993
<b>TOTAL</b>	<b>11,746</b>	<b>13,731</b>

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
# There is no overdue amount to be credited to investor education & protection fund.	-	-
* Include total outstanding dues of micro enterprises and small enterprises	36	-
\$ Included in the above amount due to Relatives of Key Managerial Persons	26	-

### 23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security Deposit	189	167
Advance from Customers	802	675
Liabilities for Expenses	83	88
Statutory Dues	263	278
<b>TOTAL</b>	<b>1,337</b>	<b>1,208</b>

### 24 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provisions for Employee Benefits	1,752	1,351
<b>TOTAL</b>	<b>1,752</b>	<b>1,351</b>

### 25 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	2019-20	2018-19
Sale of Products/ Income from Services	1,79,011	1,87,353
<b>TOTAL</b>	<b>1,79,011</b>	<b>1,87,353</b>
<b>PARTICULARS OF SALE OF PRODUCTS/SERVICES</b>		
<b>a) Sale of Products</b>		
Finished Goods	1,65,026	1,75,354
Traded Goods	4,108	2,941
<b>Sub Total (a)</b>	<b>1,69,134</b>	<b>1,78,295</b>
<b>b) Sale of Services</b>		
<b>Job Processing</b>	<b>7,094</b>	<b>6,564</b>
Sub Total (b)	7,094	6,564
<b>c) Other Operating Revenues</b>		
Sale of Waste	1,113	972
<b>Export Benefits / Incentives</b>	<b>1,670</b>	<b>1,522</b>
Sub Total (c)	2,783	2,494
<b>TOTAL (a+b+c)</b>	<b>1,79,011</b>	<b>1,87,353</b>

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 26 OTHER INCOME

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Interest Income on Financial Assets at amortized cost</b>		
from Customers	544	545
from Others	228	109
<b>Other Non-Operating Income</b>		
Insurance Claim	-	3
Profit on Sale of Property, Plant & Equipment (Net)	32	188
Miscellaneous Receipts	43	55
<b>TOTAL</b>	<b>847</b>	<b>900</b>

### 27 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	2019-20	2018-19
Raw Material Consumed	90,159	97,159
Consumption of Dyes & Chemical	8,074	8,000
<b>TOTAL</b>	<b>98,233</b>	<b>1,05,159</b>

### 28 PURCHASES OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Stock in Trade – Yarn	610	148
Stock in Trade – Fabric	3,343	2,550
Stock in Trade – Readymade Garment	7	168
Stock in Trade – Seamless Garment	54	88
<b>TOTAL</b>	<b>4,014</b>	<b>2,954</b>

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

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

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Inventories at the end of the year</b>		
Finished Goods	17,366	16,139
Work-in-Progress	6,349	6,411
<b>TOTAL</b>	<b>23,715</b>	<b>22,550</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	16,139	17,760
Work-in-Progress	6,411	6,118
<b>TOTAL</b>	<b>22,550</b>	<b>23,878</b>
<b>(INCREASE) / DECREASE IN INVENTORY</b>	<b>(1,165)</b>	<b>1,328</b>

### 30 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Salaries and Wages	17,903	17,690
Contribution to Provident and Other Funds	1,249	1,227
Staff Welfare Expenses	89	93
<b>TOTAL</b>	<b>19,241</b>	<b>19,010</b>

### 31 FINANCE COSTS

(₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Expenses	6,165	6,196
Other Borrowing Costs	423	465
Loss on foreign currency transactions and translation (Considered as finance cost)	293	-
<b>TOTAL</b>	<b>6,881</b>	<b>6,661</b>
31.1 Net of Interest Capitalised (Refer Note No. 4)	55	49
31.2 Net of Interest Subsidy (TUF/RIPS)	784	1,060

### 31 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Depreciation on Tangible Assets	8,083	8,029
Amortisation of Intangible Assets	22	24
<b>TOTAL</b>	<b>8,105</b>	<b>8,053</b>



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 33 OTHER EXPENSES

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>A. Manufacturing Expenses</b>		
Stores & Spares Consumed	3,592	3,309
Packing Material Consumed	2,045	2,098
Processing and Job Charges	2,571	1,793
Repairs To : Plant & Machinery	525	479
Repairs To : Building	154	127
Repairs To : Others	48	40
Misc. Manufacturing Expenses	2,150	2,114
<b>Sub Total (A)</b>	<b>11,085</b>	<b>9,960</b>
<b>B. Administrative Expenses</b>		
Rent (including short term lease rent )	219	165
Rates & Taxes	302	79
Payments to Auditors : Statutory Audit Fees	15	15
Reimbursement of Expenses	2	2
Cost Audit Fees	1	2
Insurance Premium	391	144
Directors' Travelling	43	13
Travelling & Conveyance	336	384
Telephone & Postage	95	95
Directors' Remuneration	493	451
Printing & Stationery	41	46
Legal & Professional Fees	220	246
Vehicle Running & Maintenance	476	491
Director's Sitting Fees	11	9
Charity and Donations	26	2
Miscellaneous Expenses	240	214
Contribution towards CSR (Refer Note No. 44)	265	181
<b>Sub Total (B)</b>	<b>3,176</b>	<b>2,539</b>
<b>C. Selling and Distribution Expenses</b>		
Sales Commission & Brokerage	2,231	2,136
Freight, Octroi and Other Selling Expenses	3,041	2,957
Allowance for Doubtful Debts*	30	55
<b>Sub Total (C)</b>	<b>5,302</b>	<b>5,148</b>
<b>D. Other Expenses</b>		
Loss on Foreign Currency Fluctuation	91	577
<b>Sub Total (D)</b>	<b>91</b>	<b>577</b>
<b>TOTAL (A+B+C+D)</b>	<b>19,654</b>	<b>18,224</b>

\*(Bad Debts Written Off ₹ 16 Lakhs (Previous Year ₹ 84 Lakhs) out of Provision for Trade Receivables)

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 34 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plans	(1)	71
Tax relating to remeasurement of defined benefit plans	1	(24)
<b>Sub Total (A)</b>	<b>-</b>	<b>47</b>
<b>Items that will be reclassified to profit or loss</b>		
Fair value changes on derivatives designated as cash flow hedges	(323)	-
Tax on items that will be reclassified subsequently to Profit & Loss	113	-
<b>Sub Total (B)</b>	<b>(210)</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>(210)</b>	<b>47</b>

### 35 EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders ₹ in Lakhs	1,328	1,323
ii) Weighted Average number of equity shares used as denominator for calculating EPS	3,94,21,559	3,94,21,559
iii) Basic and Diluted Earning per share (₹)	3.37	3.36
iv) Face Value per equity share (₹)	10	10

**36** The Company had undertaken a Toll user collection contract with National Highway Authority of India (NHAI) for Ushaka Toll Plaza on N.H. No. 25. Due to Dispute with NHAI the contract was terminated and the matter was referred to arbitration. The Arbitrator had given the award in favour of the company during F.Y. 2015-16 which was disputed by NHAI and filed an appeal against the same with the single bench of Delhi High Court, which referred the matter back for arbitration. The Company has objected to the above decision before the division bench of Delhi High Court and filed an appeal to stay the order. The Delhi High Court has admitted the appeal and stayed the said order.

Based on the legal provisions and the facts, the management is of the opinion that the company would be successful in its claim for recovery of the dispute amount. The other current financial asset includes the above claim amounting to ₹ 1367.00 Lakhs.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 37 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs)

Particulars	As at 31.03.20	As at 31.03.19
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises*	799	-
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

The figures have been disclosed on the basis of information received from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and/or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.

\* Include total outstanding dues of micro enterprises and small enterprises of ₹ 763 Lakhs (Previous Year ₹ NIL) included in Trade Payables

\* Include total outstanding dues of micro enterprises and small enterprises of ₹ 36 Lakhs (Previous Year ₹ NIL) in other liabilities under the other current financial liabilities.

### 38 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	Chairman
Shri S.N. Modani	Managing Director & CEO
Shri V.K. Sodani	Executive Director
Shri Anil Jain	CFO & Company Secretary (Upto 31 <sup>st</sup> May, 2019)
	CFO (Retired as CFO w.e.f. 31 <sup>st</sup> March, 2020)
Shri A.K. Jain	Company Secretary (Appointed w.e.f. 01 <sup>st</sup> June, 2019)

#### 2 Non Executive Director/ Independent Director

Shri Ramawatar Jaju (Resigned w.e.f. 24 <sup>th</sup> December, 2019)
Shri Achintya Karati
Shri T.K. Mukhopadhyay
Ms. Seema Srivastava (Resigned w.e.f. 02 <sup>nd</sup> March, 2020)

#### 3 Relatives of Key Managerial Personnel (KMP)

Smt. Radha Devi Soni
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# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

Smt. Mamta Modani  
Smt. Archana Sodani  
Smt. Anjana Thakur  
Smt. Antima Bass  
Shri Anurag Soni  
Shri Pranal Modani  
Smt. Palak Modani  
Ms. Mihika Sodani

### 4 Other Related Parties

Mahalaxmi TMT Private Limited (Director common)  
Sangam E-com Limited (Director Common)  
Raj Rajeshwar Enterprises Private Limited (Relative of Director is member)  
Laddha Construction Company Private Limited (Relative of Director is member)  
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:

S. No.	Nature of transaction/relationship/major parties	Relationship	(₹ in Lakhs)	
			2019-2020 Amount	2018-19 Amount
<b>1</b>	<b>Purchase of goods &amp; services (including commission paid)</b>			
	<b>(a) Purchase of Service</b>			
	Smt. Anjana Thakur	Relatives of Key Managerial Personnel (KMP)	2	-
	<b>(b) Purchase of Goods</b>			
	Raj Rajeshwar Enterprises Private Limited	Other Related Parties	-	5
<b>2</b>	<b>Sale of goods/contract revenue &amp; services</b>			
	<b>(a) Sale of Services</b>			
	Mahalaxmi TMT Private Limited	Other Related Parties	121	-
<b>3</b>	<b>Rent paid</b>			
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	90	48
	Smt. Mamta Modani	Relatives of Key Managerial Personnel (KMP)	5	4
	Sh. Anurag Soni	Relatives of Key Managerial Personnel (KMP)	12	6
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	18	11
	R.P. Soni HUF	Other Related Parties	12	6
	Laddha Construction Company Private Limited	Other Related Parties	18	-

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

(₹ in Lakhs)

S. No.	Nature of transaction/relationship/major parties	Relationship	2019-2020	2018-19
			Amount	Amount
<b>4</b>	<b>Insurance paid for</b>			
	<b>(a) Key Managerial Personnel</b>			
	Shri S.N. Modani		2	5
	Shri V.K. Sodani		-	3
	<b>(b) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		10	-
<b>5</b>	<b>Compensation paid to key management personnel:</b>			
	<b>Remuneration</b>			
	<b>(1) Short-term employment benefits / Salary</b>			
	<b>(i) Key Managerial Personnel</b>			
	Shri R.P. Soni		236	215
	Shri S.N. Modani		139	120
	Shri V.K. Sodani		62	56
	Shri Anil Jain		39	36
	Shri A.K. Jain		6	-
	<b>(ii) Relatives of Key Managerial Personnel</b>			
	Shri Anurag Soni		60	55
	Smt. Antima Bass		1	11
	Shri Pranal Modani		38	39
	Smt. Palak Modani		9	-
	Ms. Mihika Sodani		1	-
	<b>(2) Director Sitting fees</b>			
	Shri Ramawatar Jaju		1	1
	Shri Achintya Karati		5	4
	Shri T.K. Mukhopadhyay		4	4
	Ms. Seema Srivastava		1	1
	<b>(3) Commission</b>			
	Shri R.P. Soni		25	27
	Shri S.N. Modani		25	27
	Shri V.K. Sodani		6	7
<b>6</b>	<b>Expenditure Incurred in CSR</b>			
	(i) M/S Badri Lal Soni Charitable Trust	Other Related Parties	160	105
	(ii) M/S Kesar Bai Soni Charitable Trust	Other Related Parties	86	61

### (C) Amount due to/from related parties:

<b>1</b>	<b>Trade &amp; other Receivables</b>			
	Mahalaxmi TMT Private Limited	Other Related Parties	48	-
	Laddha Construction Company Private Limited	Other Related Parties	516	-
<b>2</b>	<b>Other Payables</b>			
	Shri Anurag Soni	Relatives of Key Managerial Personnel (KMP)	2	-
	Smt. Antima Bass	Relatives of Key Managerial Personnel (KMP)	11	-
	Smt. Radha Devi Soni	Relatives of Key Managerial Personnel (KMP)	13	-

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 38 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>(I) Contingent Liabilities:</b>		
<b>(a) Guarantees:</b>		
Outstanding Bank Guarantees (Excluding Financial Guarantees)	348	338
<b>(b) Other Money for which the Company is contingently liable:</b>		
1 Stamp Duty dispute pending with Rajasthan High Court, Jodhpur under Rajasthan Stamp Duty Act, 1998.	109	109
2 Various cases pending with Central Excise under Central Excise Act, 1944 & Service Tax cases under Finance Act, 1994 (Net of amount fully provided).	452	616
3 Dispute of Fixed Charges recovery pending with APTEL, New Delhi under Electricity Act, 2003.	66	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.	3	213
<b>5 Disputed VAT liability under The Rajasthan Value Added Tax Act, 2003 in respect of :</b>		
5.1 Input Tax Credit	94	94
5.2 VAT with RIPS incentive on exports.	363	341
5.3 Incentive benefit	14	35
<b>6 Disputes on various tolls for which company is contingently liable.</b>	243	243
<b>COMMITMENTS</b>		
(a) Estimated amount of contracts (Net of advances) remaining to be executed on capital and not provided for.	1605	2076
(b) In respect of Capital goods imported at the concessional rate of duty under the Export Promotion Capital goods scheme, the company has approximate exports obligations which is required to be met at the different due dates before 31 <sup>st</sup> March, 2026. In the event of non-fulfillment of these export obligation, the company will be liable to pay customs duties and penalties, as applicable.	2318	1560

### 40 SEGMENT INFORMATION

#### Operating Segment

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (“CODM”) evaluates the company's performance and allocates resources based on an analysis of various indicators of business segment/s in which the company operates. The Company is primarily engaged in the business of textile manufacturing which the management and CODM recognise as the sole business segment. Hence disclosure of segment-wise information is not required and accordingly not provided.

The other applicable information applicable where there is only one segment as required in accordance with IND AS 108 – Operating Segments, are as under:

- (a) The company does not have the information in respect of the revenues from external customers for each product and service, or each group of similar products and services, and the cost to develop such system will be highly excessive. Accordingly such information is not disclosed as allowed by para 32 of IND AS 108.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (b) Revenues

(₹ in Lakhs)		
Particulars	2019-20	2018-19
Domestic	132031	137882
Export	46980	49471
<b>TOTAL</b>	<b>179011</b>	<b>187353</b>

Revenues from external customers attributed to an individual foreign country are not material. The revenue from the foreign countries are attributed from the countries wherein the actual exports are made.

There are no assets in foreign countries held by the Company except the amounts due from the exports.

### (c) The company does not have any major single customers / group of external customer having 10% of its revenue.

### 41. EMPLOYEE BENEFITS

The Company contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Particulars	For the year ended	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Contribution to government Provident Fund	866	763

#### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company. Company makes contributions to Group Gratuity Schemes administrated by the LIC of India.

#### Other long term employee benefit plans

##### Compensated absences

Every employee is entitled to paid leave as per the company's policies. The employees are allowed to avail leave and carry forward a specified number of days, the same is encashable during the service period and at the time of separation from the company or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31<sup>st</sup> March, 2020. 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:

Particulars	Gratuity (Funded)		Leave encashment	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Net defined benefit (liability) / asset	1,521.83	1,101.15	230.35	249.87
Non-current	-	-	-	-
Current	1,521.83	1,101.15	230.35	249.87

**on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity (Funded)				Leave Encashment (Funded)							
	31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019					
	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	1,809.81	708.66	1,101.15	1,567.82	777.01	790.81	530.42	280.55	249.87	474.34	262.22	212.12
Included in profit or loss												
Current service cost	416.64		416.64	373.54		373.54	294.53		294.53	275.83		275.83
Interest cost (income)	132.43		132.43	113.62		113.62	36.22		36.22	33.30		33.30
Total	549.07	-	549.07	487.16	-	487.16	330.75	-	330.75	309.13	-	309.13
Included in OCI												
Remeasurements loss (gain)												
- Actuarial loss (gain) arising from:												
- demographic assumptions	-		-	-		-	-		-	-		-
- financial assumptions	189.73		189.73	5.82		5.82	42.14		42.14	1.59		1.59
- experience adjustment	(190.81)		(190.81)	(78.15)		(78.15)	(259.20)		(259.20)	(174.03)		(174.03)
- on plan assets		(1.64)	1.64		(2.91)	2.91		(1.93)	1.93		(2.23)	2.23
Total	(1.08)	(1.64)	0.56	(72.33)	(2.91)	(69.42)	(217.06)	(1.93)	(215.13)	(172.44)	(2.23)	(170.21)
Other												
Contributions paid by the employer		77.67	(77.67)		52.42	(52.42)		113.67	(113.67)		81.04	(81.04)
Benefits paid	(152.68)	(152.68)	-	(172.84)	(172.84)	-	(112.73)	(112.73)	-	(80.61)	(80.61)	-
Expected Return on Plan Assets		51.28	(51.28)		54.98	(54.98)		21.47	(21.47)		20.13	(20.13)
Total	(152.68)	(23.73)	(128.95)	(172.84)	(65.44)	(107.40)	(112.73)	22.41	(135.14)	(80.61)	20.56	(101.17)
Balance as at 31 <sup>st</sup> March	2,205.12	683.29	1,521.83	1,809.81	708.66	1,101.15	531.38	301.03	230.35	530.42	280.55	249.87

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### C. Plan assets

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
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	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Discount rate	6.80%	7.64%
Expected rate of future salary increase	5.50%	5.50%
Mortality	100% of IALM (2006 - 08) Ult.	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### E. Sensitivity analysis

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

(₹ in Lakhs)

Particulars	Gratuity				Leave Encashment			
	31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,982.48	2,474.64	1,632.00	2,023.49	481.93	591.27	481.82	588.73
Expected rate of future salary increase (1% movement)	2,472.78	1,980.31	2,023.68	1,629.11	590.82	481.48	588.75	481.06

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.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### G. Expected maturity analysis of the undiscounted gratuity benefits is as follows

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Duration of defined benefit payments</b>		
Less than 1 year	162.07	121.91
Between 1-2 years	63.80	77.89
Between 2-5 years	484.16	418.69
Over 5 years	767.89	621.93
<b>Total</b>	<b>1,477.92</b>	<b>1,240.42</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.67 to 18.90 years (31<sup>st</sup> March, 2019: 18.97 to 19.32 years)

### 41 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

#### I. Fair value measurements Hierarchy

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020				As at 31 <sup>st</sup> March, 2019			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
Investments	585	-	-	-	585	-	-	-
Other Non-Current Financial Assets	950	-	-	-	1,021	-	-	-
Trade Receivables	29,155	-	-	-	34,988	-	-	-
Cash and Cash Equivalents	835	-	-	-	39	-	-	-
Bank Balances other than above	530	-	-	-	29	-	-	-
Other Current Financial Assets	4,952	-	-	-	4,786	-	-	-
<b>TOTAL</b>	<b>37,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,448</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	24,228	-	-	-	28,517	-	-	-
Short Term Borrowings	35,899	-	-	-	35,507	-	-	-
Trade Payables	11,466	-	-	-	16,458	-	-	-
Other Current Financial Liabilities	11,079	-	-	-	13,883	-	-	-
<b>At Fair Value through P&amp;L</b>								
Other Current Financial Liabilities	344	-	344	-	(152)	-	(152)	-
<b>At Fair Value through OCI</b>								
Other Current Financial Liabilities	323	-	323	-	-	-	-	-
<b>TOTAL</b>	<b>83,339</b>	<b>-</b>	<b>667</b>	<b>-</b>	<b>94,213</b>	<b>-</b>	<b>(152)</b>	<b>-</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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 properly 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 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 ₹ 29436 Lakhs (31<sup>st</sup> March, 2019 – ₹ 35255 Lakhs).

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

#### Reconciliation of loss allowance provision – Trade receivables

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Opening Balances	267	297
Impairment Loss Recognised	30	55
Amount written back	16	85
<b>Closing balance</b>	<b>281</b>	<b>267</b>



# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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.

(₹ in Lakhs)

Particulars	Carrying Amounts		Contractual cash flows		
	31 <sup>st</sup> March, 2020	Total	Within 1 Year	1–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Borrowings	24,228	24,228	-	22,363	1,865
Short term borrowings	35,899	35,899	35,899	-	-
Trade payables	11,466	11,466	11,466	-	-
Other current financial liabilities	11,746	11,746	11,746	-	-
<b>Total non-derivative liabilities</b>	<b>83,339</b>	<b>83,339</b>	<b>59,111</b>	<b>22,363</b>	<b>1,865</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	667	667	667	-	-
<b>Total derivative liabilities</b>	<b>667</b>	<b>667</b>	<b>667</b>	<b>-</b>	<b>-</b>
Particulars	Carrying Amounts		Contractual cash flows		
	31 <sup>st</sup> March, 2019	Total	Within 1 Year	1–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Borrowings	28,517	28,517	-	26,107	2,410
Short term borrowings	35,507	35,507	35,507	-	-
Trade payables	16,458	16,458	16,458	-	-
Other current financial liabilities	13,731	13,731	13,731	-	-
<b>Total non-derivative liabilities</b>	<b>94,213</b>	<b>94,213</b>	<b>65,696</b>	<b>26,107</b>	<b>2,410</b>
<b>Derivatives (net settled)</b>					
Foreign exchange forward contracts	(152)	(152)	(152)	-	-
<b>Total derivative liabilities</b>	<b>(152)</b>	<b>(152)</b>	<b>(152)</b>	<b>-</b>	<b>-</b>

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	USD	EUR	USD	EUR
<b>Financial Instruments</b>				
Trade receivables	87	(2)	121	-
Trade payables	(7)	-	(2)	-
Borrowings	(90)	-	(91)	-
Derivatives - Forward Contracts	(96)	-	(94)	-
<b>Net statement of financial position exposure</b>	<b>(106)</b>	<b>(2)</b>	<b>(66)</b>	<b>-</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against all currencies at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss	
	Strengthening	Weakening
<b>31<sup>st</sup> March, 2020</b>		
USD (1% movement)	(80)	80
EUR (1% movement)	(1)	1
<b>31<sup>st</sup> March, 2019</b>		
USD (1% movement)	(46)	46
EUR (1% movement)	-	-

#### 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.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 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	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	2,668	9,704
<b>TOTAL</b>	<b>2,668</b>	<b>9,704</b>
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	26,210	25,519
<b>TOTAL</b>	<b>26,210</b>	<b>25,519</b>

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
<b>31<sup>st</sup> March, 2020</b>		
Variable-rate instruments	(262)	262
<b>Cash flow sensitivity</b>	<b>(262)</b>	<b>262</b>
<b>31<sup>st</sup> March, 2019</b>		
Variable-rate instruments	(255)	255
<b>Cash flow sensitivity</b>	<b>(255)</b>	<b>255</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Hedge Accounting

The company's business objective includes safe-guarding its earnings against foreign exchange fluctuations. The Company has adopted a structured risk management policy to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for Fair Value hedges. Hedging instruments include forwards contracts to achieve this objective. The table below shows the position of hedging instruments and hedged items as on the balance sheet date.

### Disclosure of effect of Hedge Accounting:

#### (i) Fair Value Hedge

##### Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	7,058	344	344	April 2020 to September 2020	Other Current Financial Liabilities

##### Hedged Items

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Trade Receivables	6,578	415	Financial Assets - Trade Receivables

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (ii) Cash Flow Hedge

During the year ended 31<sup>st</sup> March, 2020, the Company has designated certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve as at 31<sup>st</sup> March, 2020 are expected to occur and reclassified to Statement of Profit and Loss within three months.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of its forecasted cash flows. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit and Loss at the time of the hedge relationship rebalancing.

### Cash Flow Hedge Hedging Instruments

(₹ in Lakhs)

Particulars	Nominal Value	Carrying Amount	Change in Fair Value	Hedge Maturity	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>					
Forward Contracts	7,484	323	323	April, 2020 to September, 2020	Other Current Financial Liabilities

### Hedged Items

Particulars	Carrying Amount	Change in Fair Value	Line Item in Balance Sheet
<b>Foreign Currency Risk</b>			
Highly Probable Forecasted Exports	7,484	-	-

The reconciliation of cash flow hedge reserve for the years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as follows:

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Gain / (Loss)		
Balance at the beginning of the year	-	-
Gain / (Loss) recognized in other comprehensive income during the year	(323)	-
Amount reclassified to profit and loss during the year	-	-
<b>Balance at the end of the year</b>	<b>(323)</b>	<b>-</b>

### 43 GENERAL INFORMATION:

#### 1 The Consolidated Financial Statements present the Consolidated Accounts of Sangam (India) Limited with its Subsidiary Company:

Name	Country of Incorporation	Proportion of Ownership of Interest	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Sangam Lifestyle Ventures Limited	India	100%	100%

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 2 Disclosures mandated by Schedule III of the Companies Act 2013, by way of additional information:

Name of the Entities	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in Lakhs)	As a % of Consolidated Profit	Amount (₹ in Lakhs)	As a % of Consolidated Other Comprehensive Income	Amount (₹ in Lakhs)	As a % of Consolidated Total Comprehensive Income	Amount (₹ in Lakhs)
Parent : Sangam India Limited	101.16%	53324	100.15%	1330	100.95%	(212)	100.00%	1118
Subsidiary : Sangam Lifestyle Ventures Limited	-1.12%	(592)	-0.15%	(2)	-0.95%	2	0.00%	-
<b>Sub Total</b>		<b>52732</b>		<b>1328</b>		<b>(210)</b>		<b>1118</b>
Inter - Company Elimination & Consolidation Adjustments	-0.04%	(20)	0.00%	-	0.00%	-	0.00%	-
<b>Grand Total</b>	100.00%	<b>52712</b>	100.00%	<b>1328</b>	100.00%	<b>(210)</b>	100.00%	<b>1118</b>

3 Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understand the consolidated position of the Companies. Recognising this purpose, the company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

### SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY AS PER COMPANIES ACT, 2013

(₹ in Lakhs)

Sr. No.	Name of Subsidiary Company	Sangam Lifestyle Ventures Limited
1	The date since which Subsidiary was incorporated and acquired	14.06.2016
2	Reporting Currency	INR
3	Equity Share Capital	5
4	Other Equity	(597)
5	Total Assets	1374
6	Total Liabilities	1966
7	Investments	-
8	Revenue from Operations / Total Income	1457
9	Profit Before Taxation	(3)
10	Provision for Taxation	(1)
11	Profit After Taxation	(2)
12	Other Comprehensive Income	2
13	Total Comprehensive Income	-
14	% of Shareholding	100%

### 42 CORPORATE SOCIAL RESPONSIBILITIES (CSR)

(₹ in Lakhs)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
a) The Gross amount required to be spent by the company during the year	64	123

b) The Details of the amount spent during the year on CSR activities as follow.

(₹ in Lakhs)

Particulars	Expenditure incurred in Cash	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Construction / acquisition of any asset	-	-
On purpose other than (i) above	265	181
<b>TOTAL</b>	<b>265</b>	<b>181</b>

c) Out of above ₹ 160 Lakhs (Previous Year ₹ 105 Lakhs) has been spent through M/s Badri Lal Soni Charitable Trust and ₹ 86 Lakhs (Previous year ₹ 61 Lakhs) has been spent through M/s Kesar Bai Soni Charitable Trust, which are related parties.

Breakup of the expenditure incurred through the trust during the year is as under.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Environmental Sustainability	50	28
Promoting Education	107	75
Promoting Health Care	75	45
Eradication Hunger, Poverty and Malnutrition	14	16
Promoting Sports	-	2
<b>TOTAL</b>	<b>246</b>	<b>166</b>

# Notes

## on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

**45** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on 11<sup>th</sup> March, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all the units of the Company in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till 17<sup>th</sup> May, 2020. However, production and supply of goods has commenced during the month of April 2020 on various dates at all the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. It has also assessed the probability of occurrence of forecasted transactions under the hedging relationships and continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these consolidated Ind AS financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

### **46 STANDARD ISSUED BUT NOT EFFECTIVE**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1<sup>st</sup> April, 2020.

### **47 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.

**48** Sangam Lifestyle Ventures Limited (Subsidiary Company) of Sangam (India) Limited has accumulated losses resulting in complete erosion of net worth and has incurred net losses in the current and immediate preceding financial year. The Subsidiary Company is incurring operating losses since commencement of business operation but financial statements of the Subsidiary Company are prepared on going concern basis on the fact that the Subsidiary Company is presently fully funded by the Holding Company and Holding Company is committed to infuse additional funds and to provide reasonable credit lines to the Subsidiary Company.

### **49 APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved for issue by the Board of Directors on 24<sup>th</sup> June, 2020

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 Registration No. 108355W)

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

Chartered Accountants  
(Firm Registration No. 002330C)

For and on the Behalf of the Board

**(Akshay R. Shah)**

Partner  
Membership No.103316  
Place: Mumbai  
Date: 24<sup>th</sup> June, 2020

**(O. P. Dad)**

Partner  
Membership No. 035373  
Place : Bhilwara  
Date: 24<sup>th</sup> June, 2020

**(R.P. Soni)**

Chairman  
(DIN 00401439)

**(S. N. Modani)**

Managing Director & CEO  
(DIN 00401498)

**(Anurag Soni)**

Chief Financial Officer

**(V. K. Sodani)**

Executive Director  
(DIN 00403740)

**(A. K. Jain)**

Company Secretary  
(M No: F-7842)



## Note

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



# Corporate Information

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## 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 - 311001, Rajasthan, INDIA.  
Tel No.: +91-1482-245400-405  
Fax No.: +91-1482-245450  
e-mail: secretarial@sangamgroup.com

## PRINCIPAL & HEAD OFFICE

B/306-309, Dynasty Business Park  
Andheri Kurla Road,  
J B Nagar Andheri (E)  
Mumbai 400 059, INDIA  
Tel No : +91-22- 6111 5222/5200  
Fax No.: +91-22- 2822 7865/6111 5265

## PLANT LOCATIONS

### Spinning Unit-I

Village Biliya Kalan, Chittorgarh Road,  
Bhilwara – 311001, Rajasthan

### Spinning Unit-II

91, Km Stone, N.H No. 79, Village Sareri,  
Bhilwara – 311024, Rajasthan

### Spinning Unit-III

N.H. 79, Village Soniyana,  
Tehsil: Gangrar – 312901, Chittorgarh

### Weaving, Processing & Seamless Garment Unit

Village ATUN, Chittorgarh Road,  
BHILWARA – 311001, Rajasthan

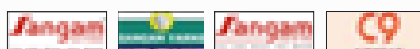
### Denim Unit

Village Biliya Kalan, Chittorgarh Road,  
Bhilwara – 311001, Rajasthan



Value through values

**Sangam (India) Limited**  
[www.sangamgroup.com](http://www.sangamgroup.com)



If undelivered, please return to:

**Sangam (India) Limited**

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 Bhilwara - 311001, Rajasthan, India