

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 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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

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

Basis for Opinion

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

Key Audit Matters

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



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Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Akshay R. Shah
Partner
Membership No. 103316
Camp : Bhilwara
Date: 28th May, 2019

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 28th May, 2019



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

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

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of inventories:
- In our opinion, during the year the inventories have been physically verified by the management at reasonable intervals and according to explanation given to us, no physical discrepancies were noticed during the year.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii (a), iii (b) and iii (c) of the Order not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us in respect of loans,

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

- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) In our opinion the maintenance of cost records has been specified by the Central Government sub section (1) of section 148 of the Act and such accounts and records have been so made and maintained by the company. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) In respect of statutory dues:
- 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 31st March, 2019 for a period of more than six months from the date of becoming payable.
 - There are no dues of Income Tax, Sales Tax, Wealth Tax, and Service Tax, duty of Customs, Duty of Excise, Value Added Tax, and Cess which have not been deposited as on 31st March, 2019 on account of any dispute, except in respect of the following:

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

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

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

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

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

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

Akshay R. Shah
Partner
Membership No.103316
Camp : Bhilwara
Date: 28th May, 2019

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 28th May, 2019



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

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

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

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

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

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

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

Akshay R. Shah
Partner
Membership No.103316
Camp : Bhilwara
Date: 28th May, 2019

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

O. P. Dad
Partner
Membership No. 035373
Place : Bhilwara
Date: 28th May, 2019