

Board's Report

To the Members of
Sangam (India) Limited

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

FINANCIAL RESULTS

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

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

OPERATIONAL RESULTS AND STATE OF AFFAIRS

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

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

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

EXPANSION

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

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

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

The project has been completed as per schedule.

TRANSFER TO RESERVE

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

DIVIDEND

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

WHOLLY OWNED SUBSIDIARY COMPANY

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

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

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



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has been placed on the website of the Company, www.sangamgroup.com Further, as per fourth proviso of the said section, Audited Financial Statements of the Subsidiary have also been placed on the website of the Company, www.sangamgroup.com

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

CONSOLIDATED FINANCIAL STATEMENTS

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

INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the 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 31st March, 2011 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website, <http://sangamgroup.com/investors/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 2010-11. The Company sent notices to all such members in this regard and published a newspaper advertisement and thereafter transferred the shares to the IEPF during financial year 2018-19. The details of such shares transferred have been uploaded at the Company's website <http://www.sangamgroup.com/investors/investorhandbook>

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

PUBLIC DEPOSITS

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

DIRECTOR AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

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

BOARD OF DIRECTORS AND MEETINGS

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

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

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

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

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

AUDIT COMMITTEE

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

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

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

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

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

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

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

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

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

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

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

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

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

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



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FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

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

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

EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS

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

INTERNAL FINANCIAL CONTROL

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

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

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

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

RISK MANAGEMENT

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

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

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

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

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

CORPORATE GOVERNANCE

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

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

CODE OF CONDUCT

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

STATUTORY AUDITORS

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

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

AUDITORS' REPORT

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

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

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

COST AUDITORS

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

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

COST RECORDS

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

SECRETARIAL AUDITOR REPORT

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

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

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



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

PARTICULARS OF REMUNERATION OF DIRECTORS/ KMP/ EMPLOYEES

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

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

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

GENERAL DISCLOSURES

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

EXTRACT OF ANNUAL RETURN

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

ACKNOWLEDGEMENT

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

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

R.P.Soni

Chairman

(DIN 00401439)

Place: Bhilwara

Date: 12th July, 2019