



Tailored to  
excel.

Sangam (India) Limited • Annual Report 2011-12



Sangam (India) Limited

Value through values

## Forward-looking statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.



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“You cannot tailor make the situations in life, but you can tailor make the attitudes to fit those situations before they arise.”

Zig Ziglar



# Tailored to excel

**2011-12 was an eventful year for us at Sangam. While the challenges ensured that we work harder; the achievements enabled us to relax for few moments in an otherwise busy year. So our denims were put to good use – it helped us deal with the tough times and yet made us look good. Like it, we too never lost our shine and shaped ourselves in the face of adversities. As some would say, our fighting spirit truly lies in our jeans!**

**Our spirit to imbibe the change and grow against all odds also resulted in some achievements:**

- we successfully doubled the capacity of our Denim unit
- our strategic investments in infrastructure services business enabled us cushion the impact of a sombre year in core business
- we continued to improve our brand recall through aggressive marketing initiatives



Each challenge in-turn proved to be a motivation. We worked harder on each and every critical aspect of our business – from warehouse to the boardroom to the shopfloor. In doing so, our zeal, like our suits never wrinkled or simply never went out of fashion!

At Sangam India, we believe that what we make, shapes us, steers us and defines us. We are a young and energetic company that loves to dress up India – from boardrooms to malls; parties to seminars and from power lunches to candlelit dinners. Our integrated business model, having presence from yarn to branded apparels, empowers us to provide superior quality, finishes and affordability to a broad spectrum of customers ranging from aspirers to achievers. We are Sangam India and we are tailored to excel.





# Who We are

## HISTORY AND PARENTAGE

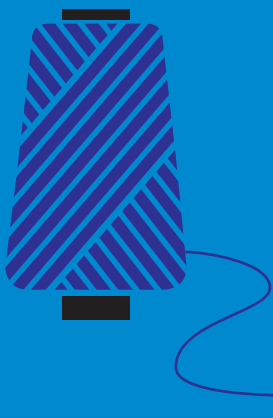
Established in 1984, Sangam India Limited is the flagship Company of Sangam Group. The Company holds business interests across diverse sectors, namely textiles, steel, infrastructure, power and energy. Sangam India represents the textiles vertical. It was established by Mr. RP Soni, the Group patriarch, a first generation entrepreneur and presently the Chairman of the Company.

## Reputation

- We are among the leading textiles companies in India with presence in PV (polyester viscose) dyed yarn and fabrics.
- Leaders in PV dyed yarn segment with 25% market share in India.
- Fully integrated – from yarn to branded garments
- Have forayed into denim and suiting fabrics.
- Initiated comprehensive branding initiative.

## Products portfolio

- Yarns: PV and Cotton
- Woven fabrics
- Branded suiting
- Denim fabric
- Texturised yarn
- Wind power





## CAPACITIES

Division	Production Capacity
Spinning (Ring Spinning)	201216 Spindles / 55000 MT p.a.
Spinning (Open End)	4096 Rotors / 18000 MT p.a.
Synthetic Fabric	18 Million Meter p.a.
Denim Fabric	32 Million Meter p.a.
Fabric Processing	34 Million Meter p.a.
Knitted Fabric	18 Machines / 3000 MT p.a.
Texturised Yarn	7200 MT p.a.
Thermal & Wind Power	36 MW



## GEOGRAPHICAL PRESENCE

### Corporate office

Mumbai, Maharashtra

### Registered office

Bhilwara, Rajasthan

### Manufacturing facilities

Biliya, Bhilwara

Sareri, Bhilwara

Atun, Bhilwara



### Brands

- ▣ Sangam Suitings
- ▣ Sangam Denims
- ▣ Sangam Yarns
- ▣ Anmol
- ▣ Laurel

### People

~7000 employees as on 31.03.2012

### Marketing network

More than 100 dealers and  
1000 retailers across the country



### Listings

The Company's shares are listed on the National Stock Exchange (Scrip code – SANGAMIND) and the Bombay Stock Exchange (Scrip code – 514234).





# How the year 2011-12 unfolded?

## OPERATIONAL HIGHLIGHTS

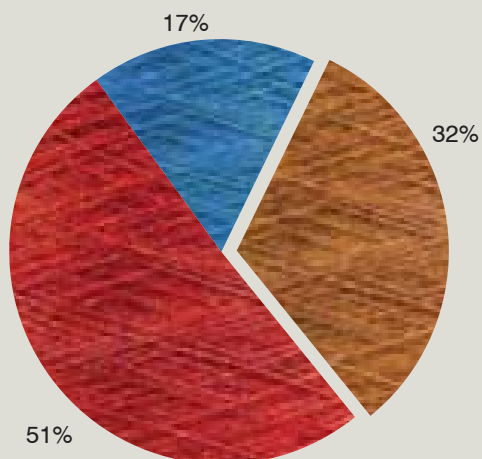
- ▮ Total yarn production increased marginally by 7.3 per cent to **53,735 tonnes** in 2011-12 from **50,098 tonnes** in 2010-11
- ▮ Total fabrics production increased by 19.5 per cent to **41.70 mn metres** in 2011-12, as against **34.89 mn metres** in 2010-11
- ▮ Successfully completed denim expansion; capacity doubled
- ▮ Unveiled new brand identity; rechristened the logo
- ▮ Debottlenecked capacities, leading to unlocking of additional capacity from existing units
- ▮ Augmented employee base
- ▮ Aggressive thrust on branding and marketing

The background of the slide is a close-up photograph of numerous green yarn spools. Each spool consists of a white plastic bobbin with a central hole and several small protrusions around its rim, and a large, conical, green-colored body made of tightly wound yarn. The spools are arranged in a dense, overlapping pattern, filling the entire frame. A semi-transparent red rectangular box is positioned in the center of the image, containing white text. A thin, dashed white line curves across the lower-left portion of the red box.

# segment-wise break-up of revenues

## PRODUCTWISE BREAK-UP OF REVENUES

2011-12



YARN

FABRIC

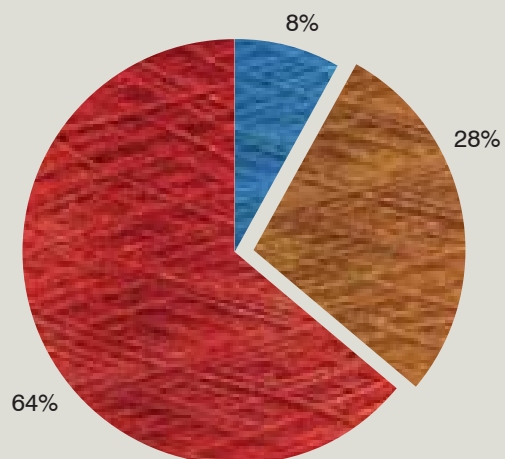
OTHERS

51%

32%

17%

2010-11



YARN

FABRIC

OTHERS

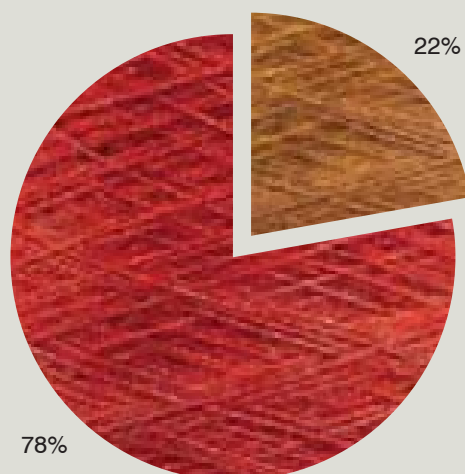
64%

28%

8%

## GEOGRAPHICAL BREAK-UP OF REVENUES

2011-12



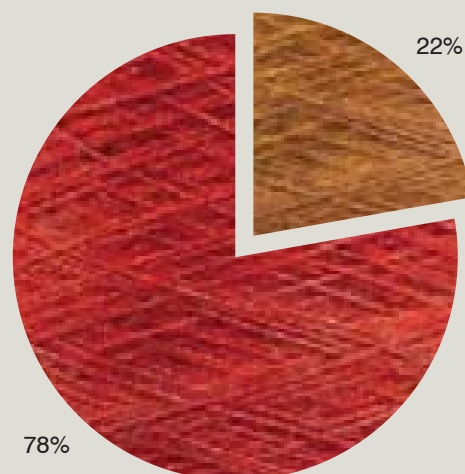
DOMESTIC

78%

EXPORT SALES

22%

2010-11



DOMESTIC SALES

78%

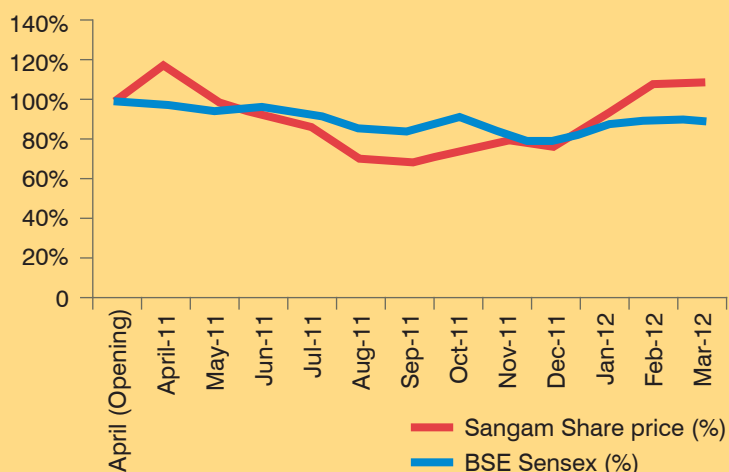
EXPORT SALES

22%



# Investor highlights

## SANGAM SHARE PRICE VS. BSE



The share price of Sangam India closed at Rs. 46.75 as on March 31, 2012 up 8.6% against the opening price of Rs. 43.05 as on April 1, 2011. The BSE Sensex, in comparison fell 10.6% during the same period – to 17,404 as on March 31, 2012 from 19,463 as on April 1, 2011.



## TOTAL SHAREHOLDER RETURN (%)

	31st March 2012
Closing share price as on 31.03.2012	46.75
Add: Dividend received during 2011-12	1.50
	48.25
Less: Opening share price as on 1.04.2011	43.05
Total Shareholder Return (Rs.)	5.20
TSR (%)	12.08%

## KEY NUMBERS

- Dividend per share paid during 2011-12 = **Rs. 1.50 (for FY11)**
- Proposed dividend per share for 2011-12 = **Rs. 1.00**
- Earnings per share declined to **Rs. 4.33 during 2011-12**
- Total number of shareholders as on March 31, 2012 = **11,094**
- Average volume of Sangam India's shares traded per month on BSE = **543,603** and NSE = **744,380**



## Unveiling a new identity

### DURING 2011-12, WE UNVEILED A NEW LOGO

Sangam Group, a leader in the world of textiles, is growing at a tremendous pace.

In keeping with the new growth mantra, we wanted to portray a new face of Sangam.

A new logo unit that communicates our re-energised brand.

We are not the same company we were yesterday and we look forward to what we want to be tomorrow and forge a path for ourselves.

We needed a fresh look at the way the world perceives us.




A fresh look at how we perceive ourselves.

A fresh look at our identity.



### Value through values

#### Sangam –Value through Values

-  The Circular shape denotes an inclusive and cohesive growth, where we believe in giving back as much as we receive. This is encompassed by our mission statement 'Value through values'.
-  The two 'S', placed in the upward direction, represent the path of progress our company is following.
-  The closely linked 'S' signify chain, encompassing our belief of taking along all on our promising journey ahead.

# chairman's review





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To counter the cost pressures, we continued to look inwards.  
Each segment, unit, vertical was critically analysed to identify factors impairing efficiency.

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The economic engine slowed. The cost of inputs touched new highs. The realisations declined. The margins eroded. 2011-12 was a tough year for us. While our revenues improved by 20% to Rs. 1425 crore, largely owing to our strategic stake in a Company's infrastructure services business; our EBIDTA declined by 21% to 161 crore. Our net profits declined by 70% to Rs. 17 crore. The numbers, apart from the revenues largely stood at 2009-10 levels. A string of uncontrollable factors limited our growth but further strengthened our resolve.

Difficult times are often essential for a person as well as a company. It makes us value our capabilities; discover new abilities and come out stronger. At Sangam India, we utilised a downturn to sharpen our edge and further insulate our business model. In other words, Amidst adversities, we chose to act towards creating a stronger business model.

The year 2011-12 witnessed immense cost pressure on account of rising crude prices, which pushed up our raw material costs – of PSF and VSF to new highs. In addition, on account of subdued cotton prices, the realisations for PV yarns and fabrics declined during the year. We concentrated on quality and expanding our markets to counter this. We also concluded our expansion program for denim division, by doubling its capacity to 32 mn mtrs. We believe that the potential of fancy denims in India will grow at a faster pace. In the first two full years of operation in denim segment, we already command 5% market share – reflecting well on our value proposition.

To counter the cost pressures, we continued to look inwards. Each segment, unit, vertical was critically analysed to identify factors impairing efficiency. Each cost component was monitored persistently to identify concern areas. The organisation has always focused on cost leadership. Our investments in an integrated ERP system has proven to be great enabler in our mission to improve our cost structures. We believe that our initiatives would have a larger impact on making our products further affordable for our customers and thereby further improve our market leadership. In 2011-12, we debottlenecked capacities by modernising ancillary equipment; we improved process efficiencies and reduced water and energy loss across our units. This enabled us to stem the margin erosion to an extent, in an otherwise challenging year. These initiatives taken will have a larger impact on the company's margins in the coming years.

On the other hand, we also continued to invest in building a strong brand. In 2011-12, we focused on heightened branding initiatives to promote Sangam

Suitings to the retail markets. The margins in the textile value chain increase dramatically with the proximity to the end consumer. So being a branded fabric player, we have completed another stage in the value chain – from mill to malls.

While 2011-12 was a tough year, we seriously believe that the Indian apparel industry is expected to unleash an exciting phase of growth in the near future. Despite the recent loss of momentum, India remains one of the fastest-growing economies in the world. With more than two-thirds of the country's population less than 40 years of age, India's human capital is unparalleled. The traditional low levels of consumption rates have been rising. The rural India is taking longer strides in driving the consumption than the urban India; and the trend is expected to intensify in the future. The aspirations are soaring. The ambitions are visible. And the passion is appealing. The Indian consumer is demanding better quality; prefers branded to unbranded and has faster replacement cycle as compared to two decades ago. Workplaces, parties, social gatherings, casual outings – each occasion demanding a customised set of clothing. So one suit is not good enough; neither are two simple denims; nor just four T-shirts. India is demanding more. Each day. At Sangam, we have transformed our business model over the past five years, to align with this growth potential.

2011-12 was also an year of unveiling a new identity. In the 27th year of our journey, India has evolved dramatically. While we have successfully partnered the country's growth with our small initiatives, it was important for us to resonate the dynamism and long-term vision through our corporate identity. We unveiled a new logo and our Group belief of 'value through values' during the year.

Since inception, we have worked at bringing value to our customers by providing quality products through better finishing for fabrics or using superior raw materials. Our principle has always been to provide value, and that has driven us to become one of India's top 500 companies. A belief of giving back to society has manifested itself in the form of a hospital, school and engineering college. Our engineering and management institute has churned up over 15,000 students and has led us to start a University.

We shall continue to unearth growth by concentrating on the value-added and branded segment. The process of value-creation has already begun. And we would as usual, continue leading the change towards a better future; towards sustainable growth; towards expanding stakeholders' value.

**RP Soni, Chairman**

# Measured to adapt

AMBITIOUS YOUNGSTERS AS WELL AS WORKPLACES AND  
CONSUMER MARKETS, MAKING DECISIONS AND DRIVING DEMANDS.





This is having a great impact on the country's dress code. People are shifting from unbranded to branded garments. Also, the line between formal and casual wear is getting blurred, marked by a clear shift in preference from trousers to jeans. Indian women too have come out of shadows and have joined the workforce that's building the nation. They are increasingly opting for branded formal wears and jeans.

This is where Sangam, the largest PV dyed yarn player in the country, has spotted a huge opportunity to forward-integrate into denim and branded apparel segments that offer higher margins. We are already the seventh-largest denim producer in the country.

Armed with a wide and world-class product portfolio that includes natural and man-made fibre yarns, fabrics, denim and suiting, and our thrust on innovation and consumer satisfaction, Sangam is confident of doing our best whatever the market situation is. We are tailored to excel. Born in 1984, Sangam (India) is privileged to have grown up with a generation that now sets consumer trends and makes corporate decisions. In a young and energetic country where half the population is less than 25 years old, Sangam at 27 can feel the pulse of the country as well as anybody.

We have measured this market, its bulging ambition and huge potential.

And it is this deep understanding of the Indian market that has guided Sangam in every step we took as we grew—both through backward integration and forward integration—to a Rs 1400 crore+ business that covers almost the entire value chain of the textile industry, from spinning to weaving to processing.

Sangam is well placed to make the most of this huge potential, having taken every step after closely studying the evolving needs of the Indian consumer and understanding where the market is headed.

We have the measures of this market and we have the expertise to create the best fit for it. We are measured for success.





# cut to fit



ONCE YOU HAVE THE MEASURES, THEN YOU CAN START CUTTING AND STITCHING THE FABRIC AS PER THE DESIGN. FOR THIS, WHAT YOU NEED IS THE ABILITY AND EXPERTISE, AS WELL AS EQUIPMENT, TO DO IT. HERE AGAIN, WE BELIEVE SANGAM MAKES THE CUT.





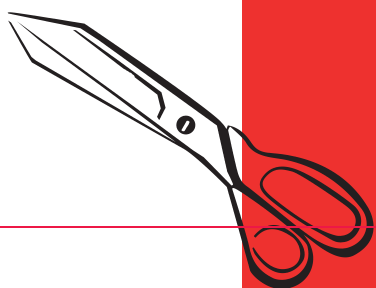
Each person in our team of approx. 7,000 workers across our three facilities is aware of the company's focus on quality, technology and innovation.

Besides, we also have dedicated quality teams that ensure we procure the best raw materials, use latest technology and follow the best processes in our production facilities.

They are supported by dedicated laboratories to check the quality of the final products, which includes durability, colour and texture. All our units are ISO 9001:2000 certified and are equipped with latest quality testing equipment like Uster tester, evenness tester and equipment to test colour fastness, fading and residual shrinkage among others to ensure that our products are truly world class. It shows in the fact that our yarns command a premium in key markets, and demand for our fabrics is on the rise.

The company employs latest machineries to ensure efficiency and high quality of finished products. It has computerized design facility that enables execution of a wide range of designs with precision and low wastage. Latest technology helps us ensure better capacity utilisation, greater flexibility, better quality and lower downtime, leading to greater efficiencies and lower production costs.

Designers are increasingly preferring PV fabrics to make formal wear not only because they are more affordable than cotton but they also lend a rich feel and texture to the garment, and they don't fade like cotton. This prompted Sangam's foray into the suittings market. Our marketing team is working tirelessly to ensure the success of Sangam Suitings in the market. We are cut for success.



# Designed to appeal

DESIGN IS THE NEXT IMPORTANT ASPECT. IN A WORLD DOMINATED BY CONSUMERS, FASHION TRENDS AND PREFERENCES CHANGE RAPIDLY. IN THIS TRADE, IT IS VERY IMPORTANT TO KEEP PACE WITH THE REQUIREMENTS OF THE MARKET AND CATER TO THE NEW DEMANDS AS SOON AS THEY COME UP.







At Sangam, we are also closely watching market and consumer trends to live up to our customers' expectations and sometimes beat them by throwing new ideas at them.

We have highly professional research and development units in our facilities that keep our innovation pipeline busy.

To succeed in the textile industry, a company needs to be dynamic and innovative to meet consumers' constant demand for increased comfort, affordability and durability. It's an endless pursuit and innovation is central to it.

Sangam's research teams constantly try to develop new and value-added products and introduce colour shades to suit the end use of customers. Our units are equipped with world-class labs, advanced equipment and qualified professionals to ensure fast turnaround of new products.

The focus of the R&D team in our fabrics division is production of comfortable fabrics that are wearable, affordable and yet attractive to prospective customers. Our highly qualified and experienced researchers work hard in our fully equipped laboratory to create product variations frequently as well as to develop new designs.

At our yarn division, our researchers work with our clients such as Raymonds, Grasim, Reliance, Siyaram and BSL to develop new shades and colours. The results of this initiative shows in our increasing business.

We believe that consumer is the king and we are ready to stitch the clothes he fancies. We are ready to meet his demand.



# Branded to sustain

WE KNOW THE MARKET AND WE KNOW HOW TO DO  
BUSINESS IN THIS MARKET.





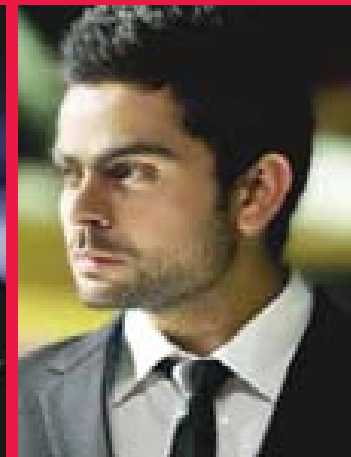
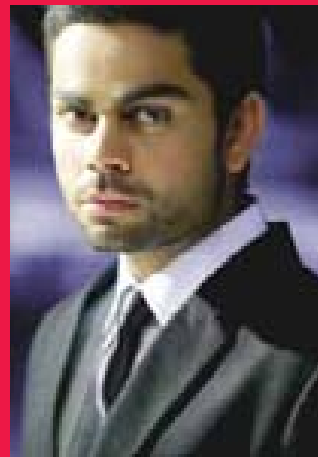
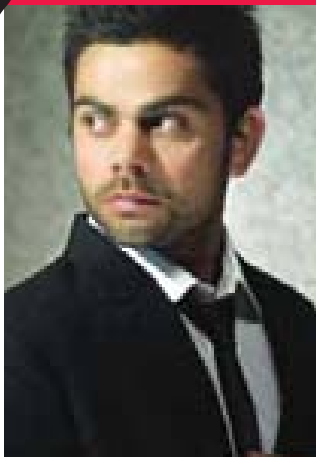
Look at our foray into branded suitings and denims. We couldn't have timed it any better. Indian consumers are increasingly preferring branded clothes to unbranded ones and denim jeans to trousers, making Sangam's calculated foray into denim and branded businesses timely. These will be our future growth engines.

In FY12 we doubled our denim capacity to 32 million metres per year, becoming the country's seventh largest denim producer. Denim in India is expected to grow faster than other fabrics as more and more people, including women, now prefer jeans to trousers.

We have also increased our thrust on branding, having launched Sangam Suitings in 2010. We have rising cricket star Virat Kohli and Bollywood actor Suniel Shetty as our brand ambassadors.

Going ahead, we will explore entering garment manufacturing in the next couple of years.

We are here to stay and we are fit for success.





# Management Discussion and Analysis





## ECONOMIC OVERVIEW

### Global

The global economic growth continues to get slower. The International Monetary Fund is set to reduce its estimate for global growth in 2012 further from its April estimate of 3.5% growth due to weakness in investments, jobs and manufacturing in the West as well as emerging economies such as China, India and Brazil. World growth rate had slipped to 3.9% in 2011 from 5.3% in 2010 as Europe slipped into fresh financial crisis and the US continued its slow recovery from the 2008 meltdown. But emerging economies such as China, Brazil, Russia and India—which together account for one-fifth of the world economy—will continue to outperform the rest of the world and lead the global recovery. IMF expects the emerging economies' GDP to grow 5.7% in 2012, slightly down from 6.2% growth in 2011.

### Indian

Indian economy, too, is estimated to have slowed to 6.9% in 2011-12 from 8.6% in 2010-11 as price increases across products and commodities and high interest rates impacted consumer demand and industrial activities.

The central bank recently cut the CRR for the first time in more than two years, signalling lower interest rates that will boost demand, production and investment. One major problem the country is facing is the recent free fall in the value of the rupee, which is making imports—which include crude oil and several raw materials—costlier. This could push inflation and that would make the central bank tighten its monetary policy again. The positives include prediction of normal monsoon, lower average age of consumers and their increasing aspirations, increasing demand for real estate and

the country's infrastructure drive. The growth projections for 2012-13 continue to be muted, around 6.5%, on account of policy roadblocks, dented investor confidence and lower consumer demand.

## TEXTILE INDUSTRY OVERVIEW

### Global

Global Textile and Apparel trade is recovering from a slump during the 2008-09 economic recession, and is expected to reach \$1 trillion by 2020 from more than \$600 billion now. The growth in trade is driven by increased outsourcing of developed countries towards lower cost countries in Asia. But tough times in several European countries and the slow recovery of the US consumer market has slowed the global textile trade and India's export growth.

India is the second biggest textile manufacturer in the world, after China. The textile industry is one of the main pillars of the country's economy. It accounts for 14% of the country's industrial production and generates 17% of total foreign exchange earnings through exports. The industry also employs more than 35 million people, becoming the second largest provider of employment after agriculture.

India is one of the few countries with presence across the entire value chain of the textile and apparel industry. The country produces cotton, jute, silk or wool and synthetic material to complement and strengthen the garments manufacturing industry. Almost one quarter of the world's spindle activities is hosted in India, second only China. It has 61% share in global looming activities including handlooms. It has 12% share in global textiles fiber and yarn manufacturing. India is the second largest producer of silk and cellulose fiber

and yarn and the fifth largest producer of synthetic fiber and yarn.

India is expected to increase its textile and apparel share in the world trade from 4.5% now to 8% and reach \$80 billion by 2020.

## EXPORTS

Things have started looking up for the industry after a tough 2011 when there was huge volatility in textile demand across the world. According to the Confederation of Indian Textile Industry, registration for yarn exports rose 17.8% in May on renewed demand from North America and Western Europe, besides fresh demand from Latin America and some Southeast Asian countries.

According to US government figures, their overall textile import rose 3% in January–April this year, with the non-apparel recording 19.5% year-on-year growth to \$916 million in this period. The US market takes 35% of India's annual textile exports, worth \$8-9 billion. Western Europe accounts for another 25-30%. So, signs of revival in demand from these traditional markets is significant for Indian exporters. Indian textile companies are also increasingly tapping into new high-potential markets such as Latin America, Africa and West Asia. All these give the industry confidence to meet the government's enhanced export target of \$40.5 billion in 2012-13, up from \$33 billion achieved last fiscal.

## Domestic Demand

True to the country's changing demographic trends—driven by a younger, richer, more aware and highly aspirational set of consumers—the apparel and textile market is witnessing a surge in demand for branded and lifestyle products. This trend offers huge growth opportunities for companies across a variety of segments. Supporting the growing demand for branded products is the emergence of modern retail.

Rapid increase of supermarkets, malls, theme stores and franchises across urban India presents a large market with high potential for textiles and apparels players.

## Growth Drivers

- \* Increase in household income
- \* Fall in average age of consumers
- \* Rising aspirations and increasing preference for brands
- \* Expansion of modern retail

## Investment trends

Foreign direct investment (FDI) inflows in textiles (including dyed, printed) from April 2000 to January 2012 stood at ₹5,036.27 crore (US\$ 897.79 million).

## Cotton Industry

Cotton accounts for more than 75% of the total fibre consumption in the spinning mills and more than 54% of the total fibre consumption in the textile sector.

Acreage under cotton cultivation increased by 10% to 121.91 lakh hectares in 2011-12 from 111.42 lakh hectares in the previous season when cotton farmers got good prices. However, a rise in domestic and global cotton production and a fall in consumption due to high inventories led to a correction in cotton prices in 2011-12. Cotton yarn prices were 30-35% lower year-on-year by March end.

However, according to a recent Fitch Ratings report, the cotton textiles industry still faces the challenges of slower demand pick up and loss of margins before an anticipated recovery from the fall in cotton prices.

## MMF Industry

India is fifth largest producer of synthetic fiber and yarn in the world. Polyester, nylon, acrylic and polypropylene are the major synthetic fibers. Viscose, which is cellulosic fiber, is also included in the man-made fibres basket. MMF has beaten





cotton in global textile trade, constituting 68% of it. But India accounts for only 3% of the global manmade textile exports as cotton dominates the Indian textile industry. Raw material prices and availability are crucial in the MMF industry with raw materials contributing 75-85% to the total operating cost. key raw materials used are purified terephthalic acid (PTA) and mono-ethylene glycol (MEG) for Polyester, caprolactam for nylon, and rayon-grade wood pulp for viscose.

The prices of raw materials used for synthetic MMFs are affected by the crude oil prices and move in tandem with the global prices. As of end 2011, India had total capacity of 1.76 million tons of synthetic fibers and 2.19 million tons of synthetic yarn. Polyester dominates the MMF sector with 67% share in the fiber capacity and 94% share in the yarn capacity, followed by viscose which has 24% share in the fibers capacity and 3% share in yarn capacity. While globally per capita consumption of man-made fibre is around 12 kg, in India it is 3.5 kg per annum.

#### Advantage MMF industry

The Fitch Ratings report said synthetic textiles benefit from substitution of higher-priced cotton products, and a greater demand for blended textiles, although margins can turn volatile in sync with crude oil price volatility. Fitch outlook for Indian synthetic textiles is stable while the outlook for cotton textiles in negative to stable.

CRISIL Research expects PV yarn to grow above industry growth rate between 2011-12 to 2016-17 due to increasing application and supply constraints of cotton yarn. The agency expects the demand for blended and non-cotton

spun yarns to grow at 5.5-6.0% CAGR during the five-year period, marginally higher than the 5.0-5.5% CAGR expected for cotton yarn. Similarly, for

blended and non-cotton fabrics, demand growth will be around 5.5-6.0% CAGR vis-a-vis 5% CAGR for cotton fabrics over the next five years.

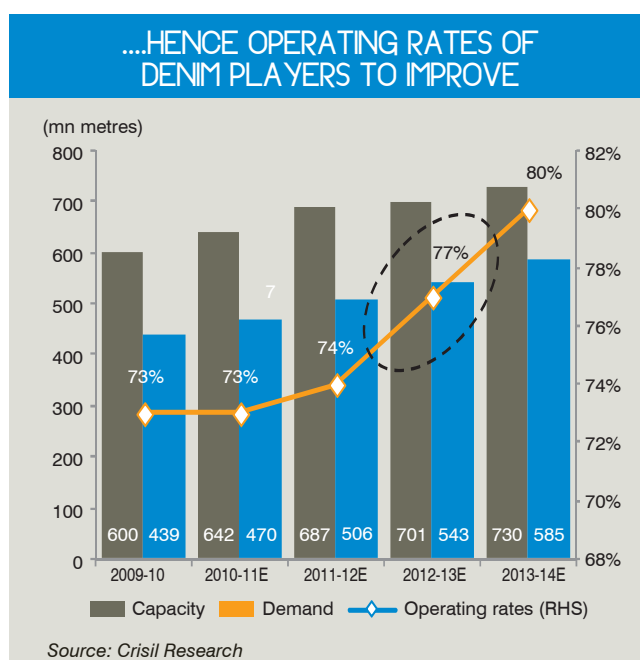
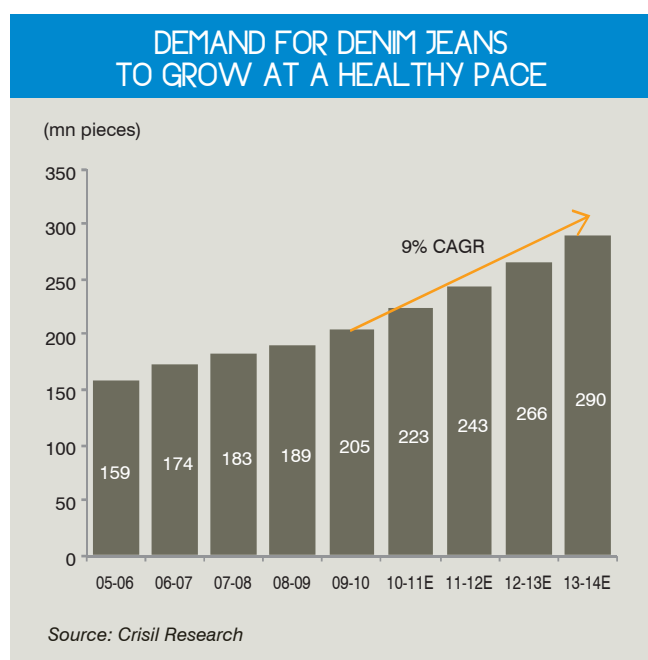
#### Denim

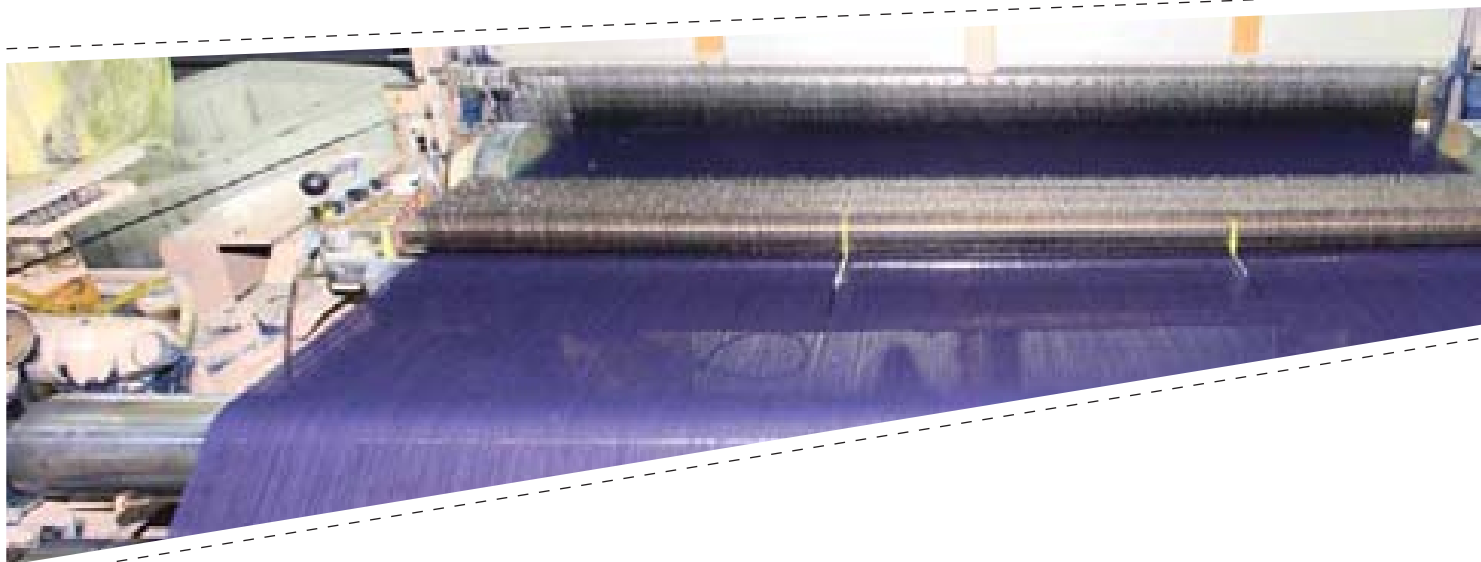
With young people now dominating the Indian consumer market, there is a clear shift in consumer preference from trousers to denim jeans.

CRISIL Research expects denim fabric demand to grow 7% CAGR between 2010-11 and 2013-14, led by domestic demand. Demand for denim garments will be primarily driven by:

- Rising preference for branded garments
- Higher purchasing power of consumers
- Favourable demographics
- Shift from trousers to denim jeans

India, the second-largest manufacturer of denim fabrics in the world behind China, is expected to increase its denim capacity from about 680 mm in 2011-12 to 730 mm by 2013-14. Capacity utilisation rate is expected to improve from 75% to 80% by then. However, margins in denim fabrics contracted in 2011-12 because companies could only partially pass on the 60% increase in cotton prices in 2010-11 cotton season. However, with cotton prices correcting 30-35% in 2011-12 season, the margins are expected to improve.



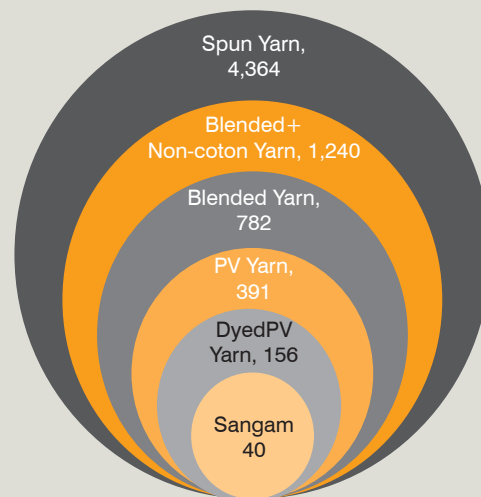


## COMPANY OVERVIEW

	Yarn	Fabric
Revenue share	PV Yarn - 42%	PV Fabric - 10%
	Cotton Yarn - 8%	Denim - 21%
Geographic presence (by revenue share)	Domestic - 68%	Domestic - 50%
	Exports - 32%	Exports - 50%
Market position	Has ~25% share in the Indian dyed PV yarn market, as indicated by the management	Highly fragmented industry with large number of unorganised players
Industry growth expectations (in volumes) for 2011-12 to 2016-17	Blended yarn - 5.5-6%	Domestic RMG segment: 7% CAGR
	Cotton Yarn - 5-5.5%	
End market	Synthetic and cotton fabric manufacturers	Synthetic garments and apparel manufacturers
Sales growth (CAGR 2009-10 to 2011-12)	PV Yarn - 15%	PV Fabric: 4%
	Cotton Yarn: -11% (due to higher internal consumption)	Denim: 100% (commenced operations in FY10)
	Total Yarn Sales: 11%	Total Fabric Sales CAGR: 29.7%
Demand drivers	Consumption by the domestic synthetic shirting and suiting segment	
	Favourable price competitiveness of PV yarn vis-a-vis cotton yarn	
	Shift in preference for apparels made from blended fabric rather than cotton fabric	
	Growing preference for jeans as daily wear	
Margin drivers	Demand conditions	Cost of raw material
	Cost of raw material, PSF and VSF	Backward integration: Yarn produced in-house meets the entire requirement for denim fabric
	Cost of substitute, cotton yarn	
Key risks	Volatility in prices of PSF and VSF	Recent entrant in the branded fabric space; hence faces stiff competition from established brands
	High dependence on key vendors for PSF and VSF requirements	



## SANGAM'S POSITIONING IN THE INDUSTRY



Numbers indicate production in mn kgs

Source: Crisil Research

## COMPANY OVERVIEW

Sangam (India) Ltd (SIL) is the largest player in the dyed poly viscose (PV) yarn market in India. At Bhilwara in Rajasthan, the company operates its state-of-the-art facilities to produce synthetic and blended dyed/grey spun yarn, cotton yarn and fabrics (synthetics blended, denim and knitted fabrics). It also has facilities for fabric processing.

## MANUFACTURING CAPACITY

Particulars	FY10	FY11	FY12
Installed Capacity (in spindles) at Biliya	96864	96864	96864
Installed Capacity (in spindles) at Sareri	97056	97056	104352
Fibre Dying capacity (In % of finished Production)	100%	100%	100%
Installed Capacity Rotors at Sareri	1944	2464	4096
Installed Capacity (in nos looms)	257	270	381
Power Plant (in MW) at Biliya	16	16	16
Power Plant (in MW) at Sareri	15	15	15
Wind mill (in MW) at Jaisalmer	5	5	5

## Financial performance

Sangam's revenues grew 20% year on year in 2011-12 at ₹ 1,425 crore, up from ₹ 1184 crore in 2010-11. The company reported profit after tax of ₹ 17.08 crore in 2011-12, down from ₹ 56.60 crore in 2010-11 because of deteriorating operating margins. EBITDA margins slipped to 11% in FY12 from 17% in FY11 due to factors such as subdued demand, higher raw material costs, rupee depreciation and a fall in cotton yarn prices.

## Yarn Division

- Locations: Biliya and Sareri, Rajasthan
- Products: PV Yarn, PV-Dyed Yarn and Cotton Yarn

- Capacities: 96864 spindles in Biliya and 104352 in Sareri.
- Contributes 51 per cent to the company's total revenue.

## Rationale for presence

Sangam (India) is the largest player in the Indian PV dyed yarn market, commanding a share of 25%, and is the largest producer of blended dyed yarn in the country in a single location. Being the market leader, it is the price leader in certain counts such as 2/15s and 2/18s. Sangam is positioned to make the most of PV yarn's increasing presence in both Indian and global textile industry. The company's cotton yarn sales slightly increase 2% in FY12.



## STRENGTHS

### Product range

Sangam is a preferred PV dyed yarn supplier to top textile companies across the world, thanks to its ability to deliver large quantities with virtually any shade of colour. It has a colour bank of more than 5,000 shades and produces 6-50 counts of yarns. It offers single ply, double ply, grindle, roving grindle, core spun, slub and other fancy yarns, making it a one-stop shop for fabric manufacturers. The company has also partnered various brands to introduce new varieties of man-made fibres, adding considerable value to its products.

### Quality

Sangam caters to a number highly quality conscious clientele in both domestic and international markets. To meet their requirements, the company depends on latest technology, uses good grades of raw materials, and has appointed qualified quality personnel to monitor production process, backed by efficient lab tests. Sangam's units are equipped with world-class and advanced quality testing equipment like uster tester, evenness tester and hairiness tester – all of them ensure that the yarn produced is free of neps and other faults like low strength, colour-fading, low strength, unevenness in colour, etc. Owing to its ability to offer consistent quality, the company's yarns command a premium at key markets. All its yarn units are ISO 9001:2000 certified.

### Research and development

Textile is a dynamic industry where the constant need of comfort, affordability and durability keeps evolving. Innovation is a central to Sangam's ability to keep pace with the latest trends in the global industry where product cycles are short and replacement cycles shorter. Sangam's research teams constantly try to develop new and value-added products and introduce colour shades to suit the end use of its customers. Our units are equipped with worldclass labs, advanced equipment and qualified professionals to ensure fast turnaround of new products.

### Technology

Sangam's yarn-production units are equipped with latest machineries to ensure better capacity utilisation, greater flexibility, better quality and lower downtime, leading to greater efficiencies and lower production costs.

### Raw material management

Sangam procures polyester from Reliance Industries Limited and viscose from Grasim Industries. The procurement process is backed by proper production planning based on the expected delivery schedules for each month.

### Cost control

Sangam (India) has a real-time cost control system. It has taken various measures to increase plant utilization as well as the speed and efficiency of machines, reduce waste, rationalize labour force, and optimize energy use, among others, to stay competitive and protect its margins.

## FABRICS DIVISIONS

### Denim Fabric

- Unit: Biliya, Bhilwara, Rajasthan
- Capacity: 32 mn meters
- Contributes 21% to total revenues.

### Rationale for presence

Sangam (India) sees denim fabric as its future growth engine as this industry is on a high growth trajectory and has tremendous potential. CRISIL Research expects domestic denim demand to grow 7% CAGR between 2010-11 and 2013-14, primarily driven by:

- i) Rising preference for branded garments
- ii) Higher purchasing power of consumers
- iii) Favourable demographics
- iv) Shift from trousers to denim jeans

### Performance

Sangam doubled its denim capacity from 16 million metres to 32 million metres in FY12. It is now one of the top 7 manufacturers of denim in the country.

### P/V Fabrics

- Location: Atun, Bhilwara, Rajasthan
- Capacity: PV fabrics – 18 mn metres; Processed fabrics – 34 mn metres
- Contributes 12% to the total revenues of the company

### Rationale for presence

Sangam (India) started as fabric manufacturer and it now plans a big push in branded fabric space to make the most of the shift of Indian consumer market, powered by youngsters, from unbranded to branded products. The company mainly produces blended fabrics and denim, which have greater affordability and lower maintenance compared to cotton.

### Performance

The company's total fabrics production stood at 41.69 mn metres as against 34.89 mn metres in 2010-11.

## STRENGTHS

### Product range

Sangam (India) has emerged as a preferred supplier of fabrics on account of its colours, blends, textures and finishes. The

company mainly Manufactures woven fabrics, which are mainly used for suiting and trousers, and denim. It has the ability to blend various yarns to ensure the right texture, style and, above all, the right value-for-money products.

#### **Quality**

The company's fabrics are manufactured as per the quality requirements of its clients or with reference to the current trends. It has employed strict quality checks . Major tests are colour fastness test, light fastness test, rubbing fastness test, pilling test, residual shrinkage test, checking of cloth construction parameters and the comparison of the finished fabric with the customer's specifications.

#### **Research and development**

The R&D department in fabrics division ensures production of comfortable fabrics that are wearable, affordable and yet attractive to the prospective customers. The company has a fully equipped lab and well-qualified and experienced employees to ensure frequent product variations and introductions.

#### **Technology**

The company employs the best of world class machineries to ensure efficient and better quality of finished products. It has computerized design facility in its machines, enabling wider range of design executed with precision, ensuring wider choices and lower wastage.

#### **Raw material management**

The entire yarn requirement for the denim fabric division is met through in-house production of cotton yarn. The synthetic fabric division too largely acquire top class raw materials from sister-units. Sangam considers each of its units as a profit centre and all inter-unit sales are made on market prices. Fabric divisions are free to acquire raw materials from other manufacturers if they get better price coupled with the same quality. The unit is proximate to its major raw material sources, ensuring uninterrupted supply at competitive prices.

#### **Marketing and selling**

The company has stepped up its branding initiatives in the fabric space. It has launched its suiting fabric under the brand 'Sangam Suitings' and roped in Bollywood Star Suniel Shetty and youth-icon cricketer Virat Kohli as its brand ambassadors.

Going ahead, the company plans to forward integrate into garment manufacturing in the next couple of years for further value additions and improved margins.

### **INFORMATION & TECHNOLOGY**

To use information technology (IT) extensively in its operations to achieve greater productivity and efficiency, The company has opted for a customized SAP solution for its various spheres of diverse activities of spinning, weaving and processing. The implementation of SAP has been completed.

### **HUMAN RESOURCES**

The Company employed 7000 people appx. as on 31.03.2012. The Company believes in the highest standards of people management and personal growth. It instills in each of the members of the Sangam family a feeling of ownership, responsibility and performance to the par of excellence in each of the operations pertaining to production and servicing. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

### **INTERNAL CONTROL SYSTEM**

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management.

The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has a full-fledged Internal Audit department and has also appointed external Internal Auditors to review various areas of the operations of the Company. The management and the Audit Committee of the Board review the audit reports periodically.

### **RISKS AND CONCERNS**

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

# Directors' Report

Dear Shareholders,

The Board of Directors present the 26th Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year ended March 31, 2012.

## FINANCIAL RESULTS

(₹ in Crore)

	March 31, 2012	March 31, 2011
Net Turnover	1417.22	1171.52
Profit before Tax & Depreciation	93.86	147.29
Depreciation	67.85	64.00
Provision for Doubtful Debts/Advances	0.30	0.30
Profit before Tax	26.01	83.29
Tax Expense - Current Tax	6.94	11.62
- Deferred Tax	1.77	15.08
Profit after Tax	17.08	56.59
Brought forward Profit	56.73	37.01
Proposed Dividend	3.94	5.91
Tax on Dividend	0.64	0.96
Transfer to General Reserve	10.00	30.00
Carried to Balance Sheet	59.23	56.73



## OPERATIONAL RESULTS

Your company's performance during the financial year can be considered satisfactory despite adverse market conditions. Turnover increased from ₹ 1171.52 crore to ₹1417.22 crore, Net Profit down to ₹ 17.08 crore compared ₹ 56.59 crore in the previous financial year ended 31 March 2011. Exports have increased from ₹ 249.21 crore in last year to ₹ 303.60 crore for the year under report on FOB value basis.

## DIVIDEND

In view of the better overall performance, your directors are pleased to recommend for your approval, dividend of 10% on 3,94,21,559 equity shares for the financial year 2011-12 aggregating to ₹ 3.94 crore, which is subject to approval at the forthcoming Annual General Meeting. The company would also pay corporate tax on dividend and dividend would be tax free in the hands of the shareholders.

## EXPANSION AND DIVERSIFICATION

Execution of Capex plan of ₹ 180 Crore as reported last year has almost been completed and the effect of new capacities of denim fabric and open end spinning will be fully reflected in the current year.

## PUBLIC DEPOSITS

The company has not accepted any deposits from the general public within the meaning of Section 58 A of the Companies Act, 1956 and rules made thereunder.

## DIRECTORS

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Shri Tapan Kumar Mukhopadhyay, Director of the Company retire by rotation and being eligible offer himself for re-appointment at the ensuing annual general meeting.

## SUBSIDIARY COMPANY

The company has no subsidiary company.

## PERSONNEL

The details of employees drawing remuneration in excess of monetary ceiling prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2011-12 are enclosed as per Annexure-I.

## AUDITORS

M/s R. Kabra & Company, Chartered Accountants, Mumbai and M/s BL Chordia & Company, Chartered Accountants, Bhilwara, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

## AUDITORS' REPORT

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

## CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the stipulations set out in the Listing Agreement with the Stock Exchanges and have implemented all the prescribed requirements. Annexed reports on Corporate Governance and Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges form part of this Annual Report. Certificate from the Auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this report.



## Directors' Report (Contd.)

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the annual accounts for the year ended on March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The directors 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 March 31, 2012 and of the profit of the Company for the year ended on that date;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

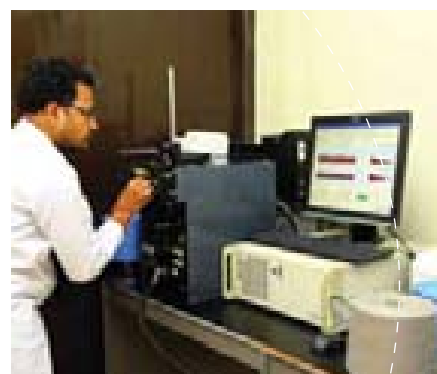
4. The directors have prepared the annual accounts of the company for the year ended on March 31, 2012 on a 'going concern' basis.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

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

The information relating to energy, technology absorption and foreign exchange earnings and outgo required to be disclosed under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-II.





## HUMAN RESOURCES MANAGEMENT AND INDUSTRIAL RELATIONS

The Company continues to focus on training its employees on a continuing basis, both on the job and through training programs. Relations with the staff members and the workmen continued to be cordial and satisfactory during the year under consideration.

## ACKNOWLEDGEMENT

The Board of Directors place on record their appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government, Local Authorities for their strong support and valuable guidance. The Directors are

thankful to the shareholders for their continued support to the Company. Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

By Order of the Board of Directors  
For **Sangam (India) Limited**

**R. P Soni**  
Chairman

Place : Bhilwara  
Dated : May 18, 2012

## ANNEXURE - I

Particulars of employees as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2012.

Sl. No.	Name	Designation & nature of Duties	Remuneration Received (₹ in Lacs)	Qualification	Age (years)	Experience (years)	Date of Commencement	Last Employment held
EMPLOYED THROUGH THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO NOT LESS THAN ₹ 60,00,000 P.A.								
1	Shri S.N. Modani	Managing Director	74.65	M.Sc., M.B.A.	48	23	01.03.1991	Manglam Cement Ltd.

Note: Remuneration includes commission, allowance, company's contributions to provident funds and value or perquisites etc.

## Directors' Report (Contd.)

### ANNEXURE – II

**INFORMATION REQUIRED UNDER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2012.**

#### **CONSERVATION OF ENERGY**

##### **(A) Energy Conservation measures taken**

1. Installation of Inverter on Carding for Doffer to reduce the friction loss.
2. Changed the air compressor line for energy efficiency.
3. Smaller size and energy efficient rings and spindles have been used in Ring Frames instead of bigger size rings and spindles.
4. Provided invertors in the suction fans of Auto Coner Winding Machines.
5. Provided Small Dia Energy Efficient Fan in the Machine wherever low current is required.
6. Installation of Servo/Constant Voltage Stabilizer for lighting load after assembling all wiring at Central location.
7. Installation of Energy Efficient Motor (EFF - 1) in TFO and other useful places like Fans, Humidification etc.
8. Use of Treated water at following areas for reduction of input water :-  
Humidification Plant Air Washer, Cooling Towers, Gardening, Agriculture, Floor Washing, Ash quenching and Coal Spray etc.
9. Used High Temperature and high-speed grease (Synthox-HT) to reduce the overhauling consumption and reduce the bearing consumption also.
10. Installed Low dia meter pot type TFO instead of higher dia meter pot type TFO to save the energy upto 35%. With the help of all these conservation activities, we have saved substantial energy in the last year.
11. Redesigned 33 KV substation for reduction of losses.
12. Installed the 0.25 clans CTPT set for proper metering.

##### **(B) Additional investment and proposal being implemented for reduction of consumption of energy**

Installation of High Efficiency Motors (IEC/Nema Standard).

## FORM “A”

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Current Year	Previous Year
<b>A POWER &amp; FUEL CONSUMPTION</b>		
<b>1 ELECTRICITY</b>		
<b>(a) Purchased</b>		
Units (Kwh)	120723354	113714810
Total Amount (₹ in Lacs)	5635	4972
Rate/Unit (₹)	4.67	4.37
<b>(b) Own Generation</b>		
(i) Through Generators - Units	476658	1234515
Unit Per Litre of Fuel (Unit/Litres)	3.16	2.89
Rate/Unit (₹)	12.06	10.67
(ii) Through Thermal Power - Units	95762080	99527447
Unit Per Kg of Coal (For Cogeneration of steam & power)	0.56	0.62
Cost Per Unit (₹)	4.78	4.43
<b>2 COAL</b>		
<b>(a) Coal (For Thermal Power)</b>		
Quantity (M.T.)	169692	159911
Total Amount (₹ in Lacs)	4573	4409
Average Rate/M.T. (₹)	2695	2757
<b>(b) Coal (For Steam Generation)</b>		
Quantity (M.T.)	7832	11748
Total Amount (₹ in Lacs)	578	811
Average Rate/M.T. (₹)	7375	6903
<b>3 FURNACE OIL</b>		
Quantity (Litres)	-	265903
Total Amount (₹ in Lacs)	-	77
Average Rate (₹)	-	28.97
<b>4 DIESEL</b>		
Quantity (Litres)	150955	161152
Total Amount (₹ in Lacs)	58	55
Average Rate (₹)	38.09	33.94
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>(a) Electricity Units :</b>		
Per kg of yarn	3.43	3.73
Per meter of fabric	0.77	0.65
Per kg of textile flock	0.69	0.65
Per meter flock fabric	0.53	0.56
Per meter (job processing)	0.21	0.19
<b>(b) Coal :</b>		
Per kg of textile flock	1.76	1.21
Per meter of flock fabric	0.40	0.38
Per meter (job processing)	0.25	0.35
Per kg (job sizing)	0.27	0.35

## FORM “B”

### FOREIGN EXCHANGE EARNING AND OUTGO :

	(₹ in lacs)	
	2011-12	2010-11
a) Total Foreign Exchange used	7456	2654
b) Earning in Foreign Exchange	30360	24921



# Corporate Governance Report

## 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The company believes in and practices good Corporate Governance. The company continuously endeavors to improve on these aspects on an ongoing basis. For creation of wealth for shareholders on a sustainable and long term basis and to maximize 'total returns to shareholder', being the core of the mandate from shareholders, it is imperative for the Management to institutionalize a 'Framework of Corporate Governance and Code of Practices' as an enabling methodology to strengthen decision-making processes and organization-wide compliance with core values of ethical integrity and reliability while enhancing effective,

harmonious and transparent functioning amongst the Board of Directors, its Committees and the Executive Management to meet challenges and to make the best of opportunities in the years ahead.

## 2. BOARD OF DIRECTORS

Composition: There are 6 Directors on the Board of Company, comprising 2 Promoters and Executive Directors, 1 Promoter and Non-Executive Director and 3 Independent and Non-Executive Directors. Composition of the Board of Directors of the Company as on 31st March 2012 was as under with details of other directorships and committee memberships:

Name	Status	No. of other Directorship and committee Memberships	
		Other Directorships	Committee Memberships
Shri RP Soni	Promoters Non Executive Director/Chairman	14	-
Shri SN Modani	Promoters Executive/Managing Director	-	-
Shri VK Sodani	Promoter Executive Director	4	-
Shri Ramawatar Jaju	Independent Non Executive	5	-
Shri A Karati	Independent Non Executive	6	5
Shri T.K. Mukhopadhyay	Independent Non Executive	1	2

**Note 1:** Other Directorships includes Private Limited Companies and Alternate Directorships.

**Note 2:** Only Audit Committee, Shareholders/Investors Grievance Committee are reckoned for committee membership purpose.

**Note 3:** a. The membership of Company's Directors on the Audit Committee and Shareholders/ Investors Grievance Committee are given below elsewhere in this report.

b. Attendance at Board meetings during the year and last Annual General Meeting.

- 4 meetings of the Board were held during the financial year 2011-12 on 27.04.2011, 29.07.2011, 04.11.2011 and on 31.01.2012.
- The last Annual General Meeting was held on 30th September 2011.

Sl. No.	Name of the Director	No. of Board Meetings attended	Whether attended Last AGM
1	Shri RP Soni	All	Yes
2	Shri SN Modani	All	Yes
3	Shri VK Sodani	All	Yes
4	Shri Ramawatar Jaju	All	No
5	Shri A Karati	All	No
6	Shri T.K. Mukhopadhyay	All	No

### 3. CODE OF CONDUCT

Sangam (India) Limited has laid down a code of conduct for all Board Members and senior management of the Company. All Board Members and designated senior management personnel have affirmed compliance with this code of conduct. The code of conduct is displayed on the website of the Company [www.sangamgroup.com](http://www.sangamgroup.com). A declaration to this effect, signed by the Managing Director of the Company is attached at the end of this report.

### 4. CEO/CFO CERTIFICATION

The Managing Director, Executive Director and Jt. President (Finance) & Company Secretary of the Company have certified to the Board as required under provision V of the clause 49 of the listing agreement covering all aspects enumerated therein.

### 5. AUDIT COMMITTEE

#### a. Terms of reference

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the Internal Auditors any significant findings for follow-up thereon, to review the quarterly, half-yearly and annual financial statements before they are submitted to the Board of Directors. The Committee also meets the operating management personnel and reviews the operations, new initiatives and

performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

The terms of reference covers all aspects as stipulated in revised clause 49 of the listing agreement.

#### b. Constitution

The terms of reference covered all the aspects stipulated by the SEBI guidelines and the Audit Committee has been mandated with the same terms of reference as specified in revised Clause 49 of the Listing Agreement with Stock Exchanges. The Chairman of the Committee is Shri Ramawatar Jaju, an Independent Director and all members have adequate financial knowledge.

#### c. Composition

The composition of the Audit Committee as on 31st March, 2012 is as follows:

Shri Ramawatar Jaju	Chairman (Independent Director)
Shri A Karati	Member (Independent Director)
Shri R P Soni	Member (Promoter and Non-executive Director)

#### d. Meetings and Attendance

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

Date of meetings - 4 meetings of the Committee of Board of the Company were held during the financial year 2011-12 on 27.04.2011, 29.07.2011, 04.11.2011 and on 31.01.2012.

#### Attendance

Name of the Director	No. of meetings attended
Shri RP Soni	All
Shri Ramawatar Jaju	All
Shri A Karati	All

- Shri Anil Jain, Jt. President (Finance) & Company Secretary is the Secretary to the Committee.

- Shri GC Jain, President attended all the meetings of the Committee as invitee to represent the finance function. Shri RM Sinduria represented the Internal Audit function. The Statutory Auditors of the company also attended the meetings. The Statutory Auditors of the company are invited to join Audit Committee meetings for discussions. The Audit Committee holds discussions with the Statutory Auditors and

## CORPORATE GOVERNANCE' REPORT (Contd.)

their report on the audit of the yearly accounts, the yearly audit plan, matters relating to compliance of accounting standards, their observations arising from the limited review report/annual audit of the Company's accounts and other related matters.

The Audit Committee during its four meetings reviewed with the management and the auditors (both external and internal) all issues, which are required to be reviewed by the audit Committee pursuant to the listing agreement with the Stock Exchanges as also the Companies Act, 1956. The Audit Committee has also reviewed the observations of the internal and statutory auditors in relation to all areas of operations of the company as also the internal control systems. In addition, the committee has been examining all areas associated with the taxation matters (direct and indirect) and has reviewed the measures initiated by the company for mitigating the risks. The Audit Committee has also reviewed the actions taken by the company on various observations and queries of the auditors.

### 6. REMUNERATION COMMITTEE

A Remuneration Committee is there to formulate and recommend to the Board a Compensation/remuneration structure for managing/ whole time directors. Non-executive directors are at present not paid commission over and above the sitting fees.

**Committee consists of three directors namely:**

Shri Ramawatar Jaju	Chairman
Shri Achintya Karati	Member
Shri R.P.Soni	Member

There was one meeting held of Remuneration Committee as on 27.04.2012. The Remuneration Policy of the Company is:

#### i. For Managing/Whole time Directors

The total remuneration, subject to shareholders approval, consists of:

- A fixed component - consisting of salary and perquisites; the perquisites and benefits are in line with the company rules for senior managerial personnel.
- A variable component - linked to performance of company as well as of the individual director - consisting of performance linked bonus, as may be determined by the Remuneration Committee, within the limits approved by the shareholders/subject to Schedule XIII of the Companies Act, 1956.

- Commission payable to Managing Director not exceeding 1% of the net profits computed under section 198 (4) of the Companies Act, 1956 approved by the shareholders.

#### ii. For Non-executive Directors

Sitting Fees as permitted under the Companies Act, 1956 ₹ 20,000/- per meeting of the Board or its Committees plus reimbursement of actual travel and out-of-pocket expenses incurred for attending such meetings.

The details of remuneration paid/payable to all the Directors for the year 2011-12 are as under:

#### a Non-executive Director(s) (Sitting fees only)

Sr. No.	Name of the Directors	Sitting fees (in ₹)
1	Shri Ramawatar Jaju	240000
2	Shri Achintya Karati	240000
3	Shri R.P.Soni	240000
4	Shri T.K. Mukhopadhyay	80000
<b>Total</b>		<b>800000</b>

#### b. Managing/Whole time Director

(₹ in lacs)

Particulars	Managing Director Shri S.N. Modani \$	Executive Director Shri V.K. Sodani #
Salary	29.70	12.96
Commission	34.01	-
Other perquisites	10.94	6.82
<b>Total</b>	<b>74.65</b>	<b>19.78</b>

\$ Shri SN Modani is under contract of employment with the company for 5 years w.e.f. 01-10-2009. His appointment can be terminated by notice of six months by either side. There is no sitting fee payable to Managing Director.

# Shri VK Sodani is under contract of employment with the company for 5 years w.e.f. 01-10-2007. His appointment can be terminated by notice of six months by either side. There is no sitting fee payable to Executive Director.

The company currently does not have any stock option scheme.

## 7. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

- The committee consists Shri Ramawatar Jaju as the Chairman. Shri RP Soni and Shri A. Karati are the other members.
- Shri Anil Jain, Jt. President (Finance) & Company Secretary who is the compliance officer for secretarial compliance is nominated as Compliance Officer for this purpose also.
- The Committee reviews the system of dealing with and responding to correspondence from the investors' viz.-shareholders. The details of complaint letters received from Stock Exchange(s), SEBI, Department of Company Affairs are also placed before this committee and it reviews the responses there to individually.
- During the year, 5 complaint letters were received from investors directly and were dealt with satisfactorily. There are no investor grievances pending for a period exceeding one month.
- There are no pending complaints as on 31st March 2012 at present.
- The Board had authorized Shri Anil Jain, Jt. President (Finance) & Company Secretary to approve all routine transfers and transmissions of shares. Presently, transfers, transmissions etc. are affected within 12-15 days (as against the stipulated norm of 15 days).
- As on March 31, 2012 there were no requests pending for transfer of shares.

## 8. GENERAL BODY MEETINGS

### (i) General Meeting

#### (a) Details of location and time of holding the last three Annual General Meetings

General Body Meeting	Day, Date	Time	Venue
23rd AGM-2009	Wednesday, September 30, 2009	4.00 P.M.	Opp. Hr. Secondary School, Industrial Estate, Pur Road, Bhilwara-311001 (Raj.)
24th AGM-2010	Thursday, September 30, 2010	4.00 P.M.	
25th AGM-2011	Friday, September 30, 2011	4.00 P.M.	

#### (b) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2011-12.

### (ii) Postal Ballot

No Postal Ballot was conducted during the year 2011-12.

### (iii) Special Resolutions

At the Annual General Meeting of the Company held on September 30, 2009, a Special Resolution was passed for Re-appointment of Shri S.N.Modani, Managing Director of the company for a period of 5 years effective from October 1, 2009. The resolution was passed with the requisite majority.

At the Annual General Meeting of the Company held on September 30, 2011, a Special Resolution was passed for alteration of the Articles of Association of the Company deleting the Article 1 and Article 141. The resolution was passed with the requisite majority.

## 9. DISCLOSURES

- There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2009-10, 2010-11 and 2011-12 respectively: NIL



## CORPORATE GOVERNANCE' REPORT (Contd.)

- (iii) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges:

The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.

- (iv) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### 10. MEANS OF COMMUNICATION

- The quarterly results are generally published in E.T. or Business Line or The Business Standard in English and Rajasthan Patrika and/or Dainik Bhaskar and/or Nafa Nuksan in Hindi. The quarterly results are also displayed on the Company's notice boards in all locations.
- A Management Discussion and Analysis report is enclosed separately as part of this Annual Report.

### 11. GENERAL SHAREHOLDER INFORMATION

a.	26th Annual General Meeting	
	- Date and Time	Friday, September 28, 2012 4.00 p.m.
	- Venue	Opp.Hr.Sec.School, Indl.Estate, Pur Road, Bhilwara-311001 (Raj.)
b.	Financial Calendar	
	- Unaudited results for the quarter ending June 30, 2012	14th August, 2012
	- Un-audited results for the quarter/half year ending September 30, 2012	15th November, 2012
	- Un-audited results for the quarter ending December 31, 2012	15th February, 2013
	- Audited results for the year ending March 31, 2013	May 2013
c.	Book closure date	24.09.2012 to 28.09.2012 (both days inclusive)
d.	Dividend payment date	Within 7 days of AGM (Subject to approval at the AGM)
e.	The listing fee has been paid up to date, to all the Stock Exchanges.	
f.	Bombay Stock Exchange Ltd. (BSE)	
	i. Scrip code	514234
	ii. Scrip ID	SANGAM
	Trading symbol at National Stock Exchange of India Ltd. (NSE)	SANGAMIND
	Demat ISIN Numbers in NSDL & CDSL	INE495C01010

#### g. Stock Market Data

The reported high and low closing prices and volume of equity shares of Sangam traded during fiscal 2012 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, 2011	55.00	43.05	19811.14	18976.19	54.90	42.05	5944.45	5693.25
May, 2011	52.80	39.85	19253.87	17786.13	52.05	39.15	5775.25	5328.70
June, 2011	47.25	37.10	18873.39	17314.38	47.30	36.00	5657.90	5195.90
July, 2011	42.35	37.10	19131.70	18131.86	47.00	37.10	5740.40	5453.95
August, 2011	39.00	28.10	18440.07	15765.53	38.00	28.05	5551.90	4720.00

**g. Stock Market Data (Contd.)**

Month	Bombay Stock Exchange Ltd. (BSE)				National Stock Exchange of India Ltd.(NSE)			
	Share Price (₹)		Sensex		Share Price (₹)		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
September, 2011	34.90	29.05	17211.80	15801.01	34.50	28.80	5169.25	4758.85
October, 2011	32.85	28.30	17908.13	15745.43	32.65	28.20	5399.70	4728.30
November, 2011	34.80	26.45	17702.26	15478.69	34.40	26.25	5326.45	4639.10
December, 2011	42.90	33.00	17003.71	15135.86	42.50	32.65	5099.25	4531.15
January, 2012	40.60	32.00	17258.97	15358.02	40.90	32.35	5217.00	4588.05
February, 2012	51.90	37.00	18523.78	17061.55	51.90	36.80	5629.95	5159.00
March, 2012	50.00	40.05	18040.69	16920.61	50.40	39.50	5499.40	5135.95

**h. Registrars and Transfer Agent**

The Securities and Exchange Board of India (SEBI), by its circular dated 27-12-2002, directed that all share registry work in terms of both physical and electronics segments should be maintained at a single point either in-house or with a SEBI registered R & T Agent. In compliance with these directions, the company has appointed Bigshare Services Private Limited as its Registrars and Transfer Agent.

**i. Share Transfer System**

The Company's shares are traded in the Stock Exchanges compulsorily in Demat mode. Shares in physical mode, which are lodged for transfer are processed and returned to the shareholders within the stipulated time.

**j. (i) Distribution of Share holding as on March 31, 2012**

Category	Shareholders		Shareholding	
	Number	%age	Number of Shares	%age
Range-Shares				
Up to 500	9406	84.78	1510592	3.83
501-1000	861	7.76	722579	1.83
1001-2000	374	3.37	591382	1.50
2001-3000	139	1.25	356735	0.90
3001-4000	60	0.54	214570	0.54
4001-5000	48	0.43	225534	0.57
5001-10,000	88	0.79	642497	1.63
10,001 and above	118	1.06	35157670	89.18
<b>Total</b>	<b>11094</b>	<b>100.00</b>	<b>39421559</b>	<b>100.00</b>

**(ii) Shareholding Pattern as on March 31, 2012**

Category	No. of Shares held	% of Shareholding
Promoters holding		
(a) Individual Promoters	3169433	8.04
(b) Persons acting in Concerts	11414445	28.95
OTHERS		
Mutual Funds and UTI	-	-
Banks, Financial Institution, Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	2066444	5.24
Foreign Institutional Investors (FIIs)	-	-
Private Corporate Bodies	17068644	43.30

## CORPORATE GOVERNANCE' REPORT (Contd.)

### (ii) Shareholding Pattern as on March 31, 2012 (Contd.)

Category	No. of Shares held	% of Shareholding
Indian Public	5302415	13.45
NRI's / OCBs	301193	0.76
Trust	14751	0.04
Clearing Members	84234	0.21
Total	39421559	100.00

### k. Dematerialization of shares and liquidity

Shares of the Company are traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialization form only, by all investors from December 2000. About 99.10% of the shares holdings have already been dematerialized. Shares of the Company are actively traded at BSE and NSE and have reasonably good liquidity.

### l Registered Office

Opp. Higher Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Raj.)

#### Plant Location

##### Spinning

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

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

##### Weaving and Processing

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

##### Denim

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

### m. Registrar and Share Transfer Agent

Bigshare Services Private Limited,  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka, Andheri (E),  
Mumbai -400 072  
E-mail: info@bigshareonline.com  
Tel No's. : 022-28470652 / 4043 0200, Fax No. 022-28475207

### n. Address for Correspondence

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

Company Secretary  
Sangam (India) Limited  
Opposite Higher Secondary School,  
Industrial Estate, Pur Road, Bhilwara 311001 (Raj.)  
Tel.: +91 1482-249071-75 Fax: +91 1482-249077  
e-mail: secretarial@sangamgroup.com

## DECLARATION OF THE MANAGING DIRECTOR

I hereby declare that all Board Members and designated senior management have affirmed compliance with the code of conduct as laid down by the Board of Directors of the Company for the year ended 31st March, 2012.

Place : Bhilwara

Dated : 18/05/2012

**S.N. Modani**

Managing Director

# Auditors' Report on Corporate Governance Report

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

We have examined the compliance of conditions of corporate governance by Sangam (India) Limited, for year ended 31 March 2012 as stipulated in clause 49 of the listing Agreement of the said company with stock exchange(s). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination 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 statement of the company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the shareholders grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **R. Kabra & Co.**  
*Chartered Accountants*  
(Registration No. 104502W)  
**(R.L. Kabra)**  
*Partner*  
M.Ship No. 016216  
Camp : Bhilwara  
Date: May 18,2012

For **B.L. Chordia & Co.**  
*Chartered Accountants*  
(Registration No. 000294C)  
**(B.L. Chordia)**  
*Partner*  
M.Ship No. 010882  
Place : Bhilwara  
Date: May 18,2012



# Financial sections

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# AUDITORS' REPORT

To The Members,

- 1) We have audited the attached Balance Sheet of SANGAM (INDIA) LIMITED as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that; as required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of The Companies Act, 1956 and on the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we give in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order to the extent applicable to the company.
- 4) Further to our comments in the annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of accounts, as required by law, have been kept by the company, so far as appears from our examinations of those books;

- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion the Balance Sheet, Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e. On the basis of written representation received from the directors as on 31 March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon **subject to note no. 31 regarding amounts reflected in the financial statements of jointly controlled entities are unaudited and based on Management certifications** give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India:
  - i) In the case of Balance Sheet, of the state of affairs of the company as at 31 March, 2012;
  - ii) In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **R. Kabra & Co.**  
Chartered Accountants  
(Registration No. 104502W)  
**(R.L. Kabra)**  
Partner  
M.Ship No. 016216  
Camp : Bhilwara  
Date: May 18, 2012

For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
**(B.L. Chordia)**  
Partner  
M.Ship No. 010882  
Place : Bhilwara  
Date: May 18, 2012

# ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of Sangam (India) Limited for the year ended as on March 31, 2012.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (i)
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
  - b. As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the company and no material discrepancies were noticed on such verification.
  - c. During the year the company has not disposed off any substantial parts of Fixed Assets.
- (ii)
  - a. As per the information and explanation given to us, the inventories (excluding stock, materials and work in progress, which are in transit & stock lying with third parties) have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. In our opinion, and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on verification of inventory.
- (iii)
  - a. In our opinion and according to the information and explanation given to us, the company has not granted unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. The clause (iii) (b), (c), (d) of the order is not applicable to the company, as the company has not given any unsecured loan.
  - c. As per the information and explanations given to us, the company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Act, the terms of which are not prima facie prejudicial to the interests of the company. There is one such party and the outstanding amount at the end of the year is ₹ 2000 lacs (maximum outstanding during the year was ₹ 2000 lacs ), which is payable on demand.

- d. There are no interest free loans taken by the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sales of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v)
  - (a) In our opinion and according to the information and explanation given to us the particulars of or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) As explained to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the Shareholders/directors and the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system through internal control system, which is carried out by the internal audit department, the scope and coverage of which is commensurate with size & nature of the business of the company.
- (viii) The Central Government has prescribed maintenance of the cost records U/S 209(1)(d) of the Companies Act, 1956 in respect to the company's products. We have broadly reviewed the books of accounts & records maintained by the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made & maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix)
  - a. According to the information and explanations given to us and the records examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty and excise duty, cess and other statutory dues with appropriate authorities wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding, as at 31st March 2012 for a period of more than 6 months from the date they became due.

# ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- b. According to the record of the company, the dues of sales-tax, income-tax, customs, wealth-tax, excise-duty, service tax which have not been deposited on account of disputes and the forum where the dispute is pending are given here-under:

## Disputed Matters with the various forum

S.No.	Name of the Statute	Nature of the dues	Amount (₹ in Lacs)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income tax	21.00	Commissioner of Income Tax (Appeals)
2.	Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax and Interest	210.24	Rajasthan High Court, Jodhpur

- (x) The Company does not have any accumulated losses during the year and it has not incurred cash losses in current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks. There are no debenture holders of the company.
- (xii) Based on our examination of the records and the information and explanations given to us, the company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund company or nidhi/ mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the company has maintained proper records of the transactions & contracts in respect of investments held by the company with timely entries and they are held in its own name.
- (xv) According to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised.
- (xvi) In our opinion and according to the information and explanation given to us, on an overall examination of the Balance Sheet and cash flow of the company during the year we report that no funds raised on short-term basis have been used for Long Term Investment.
- (xvii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xviii) The Company has not issued debentures, so the question of security or charge created does not arise in respect of debentures issued.
- (xix) The company has not raised money through public issue during the year.
- (xx) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company noticed or reported during the year, nor we have been informed or such case by the management.

For **R. Kabra & Co.**  
Chartered Accountants  
(Registration No. 104502W)  
**(R.L. Kabra)**  
Partner  
M.Ship No. 016216  
Camp : Bhilwara  
Date: May 18,2012

For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
**(B.L. Chordia)**  
Partner  
M.Ship No. 010882  
Place : Bhilwara  
Date: May 18,2012



# BALANCE SHEET

AS AT 31st MARCH, 2012

(₹ in Lacs)

Particulars	Note	As at 31.03.12		As at 31.03.11	
<b>EQUITY AND LIABILITIES</b>					
<i>Shareholders' Funds</i>					
Share Capital	1	3,942		3,942	
Reserves and Surplus	2	21,266		20,016	
			<b>25,208</b>		<b>23,958</b>
<i>Non-Current Liabilities</i>					
Long Term Borrowings	3	44,407		40,612	
Deferred Tax Liability (net)	4	5,124		4,947	
			<b>49,531</b>		<b>45,559</b>
<i>Current Liabilities</i>					
Short Term Borrowings	5	20,753		23,682	
Trade Payables	6	4,946		5,122	
Other Current Liabilities	7	12,022		12,521	
Short Term Provisions	8	657		885	
			<b>38,378</b>		<b>42,210</b>
<b>Total</b>			<b>1,13,117</b>		<b>1,11,727</b>
<b>ASSETS</b>					
<i>Non-Current Assets</i>					
Fixed Assets					
Tangible Assets	9	62,401		53,738	
Intangible Assets	9	83		121	
Capital Work-in-Progress	9	972		1,287	
Non-Current Investments	10	785		785	
Long Term Loans and Advances	11	1,019		1,214	
			<b>65,260</b>		<b>57,145</b>
<i>Current Assets</i>					
Inventories	12	20,150		23,802	
Trade Receivables	13	12,510		15,149	
Cash and Bank Balances	14	899		1,019	
Short Term Loans and Advances	15	13,132		11,983	
Other Current Assets	16	1,166		2,629	
			<b>47,857</b>		<b>54,582</b>
<b>Total</b>			<b>1,13,117</b>		<b>1,11,727</b>
Significant Accounting Policies					
Notes on Financial Statements	1 to 38				

As per report of even date attached

For **R. Kabra & Co.**

Chartered Accountants

(Registration No. 104502W)

(**R.L. Kabra**)

Partner

M.Ship No. 016216

Camp : Bhilwara

Date: May 18, 2012

For **B.L. Chordia & Co.**

Chartered Accountants

(Registration No. 000294C)

(**B.L. Chordia**)

Partner

M.Ship No. 010882

Place : Bhilwara

Date: May 18, 2012

For and on behalf of the Board

(**R.P. Soni**)

Chairman

(**G.C. Jain**)

President

(**S.N. Modani**)

Managing Director

(**Anil Jain**)

Jt. President (Fin.) & Secretary

(**V.K. Sodani**)

Executive Director

# STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in Lacs)

Particulars	Note	2011-12	2010-11
<b>INCOME</b>			
Revenue from Operations	17	1,41,722	1,17,152
Other Income	18	1,253	801
<b>Total Revenue</b>		<b>1,42,975</b>	<b>1,17,953</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	19	75,152	69,932
Changes in Inventories of Finished Goods, Stock-in-Process and Stock- in-Trade	20	1,530	(4,315)
Toll Contract Fee	21	19,730	4,916
Employee Benefits Expense	22	8,283	6,759
Finance Costs	23	6,653	5,648
Depreciation and Amortisation Expense	24	6,785	6,400
Other Expenses	25	22,211	20,254
<b>Total Expenses</b>		<b>1,40,344</b>	<b>1,09,594</b>
Profit Before Exceptional Item and Tax		2,631	8,359
Exceptional Items		-	-
Provision for Doubtful Debts/ Advances		30	30
<b>Profit Before Tax</b>		<b>2,601</b>	<b>8,329</b>
Tax Expenses			
Current Tax		694	1,162
Deferred Tax		177	1,508
Tax Expense for Earlier Years		22	-
<b>Profit for the year</b>		<b>1,708</b>	<b>5,659</b>
Earnings per equity share of face value of ₹ 10 each			
Basic and Diluted (in ₹)		4.33	14.36
Significant Accounting Policies			
Notes on Financial Statements	1 to 38		

As per report of even date attached

For **R. Kabra & Co.**

Chartered Accountants

(Registration No. 104502W)

(**R.L. Kabra**)

Partner

M.Ship No. 016216

Camp : Bhilwara

Date: May 18, 2012

For **B.L. Chordia & Co.**

Chartered Accountants

(Registration No. 000294C)

(**B.L. Chordia**)

Partner

M.Ship No. 010882

Place : Bhilwara

Date: May 18, 2012

For and on behalf of the Board

(**R.P. Soni**)

Chairman

(**G.C. Jain**)

President

(**S.N. Modani**)

Managing Director

(**Anil Jain**)

Jt.President (Fin.) & Secretary

(**V.K. Sodani**)

Executive Director

# SIGNIFICANT ACCOUNTING POLICIES

## 1. Basis of Accounting

- The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise, have been followed consistently and are in consonance with generally accepted accounting principles.

## 2. Fixed Assets

- Fixed assets are stated at cost, net of Cenvat/VAT, if any, less accumulated depreciation. Cost includes freight, duties and other incidental expenses incurred till the commencement of commercial production. Incidental expenses include establishment expenses, interest on borrowed funds used for capital expenditure and other administrative expenses.
- Capital Work in Progress includes incidental expenses pending allocation/ apportionment in respect of the uninstalled/ incomplete fixed assets.

## 3. Intangible Assets

Expenditure incurred on acquisition of intangibles are accounted for as Intangible Assets on completion, being identifiable non-monetary assets without physical substance at the acquisition cost and further expenses incurred in relation to expenses incurred in acquiring those intangible assets.

## 4. Depreciation

- Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956. The company has technically considered process house machinery (Installed prior to 31.03.11), wind power project & thermal power plant as continuous process plant.
- Intangible Assets  
Intangible assets comprise of computer software. These intangible assets are amortised on straight line basis over a period of 5 years useful life, which in management's estimate represents the period during which economic benefits will be derived.

## 5. Revenue Recognition

- All revenues, costs, assets and liabilities are accounted for on accrual basis except where there is no reasonable certainty. Turnover is excluding Inter Division Sales & Sales-tax but inclusive of excise duty, export incentives and exchange fluctuations.
- Claim lodged with insurance companies are recognized as income on acceptance by the Insurance Company. The Excess / Shortfall of claims passed are adjusted in the year of receipt.

## 6. Inventories

Inventories are valued at lower of cost or net realizable

value, after providing for obsolescence and damages as follows:

a)	Raw Material, Packing Material & Stores and Spares	At cost, on FIFO/ weighted average basis.
b)	Finished goods	At cost, plus appropriate production overheads, including excise duty paid/ payable on such goods if applicable.
c)	Material in Process	At Cost, plus appropriate production overheads.

## 7. Foreign Exchange Transaction/Translation

- Monetary and Non-monetary items /transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contract are translated at the year end rate and those covered by forward exchange contract are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such differences are recognized over the life of the contract.
- Exchange differences in respect of monetary and non-monetary items are recognized as income or expense in the profit and loss account for the relevant year except otherwise disclosed in other notes.

## 8. Research and Development

Revenue expenditure on research and development is charged as an expense in the year in which they are incurred. Capital expenditure is shown as addition to fixed assets.

## 9. Retirement Benefits

- Defined Contribution Plan  
The company contributes to Government Provident Fund Scheme. The Company's contribution paid/ payable under the scheme is recognized as an expense in the profit and loss account during the period in which the employee renders the related service.
- Defined Benefit Plan  
The Company's liabilities on account of gratuity and leave encashment are determined at the end of each financial year on the basis of actuarial Valuation as per requirements of Accounting Standard 15 (revised 2005) on "Employee Benefits".

## 10. Borrowing Costs

Borrowing costs relating to acquisition/construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

# SIGNIFICANT ACCOUNTING POLICIES (Contd.)

## 11. Accounting for Taxes on Income

- a) Current tax has been provided as per the provision of Income Tax Act 1961.
- b) Tax expenses comprise of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax reflects the impact of current year timing differences between book profit and taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book profit and taxable income for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can 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. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit entitlement. The company reviews the same at each Balance Sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income-tax during specified period.

## 12. Impairment of Assets (AS-28)

Factors giving rise any indication of any impairment of the carrying amount of the Company's assets are appraised at each Balance Sheet date to determine and provide/revert an impairment loss following accounting standard AS-28 for impairment of assets.

## 13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## 14. Earning Per Share

Basic earning per share is calculated by dividing the

net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of preferential issue allotment of equity shares. For the purpose of calculating diluted earning per shares, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 15. Joint Venture

The interest in Joint Venture / jointly controlled operations is disclosed as per Accounting Standard-27, with no effect of the profits or losses and assets and liabilities thereof in the financial statements.

## 16. Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

## 17. Miscellaneous Expenditure:

Miscellaneous Expenditure is debited fully in the year in which expenditure is incurred.

## 18. Investment:

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

## 19. Segment Reporting

The company has identified primary segments based on the products and secondary segments based on the geographical area.

The primary segments identified are as follows:

- I. Textile
- II. Toll Plaza

The secondary segments identified are as follows:

- a. Domestic
- b. Overseas

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities to the extent possible are allocated and which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "Unallocated revenue / expenses / assets / liabilities".

## 20. Government Grants

Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets and those relating to revenue are credited to Profit & Loss A/c or netted from the related expenditure.

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Particulars		As at 31st March 2012	As at 31st March, 2011		
1	SHARE CAPITAL				
	Authorised Share Capital:				
	6,40,00,000 (Previous Year 6,40,00,000) Equity share of ₹ 10 each fully paid up	6,400		6,400	
	1,85,00,000 (Previous Year 1,85,00,000) Non - Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up	1,850		1,850	
		8,250		8,250	
	Issued, Subscribed and Paid Up:				
	3,94,21,559 (Previous Year 3,94,21,559) Equity share of ₹ 10 each fully paid up	3,942		3,942	
	Total	3,942		3,942	
1.1	Out of above Shares 12,50,062 Equity shares of ₹10/- each at par were issued pursuant to scheme of amalgamation in earlier years without payment being received in cash.				
1.2	The details of Shareholders' holding more than 5% shares:				
	Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
	Nidhi Mercantiles Ltd.	57,00,000	14.46	57,00,000	14.46
	Mentor Capital Ltd. (formerly known as Pacific Corporate Services Ltd.)	49,34,900	12.52	49,34,900	12.52
	Sangam Business Credit Ltd.	31,55,793	8.01	31,55,793	8.01
	Sangam Fincap Ltd.	22,16,045	5.62	22,15,645	5.62
	Total	1,60,06,738	40.61	1,60,06,338	40.61
1.3	The reconciliation of the number of shares outstanding is set out below:				
	Particulars	No. of Shares	No. of Shares		
	Equity Shares at the beginning of the year	3,94,21,559	3,94,21,559		
	Add: Shares Issued During the year	-	-		
	Equity Shares at the end of the year	3,94,21,559	3,94,21,559		
2	RESERVES & SURPLUS				
	Capital Reserve				
	As per last Balance Sheet	297			297
	Securities Premium Reserve				
	As per last Balance Sheet	5,868			5,868
	Preference Share Capital Redemption Reserve				
	As per last Balance Sheet	1,178			1,178
	General Reserve				
	As per last Balance Sheet	7,000			4,000
	Add: Transferred from Profit & Loss Account	1,000			3,000
	Closing Balance	8,000			7,000



# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

## 2 RESERVES & SURPLUS (Contd.)

Particulars	As at 31st March 2012	As at 31st March, 2011
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	5,673	3,701
Add: Profit for the year	1,708	5,659
Less: Appropriations		
Transferred to General Reserve	1,000	3,000
Proposed Dividend on Equity Shares	394	591
[Dividend per share ₹ 1 (Previous Year ₹ 1.50)]		
Tax on Dividend	64	96
Closing Balance	5,923	5,673
<b>Total</b>	<b>21,266</b>	<b>20,016</b>

## 3 LONG TERM BORROWINGS

<b>A) Secured</b>		
<b>(a) Term Loans From Banks</b>		
Rupee Loans	39,315	35,865
Foreign Currency Loans	-	132
<b>(b) Vehicle Loans From Banks</b>	96	115
<b>Total (A)</b>	<b>39,411</b>	<b>36,112</b>
<b>B) Unsecured</b>		
<b>(a) Term Loans From Banks</b>		
Rupee Loans	-	2,500
Foreign Currency Loans (Buyers Credit)	2,996	-
<b>(b) Loans from Related Parties</b>	2,000	2,000
<b>Total (B)</b>	<b>4,996</b>	<b>4,500</b>
<b>Total (A+B)</b>	<b>44,407</b>	<b>40,612</b>

- 3.1 Except as stated below at Note No. 3.3 & 3.4 all Rupee and Foreign Currency 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 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 institutions and banks. The above Term Loans are further secured by personal guarantee of two directors of the company.
- 3.2 Vehicle Loans (including current maturities) are secured by hypothecation of respective vehicle(s) and are repayable over the term of the loan ranging from 2 to 7 years.
- 3.3 Rupee Term Loan from Banks (including current maturities) includes a loan of ₹ NIL (Previous year ₹ 200 Lacs) from a Bank which is secured by way of exclusive charge on all the fixed assets of wind power plant of the company installed at Jaiselmer (Rajasthan). The said term loan is further secured by personal guarantee of two directors of the company.
- 3.4 Rupee Term loan from Bank (including current maturities) includes a short term loan of ₹ NIL (Previous year ₹ 600 Lacs) from IDBI Bank Ltd. Which is secured by escrow account of toll collection and subservient charges on the movable fixed assets and current assets and further secured by personal guarantee of two directors of the company.
- 3.5 Unsecured Loans from Banks (Previous year ₹ 2500 Lacs) are secured by personal guarantee of two directors of the company. In current year included in Short Term Borrowing (refer note no.5.3).
- 3.6 Foreign Currency Loans (Buyers' Credit) ₹2996 Lacs (Previous year ₹ Nil) are related to Fixed Assets, ultimate payment of which will be from Term Loans.
- 3.7 Unsecured Loan from related parties ₹ 2000 Lacs (Previous year ₹ 2000 Lacs) is repayable after 31.03.2015.

3.8 Maturity Profile of Secured Term Loans are as set out below:	<b>Maturity Profile</b>			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans - from banks (Excluding current maturities)	9,478	9,313	8,129	12,395

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March 2012	As at 31st March, 2011
<b>4. DEFERRED TAX LIABILITY (NET)</b>		
<b>A) Deferred Tax Liability</b>		
Related to fixed assets	5,426	5,214
<b>Total (A)</b>	<b>5,426</b>	<b>5,214</b>
<b>B) Deferred Tax Assets</b>		
Disallowance u/s 43B of Income Tax Act, 1961	209	175
Provision for Bad & Doubtful Debts	93	92
<b>Total (B)</b>	<b>302</b>	<b>267</b>
<b>C) Deferred Tax Liability (Net) (A-B)</b>	<b>5,124</b>	<b>4,947</b>

<b>5. SHORT TERM BORROWINGS</b>		
<b>A) Secured</b>		
<b>Loans Repayable on Demand</b>		
From Banks (Rupee)	18,253	23,319
From Banks (Foreign Currency)	-	363
<b>Total (A)</b>	<b>18,253</b>	<b>23,682</b>
<b>B) Unsecured</b>		
<b>Loans Repayable on Demand</b>		
From Banks (Rupee)	2,500	-
<b>Total (B)</b>	<b>2,500</b>	<b>-</b>
<b>Total (A+B)</b>	<b>20,753</b>	<b>23,682</b>

5.1	Except as stated below at Note No.5.2 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 immovable and movable fixed assets of the company. The above borrowing are further secured by personal guarantee of two directors of the company.
5.2	Borrowings from Banks includes a Short Term Loan of ₹ NIL (Previous year ₹1109 Lacs) from Kotak Mahindra Bank Ltd., which is secured by pledge of 6000 Cotton Bales.
5.3	Unsecured Loans from Banks ₹ 2500 Lacs are secured by personal guarantee of two directors of the company (In Previous year included in Long Term Borrowings, refer note no.3.5).

<b>6. TRADE PAYABLES</b>		
Micro, Small & Medium Enterprises (Refer Note No.6.1)	-	-
Others	4,946	5,122
<b>Total</b>	<b>4,946</b>	<b>5,122</b>

6.1	Dues to small-scale industrial undertakings and due to micro enterprises and small enterprises: The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is not readily available, no disclosure have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.
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# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March 2012	As at 31st March, 2011
<b>7. OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt (Refer Note No. 3)	7,076	7,582
Interest accrued but not due on borrowings	245	173
Unpaid Dividends #	32	33
Creditors for Capital Expenditure	285	464
Security Deposit	259	202
Advance from Customers	112	314
Liability towards Staff and Workers	685	580
Commission Payable on Sales	700	705
Other Payables *	2,628	2,468
<b>Total</b>	<b>12,022</b>	<b>12,521</b>

\* Includes statutory dues, liabilities for expenses etc.

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

<b>8. SHORT TERM PROVISIONS</b>		
Provisions for Gratuity/ Leave Encashment (Refer Note No.22.1 )	199	198
Proposed Dividend on Equity Share	394	591
Tax on Dividend	64	96
<b>Total</b>	<b>657</b>	<b>885</b>

# NOTES

ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

## 9. FIXED ASSETS

Description		GROSS BLOCK				DEPRECIATION				Net Block		(₹ in Lacs)
		As on 01/04/2011	Additions	Deductions	As on 31/03/2012	As on 01/04/2011	For the Year	Adjustments / Deductions	As on 31/03/2012	As on 31/03/2012	As on 31/03/2011	
(A)	TANGIBLE ASSETS											
	OWN ASSETS											
	Freehold Land	500	50	-	550	-	-	-	-	550	500	
	Factory Building	12,947	1,932	-	14,879	2,441	445	-	2,886	11,993	10,506	
	Office Building	88	1	-	89	16	1	-	17	72	72	
	Plant & Machinery	69,023	13,151	2,838	79,336	32,031	5,479	1,909	35,601	43,735	36,992	
	Wind Power Machines	2,157	-	-	2,157	714	114	-	828	1,329	1,443	
	Electric Installation	5,364	642	-	6,006	2,388	509	-	2,897	3,109	2,976	
	Water Supply Installation	261	262	-	523	76	13	-	89	434	185	
	Furniture & Fixture	428	30	-	458	211	30	-	241	217	217	
(B)	Vehicle	645	205	42	808	188	60	20	228	580	457	
	Office Equipment	91	15	-	106	38	5	-	43	63	53	
	Computer	587	84	76	595	299	71	37	333	262	288	
	Sub-Total	92,091	16,372	2,956	1,05,507	38,402	6,727	1,966	43,163	62,344	53,689	
	LEASED ASSETS											
	Leasehold Land	54	9	-	63	5	1	-	6	57	49	
	Sub-Total	54	9	-	63	5	1	-	6	57	49	
	Total (A)	92,145	16,381	2,956	1,05,570	38,407	6,728	1,966	43,169	62,401	53,738	
	Previous Year	88,858	4,042	755	92,145	32,595	6,343	531	38,407	53,738	56,263	
	INTANGIBLE ASSETS											
Computer software	284	19	-	303	163	57	-	-	220	83	121	
Total (B)	284	19	-	303	163	57	-	-	220	83	121	
Previous Year	284	-	-	284	106	57	-	-	163	121	178	
Total (A) + (B)	92,429	16,400	2,956	1,05,873	38,570	6,785	1,966	43,389	62,484	53,859		
Total Previous Year	89,142	4,042	755	92,429	32,701	6,400	531	38,570	53,859	56,441		
Capital Work In Progress									972		1,287	

Note : ₹ 17 Lacs (Previous Year ₹ 15 Lacs ) being Pre Operative expenses included in capital work in progress.

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March 2012	As at 31st March, 2011
<b>10. NON-CURRENT INVESTMENTS</b>		
(Long Term Investments)		
Unquoted Non - Trade Investment		
In Equity Shares of Associate Companies/ Joint Venture - Unquoted, fully paid up		
Equity Shares of ₹10/- each fully paid		
Keti Sangam Infrastructure (India) Ltd. 780600 (Previous Year 780600) at premium of ₹ 90/- per share	781	781
PKSS Infrastructure Pvt. Ltd. 3900 (Previous Year 3900) at par ₹ 39000 (Previous year ₹ 39000)	0	0
Kalyan Sangam Infotech Ltd. 37500 (Previous Year 37500) at par	4	4
<b>Total</b>	<b>785</b>	<b>785</b>
<b>11. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
Capital Advances	548	827
Security Deposit	471	387
<b>Total</b>	<b>1,019</b>	<b>1,214</b>
* Netted for Loans and Advances considered doubtful ₹ 59 Lacs (Previous Year ₹ 59 Lacs)		
<b>12. INVENTORIES</b>		
Raw Materials	7,460	9,810
Stock-in-Process	4,857	4,204
Finished Goods	5,673	7,854
Stores, Spares & Fuel	2,160	1,934
<b>Total</b>	<b>20,150</b>	<b>23,802</b>
<b>13. TRADE RECEIVABLES (CURRENT)</b>		
(Unsecured and Considered Good)		
Over six months	886	932
Others	11,852	14,440
	12,738	15,372
Less: Provision for Doubtful Debts	228	223
<b>Total</b>	<b>12,510</b>	<b>15,149</b>
<b>14. CASH &amp; BANK BALANCES</b>		
Earmarked Balances #	32	33
Balance with Banks	414	105
Cash on Hand	178	63
Fixed Deposits with banks *	275	818
<b>Total</b>	<b>899</b>	<b>1,019</b>
# Balance with Banks against Unclaimed Dividend		
* Fixed Deposits with banks include deposits of ₹ 94 Lacs (Previous Year ₹ 375 Lacs) with maturity of more than 12 months		



# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March 2012	As at 31st March, 2011
<b>15. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
Loans and Advances to Others	4,443	3,900
Balance with Central Excise Authorities	320	220
Advance Tax, MAT credit receivables & TDS/ refund Receivable (Net)	1,523	1,517
Advance against Supplies	1,455	1,459
Subsidy Receivable	1,457	2,017
Excise Rebate Claim Receivable	708	1,014
Security Deposits	2,662	1,344
Others #	564	512
<b>Total</b>	<b>13,132</b>	<b>11,983</b>

# Includes prepaid expenses and advance to employees etc.

<b>16. OTHER CURRENT ASSETS</b>		
(Unsecured and Considered Good)		
Interest Receivable - From Trade Debtors	104	104
Interest Receivable - Others	29	45
DEPB, DBK, Sales Tax Incentive Receivable	802	1,370
Others #	231	1,110
<b>Total</b>	<b>1,166</b>	<b>2,629</b>

# Includes Insurance Claim receivable ₹ 8 Lacs ( Previous Year ₹ 887 Lacs)

Particulars	2011-12	2010-11
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of Products/ Income from Services	1,42,461	1,18,392
	<b>1,42,461</b>	<b>1,18,392</b>
Less: Excise Duty	739	1,240
<b>Total</b>	<b>1,41,722</b>	<b>1,17,152</b>
<b>17.1 PARTICULARS OF SALE OF PRODUCTS/SERVICES</b>		
Yarn	71,958	75,856
Fabrics	44,961	33,374
Waste	757	513
Job Charge	2,937	2,713
Electricity Income	254	214
Toll Receipts	21,594	5,359
Others	-	363
<b>Total</b>	<b>1,42,461</b>	<b>1,18,392</b>
<b>17.2</b>	During the year, exchange fluctuation gain on export sales included in sales is ₹ 538 Lacs (Previous Year ₹ 406 Lacs)	

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	2011-12	2010-11
<b>18. OTHER INCOME</b>		
<b>Interest</b>		
From Trade Debtors	681	628
From Others	558	159
<b>Other Non-Operating Income</b>		
Miscellaneous Receipts	14	14
<b>Total</b>	<b>1,253</b>	<b>801</b>

Particulars	₹ in Lacs	% of Consumption	₹ in Lacs	% of Consumption
<b>19. COST OF MATERIALS CONSUMED</b>				
Imported	1,054	1.40	1,494	2.14
Indigenous	74,098	98.60	68,438	97.86
<b>Total</b>	<b>75,152</b>	<b>100.00</b>	<b>69,932</b>	<b>100.00</b>

(₹ in Lacs)

Particulars	2011-12	2010-11
<b>19.1 PARTICULARS OF MATERIAL CONSUMED</b>		
Man Made Fibre	47,365	40,921
Cotton	16,619	13,780
POY Yarn	2,547	-
Yarn	3,687	9,502
Fabrics	567	1,159
Tow	233	568
Dyes & Chemicals	4,134	3,656
Others	-	346
<b>Total</b>	<b>75,152</b>	<b>69,932</b>

## 20. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

### Inventories (at close)

Finished Goods	5,673	7,854
Stock-in-Process	4,856	4,205
	10,529	12,059

### Inventories (at commencement)

Finished Goods	7,854	4,659
Stock-in-Process	4,205	3,085
	12,059	7,744
<b>Total</b>	<b>1,530</b>	<b>(4,315)</b>

## 21. TOLL CONTRACT FEE

Toll Contract Fee	19,730	4,916
<b>Total</b>	<b>19,730</b>	<b>4,916</b>

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	2011-12	2010-2011
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	7,637	6,200
Contribution to Provident and Other Funds	508	438
Staff Welfare Expenses	138	121
<b>Total</b>	<b>8,283</b>	<b>6,759</b>

22.1 As per Accounting Standard 15 (Revised) "Employee benefits", the disclosure as defined in the Accounting Standard are given below:

## Defined Benefit Plans

The following tables set out the details of amount recognized in the financial statements in respect of Employee benefit schemes.

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I</b>	<b>Assumptions as at</b>				
	Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult
	Discount Rate	8.50%	8.50%	8.00%	8.00%
	Rate of increase in compensation	5.50%	5.50%	5.50%	5.50%
	Rate of return (expected) on plan assets	9.25%	9.25%	9.25%	9.25%
	Withdrawal rates	Upto Age 30: 3% 31-44: 2% 45 & Above: 1%		Upto Age 30: 3% 31-44: 2% 45 & Above: 1%	
<b>II</b>	<b>Changes in present value of obligations</b>				
	PVO at beginning of period	412.56	145.01	291.75	113.42
	Interest cost	30.35	7.70	22.29	8.36
	Current Service Cost	113.80	78.16	108.31	72.91
	Benefits Paid	(66.25)	(97.46)	(26.19)	(17.89)
	Actuarial (gain)/ loss on obligation	(34.21)	11.92	16.40	(31.80)
	PVO at end of period	456.26	145.33	412.56	145.01
<b>III</b>	<b>Changes in fair value of plan assets</b>				
	Fair Value of Plan Assets at beginning of period	292.92	66.89	169.73	51.84
	Adjustment to Opening Fair Value of Plan Assets	12.16	-	-	-
	Expected Return on Plan Assets	27.94	6.28	20.44	5.25
	Contributions	60.19	99.39	128.75	27.82
	Benefit Paid	(66.25)	(97.46)	(26.19)	(17.89)
	Actuarial gain/ (loss) on plan assets	1.09	(0.01)	0.19	(0.14)
	Fair Value of Plan Assets at end of period	328.04	75.08	292.92	66.89
<b>IV</b>	<b>Fair Value of Plan Assets</b>				
	Fair Value of Plan Assets at beginning of period	292.92	66.89	169.73	51.84
	Adjustment to Opening Fair Value of Plan Assets	12.16	-	-	-
	Actual Return on Plan Assets	29.02	6.27	20.64	5.12
	Contributions	60.19	99.39	128.75	27.82
	Benefit Paid	(66.25)	(97.46)	(26.19)	(17.89)
	Fair Value of Plan Assets at end of period	328.04	75.08	292.92	66.89
	Funded Status	(128.22)	(70.25)	(119.64)	(78.12)
	Excess of actual over estimated return on Plan Assets	1.09	(0.01)	0.19	(0.14)

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>22.</b>	<b>EMPLOYEE BENEFITS EXPENSE (Contd.)</b>				
<b>V</b>	<b>Actuarial Gain/ (Loss) Recognized</b>				
	Actuarial Gain/ (Loss) for the period (Obligation)	34.21	(11.92)	(16.40)	31.79
	Actuarial Gain/ (Loss) for the period (Plan Assets)	1.09	(0.01)	0.19	(0.14)
	Total Gain/ (Loss) for the period	35.29	(11.93)	(16.21)	31.66
	Actuarial Gain/ (Loss) recognized for the period	35.29	(11.93)	(16.21)	31.66
	Unrecognized Actuarial Gain/ (Loss) at end of period	-	-	-	-
<b>VI</b>	<b>Amounts to be recognized in the balance sheet and statement of P&amp;L A/c</b>				
	PVO at end of period	456.26	145.33	412.56	145.01
	Fair Value of Plan Assets at end of period	328.04	75.08	292.92	66.89
	Funded Status	(128.22)	(70.25)	(119.64)	(78.12)
	Unrecognized Actuarial Gain/ (Loss)	-	-	-	-
	Net Asset/ (Liability) recognized in the balance sheet	(128.22)	(70.25)	(119.64)	(78.12)
<b>VII</b>	<b>Expense recognized in the statement of P&amp;L A/c</b>				
	Current Service Cost	113.80	78.16	108.31	72.91
	Interest Cost	30.35	7.70	22.29	8.36
	Expected Return on Plan Assets	(27.94)	(6.28)	(20.44)	(5.25)
	Net Actuarial (Gain)/ Loss recognized for the period	(35.29)	11.93	16.21	(31.66)
	Expense recognized in the statement of P&L A/c	80.92	91.52	126.37	44.36
<b>VIII</b>	<b>Movements in the Liability recognized in Balance Sheet</b>				
	Opening Net Liability	119.64	78.12	122.02	61.58
	Adjustment to Opening Fair Value of Plan Assets	(12.16)	-	-	-
	Expenses as above	80.92	91.52	126.37	44.36
	Contribution Paid	(60.19)	(99.39)	(128.75)	(27.82)
	Closing Net Liability	128.22	70.25	119.64	78.12
<b>IX</b>	<b>Experience Analysis - Liabilities</b>				
	Actuarial (Gain)/ Loss due to change in bases	(28.31)	(28.31)	-	-
	Experience (Gain)/ Loss due to Change in Experience	(5.90)	40.23	16.40	(31.80)
	<b>Total</b>	<b>(34.21)</b>	<b>11.92</b>	<b>16.40</b>	<b>(31.80)</b>
	Experience Analysis - Plan Assets				
	Experience (Gain)/ Loss due to Change in Plan Assets	(1.09)	0.01	(0.19)	0.14
<b>X.</b>	<b>Schedule VI Details</b>				
	Current Liability	128.22	70.25	119.64	78.12
	Non-Current Liability	328.04	75.08	292.92	66.89

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	2011-12	2010-11
<b>23. FINANCE COSTS</b>		
Interest Expenses	6,225	5,426
Bank Charges	309	224
Applicable loss on foreign currency transactions and translation (Net)	119	(2)
<b>Total</b>	<b>6,653</b>	<b>5,648</b>
<b>24. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and Amortisation	6,785	6,400
<b>Total</b>	<b>6,785</b>	<b>6,400</b>
<b>25. OTHER EXPENSES</b>		
<b>A. Manufacturing Expenses</b>		
Power & Fuel	10,995	10,426
Stores & Spares Consumed	2,270	2,208
Packing Material Consumed	1,343	1,138
Processing and Other Job Charges	1,141	1,005
Repairs To: Plant & Machinery	282	297
Building	76	63
Others	34	37
Other Manufacturing Expenses	596	541
<b>Total (A)</b>	<b>16,737</b>	<b>15,715</b>
<b>B. Administrative Expenses</b>		
Rent	24	22
Rates & Taxes	22	17
Payments to Auditors : Statutory Audit Fees	7	7
Certification & Other Services	6	5
Out of Pocket Expenses	2	1
Cost Audit Fees	1	1
Insurance Premium	161	181
Directors' Travelling	14	26
Travelling & Conveyance	192	202
Telephone & Postage	66	66
Directors' Remuneration	94	142
Printing & Stationery	47	54
Legal & Professional Fees	67	66
Vehicle Running & Maintenance	336	285
Director's Sitting Fees	8	4
Charity and Donations	6	1
Miscellaneous Expenses	180	193
<b>Total (B)</b>	<b>1,233</b>	<b>1,273</b>



# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	2011-12	2010-11
<b>25. OTHER EXPENSES (Contd.)</b>		
<b>C. Selling and Distribution Expenses</b>		
Sales Incentive, Commission & Brokerage	1,148	1,111
Rebates & Claims	75	7
Freight, Octroi and Other Selling Expenses	1,891	1,634
<b>Total (C)</b>	<b>3,114</b>	<b>2,752</b>
<b>D. Other Expenses</b>		
Earlier Year Income W/Off	-	408
Loss on Sale of Fixed Assets (Net)	693	97
<b>Total (D)</b>	<b>693</b>	<b>505</b>
<b>E. Foreign Exchange Fluctuation</b>		
Foreign Exchange Fluctuation Loss (Other than considered as finance cost)	434	9
<b>Total (E)</b>	<b>434</b>	<b>9</b>
<b>Total (A+B+C+D+E)</b>	<b>22,211</b>	<b>20,254</b>

25.1	VALUE OF STORES & SPARES CONSUMED:				
		2011-2012		2010-11	
	Particulars	₹ in Lacs	% of Consumption	₹ in Lacs	% of Consumption
	Imported	300	13.22	495	22.42
	Indigenous	1,970	86.78	1,713	77.58
	<b>Total</b>	<b>2,270</b>	<b>100.00</b>	<b>2,208</b>	<b>100.00</b>

	Particulars	2011-2012	2010-11
25.2	VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
	Raw Materials	1,031	1,288
	Stores & Spares	513	391
	Capital Goods	5,341	493
		<b>6,885</b>	<b>2,172</b>

25.3	EXPENDITURE IN FOREIGN CURRENCY		
	Travelling Expenses	20	30
	Other Expenses	551	452
		<b>571</b>	<b>482</b>

<b>26. EARNINGS PER SHARE (EPS)</b>			
i)	Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lacs)	1,708	5,659
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 (₹)	4.33	14.36
iv)	Face Value per equity share (₹)	10	10

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Particulars	2011-2012	2010-11
<b>27. EARNINGS IN FOREIGN EXCHANGE</b>		
FOB value of exports	30,360	24,921
	<b>30,360</b>	<b>24,921</b>

	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>28. DETAIL OF PRE OPERATIVE EXPENSES CAPITALIZED/ DEFERRED FOR CAPITALISATION UNDER THE HEAD CAPITAL WORK IN PROGRESS:</b>		
Opening Balance	15	21
Financial Charges	523	85
Administrative Expenses	9	6
<b>Total amount</b>	<b>547</b>	<b>112</b>
Less: Exp. Apportioned to fixed assets	531	97
Balance yet to be allocated	<b>16</b>	<b>15</b>

## **29. AS PER ACCOUNTING STANDARD (AS) 17 ON "SEGMENT REPORTING, SEGMENT INFORMATION HAS BEEN PROVIDED AS UNDER**

### **Primary/ secondary segments:**

- The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
- In respect of secondary segments information, the Company has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.

### **Segment composition:**

The Company operates mainly in two segments i.e. Textile & Toll Plaza. The Company is also having Wind Power Plant and some miscellaneous activities operation which is included in Textile Segment. Toll Plaza segment of the Company comprises of collection of user fees by the Company in accordance with the contracts entered into by the Company with the National Highways Authority of India.

### **Primary segment**

(₹ in Lacs)

Particulars	Textile		Toll Plaza		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Revenue</b>						
External sales	1,20,128	1,11,793	21,594	5,359	1,41,722	1,17,152
Total Revenue	1,20,128	1,11,793	21,594	5,359	1,41,722	1,17,152
<b>Result</b>						
Segment result	7,045	12,992	970	198	8,015	13,190
Interest expense (Net)					5,414	4,861
Profit/ Loss Before Tax					2,601	8,329
Less: Tax Expenses					893	2,670
<b>Net Profit</b>					1,708	5,659
<b>Other Information</b>						
Segment assets	1,09,378	1,09,873	3,739	1,854	1,13,117	1,11,727
Segment liabilities	10,044	10,661	505	285	10,549	10,946
Capital Employed	99,334	99,212	3,234	1,569	1,02,568	1,00,781
Capital expenditure incurred during the year	16,013	4,633	72	172	16,085	4,805
Depreciation (included in segment expenses)	6,753	6,399	32	1	6,785	6,400

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

## 29. AS PER ACCOUNTING STANDARD (AS) 17 ON "SEGMENT REPORTING, SEGMENT INFORMATION HAS BEEN PROVIDED AS UNDER (Contd.)

Particulars	2011-2012	2010-11
<b>Secondary Segment</b>		
<b>Revenue</b>		
Domestic	1,11,638	92,716
Export	30,823	25,676
<b>Total</b>	<b>1,42,461</b>	<b>1,18,392</b>

## 30. THE COMPANY HAS BEEN AWARDED TOLL PLAZAS FOR COLLECTION OF USER FEE IN LIEU OF TRANSFERRING CENTRAL GOVERNMENT'S USER FEE COLLECTION RIGHTS FOR THE SAID TOLL PLAZAS OF THE NATIONAL HIGHWAY AUTHORITY OF INDIA. UNDER THESE AGREEMENTS, THE OPERATOR DOES NOT OWN THE ROAD, BUT GETS TOLL COLLECTION RIGHTS.

## 31. INTEREST IN JOINT VENTURE COMPANY

The Company has the following interest in its Joint Venture Companies:

### I. Ketis Sangam Infrastructure (India) Ltd. (Country of Incorporation: India)

The Company is holding 7,80,600 (Previous Year 7,80,600) equity shares of ₹ 10 each at premium of ₹ 90 per equity share [ 26.02% equity as on 31.03.12 (previous year 26.02%) ] in the Joint Venture Company M/s. Ketis Sangam Infrastructure (India) Ltd. for execution of BOT Project at Aurangabad National Highway.

### II. PKSS Infrastructure Pvt. Ltd./ Kalyan Sangam Infratech Ltd. (Country of Incorporation: India)

The Company had originally participated in the joint venture for MCD toll collection project i.e. PKSS Infrastructure Pvt. Ltd. and for BOT Project at Thane-Bhiwadi i.e. Kalyan Sangam Infratech Ltd. and the Company holds the investment of ₹ 39,000 in PKSS Infrastructure Pvt. Ltd. by way of 3,900 (Previous Year 3,900) equity shares of ₹ 10 each [2.48% equity as on 31.03.12 (2.48% equity as on 31.03.11)] and ₹ 3.75 lacs in Kalyan Sangam Infratech Ltd. by way of 37,500 (Previous Year 37,500) equity shares of ₹ 10 each [ 0.75 % equity as on 31.03.12 (0.75 % equity as on 31.03.11)]

### III. The Company's proportionate share in the assets, liabilities, income and expenses of its Joint Venture Company Ketis Sangam Infrastructure (India) Ltd. is 26.02% (Previous Year 26.02%) of the below total:

#### Balance Sheet

(₹ in lacs)

Particulars	As at 31st March 2012 Unaudited	As at 31st March 2011 Audited
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	924	924
Reserves and Surplus	4,186	5,856
	<b>5,110</b>	<b>6,780</b>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	25,320	25,230
Deferred Tax Liability (net)	8	6
	<b>25,328</b>	<b>25,236</b>
<b>Current Liabilities</b>		
Short Term Borrowings	128	-
Trade Payables	102	51
Other Current Liabilities	1	-
Short Term Provisions	3	12
	<b>234</b>	<b>63</b>
<b>Total</b>	<b>30,672</b>	<b>32,079</b>

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in lacs)

## 31. INTEREST IN JOINT VENTURE COMPANY (Contd.)

Particulars	As at 31st March 2012 Unaudited		As at 31st March 2011 Audited	
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Fixed Assets				
Tangible Assets	84		92	
Intangible Assets	24,781		26,040	
Capital Work-in-Progress	-		-	
		<b>24,865</b>		<b>26,132</b>
<b>Current Assets</b>				
Cash and Bank Balances	829		992	
Short Term Loans and Advances	4,977		4,954	
Other Current Assets	1		1	
		<b>5,807</b>		<b>5,947</b>
<b>Total</b>		<b>30,672</b>		<b>32,079</b>

### Statement of Profit and Loss

	2011-12		2010-11
<b>Income</b>			
Revenue from Operations			
Toll Collection	3,228		2,984
Total Revenue	3,228		2,984
<b>Expenditure</b>			
Finance Costs	3,126		2,365
Depreciation and Amortisation Expense	1,275		1,270
Other Expenses	472		539
Total Expenses	4,873		4,174
<b>Profit Before Tax</b>	<b>(1,645)</b>		<b>(1,190)</b>
Tax Expenses	-		-
<b>Profit for the year</b>	<b>(1,645)</b>		<b>(1,190)</b>

## 32. RELATED PARTY DISCLOSURES:

### (i) Related Party Transactions

As per Accounting Standard (AS-18) on Related Party Disclosures issued by ICAI, the disclosures of related parties as defined in the Accounting Standard is given below:

Enterprises over which Directors and Relatives of such personnel exercise significant influence	
<b>Associate Company</b>	
Sangam Infratech Ltd.	
Marigold Investments (P) Ltd.	
Sangam Business Credit Ltd.	
Sangam Suitings Pvt. Ltd.	
Mahalaxmi TMT Pvt. Ltd.	

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

## 32. RELATED PARTY DISCLOSURES: (Contd.)

<b>Joint Venture</b>	
Keti Sangam Infrastructure (India) Ltd.	
PKSS Infrastructure Pvt. Ltd.	
Kalyan Sangam Infratech Ltd.	
<b>Key Management Personnel</b>	
Shri R.P. Soni	
Shri S.N. Modani	
Shri V.K. Sodani	
<b>Relative of Key Management Personnel</b>	<b>Relationship</b>
Smt. Radha Devi	Wife of Director Shri R.P. Soni
Ms. Antima Soni	Daughter of Director Shri R.P. Soni
Shri Anurag Soni	Son of Director Shri R.P. Soni
Shri Pranal Modani	Son of Director Shri S.N. Modani
Smt. Mamta Modani	Wife of Director Shri S.N. Modani
Smt. Archana Sodani	Wife of Director Shri V.K. Sodani
Smt. Anjana Thakur	Daughter of Director Shri R.P. Soni
<b>Others</b>	
Shri R.P. Soni HUF	

### (ii) Transactions during the year with related parties:

Nature of Transaction	Salary		Insurance Premium		Rent		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Key Management Personnel	94	142	9	13	-	-	103	155
Relatives of Key Management Personnel	5	5	5	-	3	3	13	8
Others	-	-	-	-	1	1	1	1
<b>Total</b>	<b>99</b>	<b>147</b>	<b>14</b>	<b>13</b>	<b>4</b>	<b>4</b>	<b>117</b>	<b>164</b>

Nature of Transaction	Loan Taken		Interest Paid	
	2012	2011	2012	2011
Associate Company				
(i) Maximum Balance	2000	2181	159	2
(ii) Closing Balance	2000	2000	-	-

	2012	2011
<b>Sale of Goods</b>		
Associate Company	585	363
<b>Purchase of Capital Goods</b>		
Associate Company	21	-



# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in lacs)

## 33. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	2011-12	2010-11
<b>(I) CONTINGENT LIABILITIES</b>		
<b>(A) Disputed liabilities not acknowledged as debts</b>		
Demand for income tax	21	21
<b>(B) Guarantees</b>		
Outstanding Bank Guarantees	2,811	3,067
<b>(C) Other Money for which the company is contingently liable</b>		
Liability in respect of bills discounted with Banks (including third party bills discounting)	1,259	776
<b>(II) COMMITMENTS</b>		
<b>(A)</b> Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	1,352	3,807
<b>(B)</b> Obligations In respect of capital goods imported at the concessional rate of duty under the Export Promotion Capital Goods Scheme, the company has an export obligation of approximately ₹6840 Lacs (previous year ₹4440 Lacs), which is required to be met at different dates, before 31.03.2020. In the event of non-fulfillment of the export obligation, the company will be liable to pay customs duties and penalties, as applicable. The company is confident of meeting its export obligation.		

## 34. FINANCIAL AND DERIVATIVE INSTRUMENTS

Financial and Derivative Instruments (For Hedging Currency Risks) and Unhedged Foreign Currency Exposure.

### A) Forward Contract Outstanding as at Balance Sheet Date.

Particulars	Currency	2012	2011	Purpose
Forward Exchange Contract	USD	\$ 201.34 Lacs	\$ 230.64 Lacs	Export
Forward Exchange Contract	Euro	\$ 13.48 Lacs	\$ 20.50 Lacs	Export
	<b>Total INR (₹ in Lacs)</b>	11,135	12,014	

There is no derivative contract for option which is outstanding as at 31.03.2012.

### B) Unhedged Foreign Currency Exposure:

Purpose	Currency	2012	2011
IDBI Foreign currency Loan	USD	\$ 2.95 Lacs	\$ 7.11 Lacs
Import (Raw Materials)	USD	\$ 0.28 Lacs	-
Fixed Assets	Euro	\$ 17.57 Lacs	-
Fixed Assets	JPY	JPY 2776.60 Lacs	-
	<b>Total INR (₹ in Lacs)</b>	3,184	317

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

35. During the previous year, out of the total outstanding of ₹ 622 Lacs towards the incentive receivable under the target plus scheme for the year 2005-06, an amount of ₹ 407.60 Lacs had been written off towards outstanding balance in the target plus incentive account as the company has considered that this amount was no longer receivable in view of Government Policy, after disposal of the total benefits actually received under the target plus scheme. The Company has however subjudiced the decision.
36. In the opinion of Management, there is no impairment of assets in accordance with accounting standard (AS-28) as on Balance sheet date.
37. During the year the company has been entitled for capital subsidy on the amount of Investment in Plant & Machinery, i.e. 10% of the basic price of Machinery. The amount of Capital subsidy deducted from Gross Value of Plant & Machinery is ₹ 380 Lacs (Previous Year Nil)
38. The revised Schedule VI as notified under the Companies Act, 1956, has become applicable to the Company for presentation of its financial statements for the year ending March 31, 2012. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements.

As per report of even date attached

For **R. Kabra & Co.**

*Chartered Accountants*

(Registration No. 104502W)

**(R.L. Kabra)**

*Partner*

M.Ship No. 016216

Camp : Bhilwara

Date: May 18, 2012

For **B.L. Chordia & Co.**

*Chartered Accountants*

(Registration No. 000294C)

**(B.L. Chordia)**

*Partner*

M.Ship No. 010882

Place : Bhilwara

Date: May 18, 2012

For and on behalf of the Board

**(R.P. Soni)**

*Chairman*

**(G.C. Jain)**

*President*

**(S.N. Modani)**

*Managing Director*

**(Anil Jain)**

*Jt. President (Fin.) & Secretary*

**(V.K. Sodani)**

*Executive Director*

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in lacs)

Particulars	Current Year	Previous Year
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax	2,601	8,329
Adjustments for		
Depreciation and Amortisation Expense	6,785	6,400
Finance costs	6,653	5,648
Interest income	(1,239)	(787)
Provision for Doubtful Debts & advances	30	30
Loss on sale of fixed assets (net)	693	97
Earlier Year income w/off	-	408
<b>Operating Profit before working capital changes</b>	<b>15,523</b>	<b>20,125</b>
Adjustment for		
Inventories	3,652	(6,102)
Trade & Other Receivables	3,124	(7,412)
Trade & Other Payables	(673)	3,263
<b>Cash Generated from Operations</b>	<b>21,626</b>	<b>9,874</b>
Taxes Paid	722	1,760
Earlier Year income w/off	-	408
<b>Net Cash Inflow /(Out Flow) from Operating Activities</b>	<b>20,904</b>	<b>7,706</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(16,085)	(4,805)
Sale of fixed assets	297	127
Interest income	558	159
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(15,230)</b>	<b>(4,519)</b>
<b>C Cash flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (net)	3,795	(518)
Increased/Decreased in Short- term Borrowings	(2,929)	3,132
Finance costs	(6,653)	(5,648)
Interest income	681	628
Dividend paid (including tax on dividend)	(688)	(454)
<b>Net Cash Inflow /(Out Flow) from Financing Activities</b>	<b>(5,794)</b>	<b>(2,860)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash equivalents</b>	<b>(120)</b>	<b>327</b>
Cash and Cash equivalents at the beginning	1,019	692
Cash and Cash equivalents at the end	899	1,019

As per report of even date attached

For **R. Kabra & Co.**

Chartered Accountants

(Registration No. 104502W)

**(R.L. Kabra)**

Partner

M.Ship No. 016216

Camp : Bhilwara

Date: May 18, 2012

For **B.L. Chordia & Co.**

Chartered Accountants

(Registration No. 000294C)

**(B.L. Chordia)**

Partner

M.Ship No. 010882

Place : Bhilwara

Date: May 18, 2012

For and on behalf of the Board

**(R.P. Soni)**

Chairman

**(G.C. Jain)**

President

**(S.N. Modani)**

Managing Director

**(Anil Jain)**

Jt. President (Fin.) & Secretary

**(V.K. Sodani)**

Executive Director

# Notice

## TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT THE 26TH ANNUAL GENERAL MEETING OF THE MEMBERS OF "SANGAM (INDIA) LIMITED" WILL BE HELD ON FRIDAY THE 28TH SEPTEMBER, 2012 AT 4.00 P.M. AT ITS REGISTERED OFFICE AT OPP. HIGHER SECONDARY SCHOOL, INDUSTRIAL ESTATE, PUR ROAD, BHILWARA - 311 001 (RAJ.) TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st., 2012, Profit & Loss Account for the year ended on that date and Directors' report together with Auditors' report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri T.K. Mukhopadhyay, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint M/s R.Kabra & Company, Chartered Accountants and M/s B.L.Chordia & Company, Chartered Accountants, the retiring Auditors of the Company, as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Article of Association of the company and Section 198, 269, 309, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the company be and is hereby accorded to the re-appointment of Shri V.K.Sodani, Executive Director of the company for a period of 5 years effective from 1st October, 2012 on the revised terms and conditions including remuneration and perquisites as are set out in the draft agreement to be executed between the company and Shri V.K.Sodani on 28th September, 2012.

RESOLVED FURTHER THAT in the event of absence or inadequacy of Profits in any year Shri V.K.Sodani be paid the aforesaid remuneration and perquisites as minimum remuneration for that year.

RESOLVED FURTHER THAT in the event of any relaxation in the guidelines or limits on managerial remuneration, the Board of the company (hereinafter called "the Board") may in its absolute discretion alter

and vary the terms of remuneration of Shri V.K. Sodani within the limits permissible under the law for the time being.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable.

6. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

Resolved that pursuant to the approval of the Committee and the Board of Directors of the Company, provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011 and all other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Shri Anurag Soni, Son of Shri Ram Pal Soni, Chairman of the Company, to hold an office or place of Profit as Chief Business Strategist (or any other designation and roles which the Board/Committee of the Board may decide from time to time) on such remuneration, increments and positions and other terms and conditions as set out in the Explanatory Statement attached to the Notice.

Resolved further that the appointment shall be upto retirement age as per the policy of the Company with effect from 1st April, 2012 on terms and conditions as per Explanatory Statement attached hereto.

Resolved further that the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the aforesaid resolution.

By Order of the Board of Directors

(Anil Jain)

Jt. President (Finance) &  
Company Secretary

Date: August 10, 2012

Place: Bhilwara

## Notice (contd.)

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument of proxy, in order to be effective, should be duly stamped, completed and signed and must be deposited at the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.
2. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No. 5 of the Notice set out above, is annexed hereto.
3. The company's Register of members and share transfer books shall remain closed from Monday the 24th September, 2012 to Friday the 28th September, 2012 (both days inclusive) to decide the entitlement of shareholders for the payment of dividend in accordance with the recommendation of the Board of Directors.
4. The Company has listed its Shares at:
  - (i) Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001.
  - (ii) The National Stock Exchange of India Limited, Trade World, Senapati Bapat Marg, Lower Parel, Mumbai-400 051.The listing fees of these Exchanges have been paid regularly.
5. All documents referred to in the accompanying notice are open for inspection at the registered office of the company in all working days except Saturday and holidays, between 11.00 A.M. to 1.00 P.M. up to the date of Annual General Meeting.
6. Dividend as recommended by the Directors for the year ended 31st March, 2012, if approved, will be payable to those members, whose names appear in the Register of Members as at the close of business on 23rd September, 2012 and in respect of shares held in dematerialized form, as per the list of beneficial owners furnished to the Company by NSDL/CDSL, as at the close of business on Friday, 21st September, 2012. The dividend warrants will be credited/posted on or about 5th October, 2012.
7. Investors holding the shares in physical form should provide the National Electronic Clearing Service

(NECS) mandate to the Company and investors holding the shares in demat form should ensure that correct and updated particulars of their bank account are available with the Depository Participant (DP). This would facilitate in receiving direct credits of dividends, refunds etc., from companies and avoid postal delays and loss in transit. Investors must update their new bank account numbers allotted after implementation of Core Banking Solution (CBS) to the Company in case of shares held in physical form and to the DP in case of shares held in demat form.

8. Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the shares held by them in the company, can make the nomination in Form 2B.
9. A statement containing details of Appointee and Re-appointee Directors are attached herewith.

By Order of the Board of Directors

(Anil Jain)

Jt. President (Finance) &  
Company Secretary

Date: August 10, 2012

Place: Bhilwara

### ANNEXURE TO THE NOTICE

#### Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.

#### ITEM NO. 5:

Shri V.K. Sodani was appointed as Executive Director of the company for a period of five years w.e.f. 01.10.2007 on the remuneration including perquisites set out in the resolution passed at the 21st Annual General Meeting of the company held on 29th. September, 2007.

The Board of Directors of the company has resolved in its meeting held on 10.08.2012 to re-appoint Shri V.K. Sodani as Executive Director of the company for a period of five years effective from 01.10.2012 on the revised terms and conditions which are set out in the draft agreement. By the proposed resolution, approval of the shareholders is sought to the appointment of Shri V.K. Sodani as the Executive Director of the company for a term of 5 years from 01.10.2012 at the remuneration and upon the terms and conditions set out in the resolution.



The principal terms of the said agreement are as follows: -

**1. SALARY PER MONTH:**

₹ 1,75,000 per month with an annual increase of ₹ 12,500 thereafter.

**2. HOUSE RENT ALLOWANCE (H.R.A.) (Per Month)**

25% of Salary.

**3. CONTRIBUTION TO PROVIDENT FUND**

12% of Salary per month.

**4. PERQUISITES AS MENTIONED BELOW:**

**i) Medical Reimbursement:**

Reimbursement of the medical expenses incurred for self and family subject to a ceiling of one month salary in a year.

However this medical entitlement can be accumulated for the period of 5 years.

**ii) Leave Travel Concession:**

Leave travel concession for self and family once in a year anywhere, as per company's policy.

**iii) Personal Accident Insurance:**

Personal accident insurance of an amount, the annual premium of which shall not exceed ₹ 10000 per annum.

**iv) Gratuity**

Payable should not exceed half month's salary for each completed year of the service. For the calculation of tenure of service, the period of service rendered by Shri V.K. Sodani in the erstwhile SPBL Ltd. since amalgamated with the Company will be added apart from the service already rendered in the company.

**Notes:**

For the purpose of perquisites stated herein above, family means the spouse, the dependents children and the dependent parents of the appointee.

**MINIMUM REMUNERATION:**

Wherein any financial year, the company has no profits or its profits are inadequate, the company may pay Shri V.K. Sodani, above remuneration by way of salary, perquisites and other allowances subject to the provisions of Schedule XIII of the Companies Act, 1956 and the other applicable provisions of the Companies Act, if any.

**SCOPE OF RESPONSIBILITY:**

Shri V.K. Sodani, Whole-time Director has been entrusted with substantial powers of managing the affairs of the weaving, processing and toll divisions of the Company and to supervise and administer overall working thereat

and other responsibility as may be delegated to him by the Board from time to time.

**MEMORANDUM OF INTEREST OF DIRECTORS:**

Apart from Shri V.K. Sodani, Shri R.P.Soni may be deemed to be concerned or interested in the said resolution. Shri V.K. Sodani is son in law of Shri R.P. Soni, Director of the Company.

The above particulars may be treated as an abstract under section 302 of the Companies Act, 1956

None of the other Directors of the company is in any way concerned or interested in the said resolution.

**ITEM NO. 6:**

The company proposes to appoint Shri Anurag Soni as Chief Business Strategist with effect from 1st April, 2012 in the Company. The role would encompass areas of business integration and establishing information and business related systems.

Shri Anurag Soni is a well qualified by profession and has adequate experience of process of system integration practices, establishing Management Information Systems, establishing IT and database infrastructures, strategic planning, business restructuring, resources raising and investor relations.

The appointment would be on the following broad remuneration, terms and conditions:

(a) ₹ 1,50,000/- per month with authority to the Managing Director of the Employer Company to give increment from time to time, such that the total increments in one financial year does not exceed 10% of the basic salary at the end of the immediately preceding financial year.

(b) Perquisites & Allowances:

In addition to Basic Salary, a basket of allowances/perquisites upto 60% of each years basic salary which will include variable pay/performance linked incentives, Company Car, pension insurance, life insurance, insurance guaranteed income, personal accident insurance and any other allowances, perquisites or reimbursements in terms of the rules of the Employer Company or as may be agreed to, by the Managing Director of the Employer Company.

For the purpose of calculating the above ceilings, perquisites and allowances shall be evaluated in accordance with valuation principles adopted by the Employer Company for Income-tax purposes or reasonable estimates with respect to personal use, as applicable.

## Notice (contd.)

The above remuneration may be varied from time to time by the Employer Company as it may, at its discretion, deem fit, but shall always remain within the limits specified above.

The Board of Directors, at its meeting held on 31st January, 2012, have approved the appointment of Shri Anurag Soni, subject to approval of his appointment by the members at the forthcoming Annual General Meeting.

Since Shri Anurag Soni is son of Shri Ram Pal Soni, a Director of the company, this appointment is an appointment of a relative of a Director to an Office or Place of Profit and requires the approval of the Board of Directors and members in General Meeting in terms of Section 314 of the Companies Act, 1956, read

with the Director's Relatives (Office or Place of Profit) Rules, 2011. Hence, approval of the members is being sought for the appointment of Shri Anurag Soni.

Shri R.P.Soni, is directly or indirectly interested in the aforesaid resolution.

None of the other directors of the company is in any way concerned or interested in the said resolution.

By Order of the Board  
For **Sangam (India) Limited**  
(Anil Jain)  
Jt. President (Finance) &  
Company Secretary

Date: August 10, 2012  
Place : Bhilwara

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT AGM FIXED ON 28TH SEPTEMBER, 2012

Name of Director	Dr. T.K.Mukhopadhyay (Re-appointee Director)	Shri V.K. Sodani (Re-appointee Whole-time Director)
Date of Birth	03.09.1949	15.11.1970
Date of Appointment	30.09.2011	01.10.2007
Expertise in specific functional areas	Retd. as Chief General Manager and Country Head (Administration & Premises) from IDBI BANK w.e.f.30-9-2009 after serving 30 years in the institution in different Senior Executive Positions including holding positions as Head of Project Finance, Project Management and Project Monitoring Depts.	Managing business of PV Suiting with Domestic & Overseas marketing, process house and toll collection.
Qualifications	B.Sc., B.Tech (Chemical Engg), M.Tech (Chemical Engg), PGDBM, Ph.D	B.Com. FCA
List of outside Directorship held	Cybertech Systems & Software Ltd.	<ul style="list-style-type: none"><li>• Hawamahal Finance Pvt.Ltd.</li><li>• Sangam Infratech Ltd.</li><li>• Geetanjali Infosystems Pvt. Ltd.</li><li>• Suchitra Finance &amp; Trading Pvt. Ltd.</li></ul>
Member of the Committee of the Board of Directors of other companies	Cybertech Systems & Software Ltd. - Audit Committee - Remuneration Committee - Shareholders Grievance Committee	Nil

### IMPORTANT COMMUNICATION TO MEMBERS

The company welcomes the "Green Initiatives" being promoted by the Ministry of Corporate Affairs (MCA), to encourage e-enabled regulatory compliances, in its efforts to conserve consumption of paper and preserve the environment. In furtherance of this important initiative, the MCA, has permitted companies to provide its members documents, including the Annual Report, by electronic mode.

In support of MCA's endeavours in this direction, commencing last year, and in future, the Company will be sending its Annual Report as well as other correspondence by e-mail, to those members whose e-mail addresses are registered with the Company/their depository participants.

In 2011, the company had communicated with its members, for registering their e-mail addresses with the company, which has resulted in a sizeable database of e-mail addresses. Also, many of the members have registered their e-mail addresses with their depository participants who have provided the same to the company. Members who have not registered their e-mail addresses, so far, are once again requested to please register their e-mail addresses, in respect of electronic holdings with their Depository Participants.

In case any member to whom an electronic copy of the Annual Report has been sent, desires to receive a physical copy, the company will be happy to provide the same on their request.



## SANGAM (INDIA) LIMITED

Registered Office at Opp. Higher Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Rajasthan)

### ATTENDANCE SLIP

26th Annual General Meeting at the Regd. Office at Opp. Higher Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001, (Rajasthan) on Friday, the 28th September 2012 at 4:00 PM.

Name of the Member .....

Registered Folio No. .... No. of Shares .....

Client ID No. ....

DP ID No. ....

Name of the Proxy .....

Signature of the Member or Proxy .....

**Note:** The Member/Proxy/Representative attending the 26th Annual General Meeting of the Company is requested to bring this slip duly filled in and present the same at the entrance to the Meeting.



## SANGAM (INDIA) LIMITED

Registered Office at Opp. Higher Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Rajasthan)

### PROXY

I / We .....of.....

in the District of .....being a member /members of the above named Company hereby appoint

.....of ..... in the District of ..... or failing to

him/her .....of.....intheDistrictof.....

as my/ our proxy/proxies to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held at Opp. Higher Secondary School, Industrial Estate, Pur Road; Bhilwara – 311001 (Rajasthan) on Friday, the 28th September, 2012 at 4:00 PM and at any adjournment thereof.

Registered Folio No.....

Client ID No.....

DP ID No. ....

No. of Shares.....

Affix  
Re.1/-  
Revenue  
Stamp

**Note:** This Proxy Form in order to be effective should be duly filled in, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.



# corporate Information

## BOARD OF DIRECTORS

Shri R P Soni	<i>Chairman</i>
Shri S N Modani	<i>Managing Director</i>
Shri V K Sodani	<i>Executive Director</i>
Shri Ramawatar Jaju	<i>Director</i>
Shri A Karati	<i>Director</i>
Shri T K Mukhopadhyay	<i>Director</i>

## MANAGEMENT TEAM

Shri G C Jain	<i>President</i>
Shri S M Gupta	<i>President (Works)</i>
Shri Anil Sharma	<i>President (Works)</i>
Shri Sanjeev Joshi	<i>President (Domestic Marketing)</i>
Shri Anil Jain	<i>Jt. President (Finance) &amp; Company Secretary</i>
Shri L L Soni	<i>Jt. President (Finance &amp; Investor Relations)</i>
Shri Chirag Bhatt	<i>Jt. President (Denim)</i>
Shri P R Khator	<i>Sr. Vice President (Commercial)</i>
Shri S K Bhandari	<i>Sr. Vice President (Commercial)</i>
Shri Lalit Jain	<i>Sr. Vice President (Accounts)</i>
Shri M Bhanu Pratap	<i>Sr. Vice President (TPP)</i>
Shri N K Kavadia	<i>Vice President (Commercial)</i>
Shri R M Sinduria	<i>Vice President (Commercial)</i>
Shri M S Shekhawat	<i>Vice President (IT)</i>
Shri Dilip Kumar Jain	<i>Vice President (Liaisoning)</i>
Shri J M Garg	<i>Vice President (Export Marketing)</i>
Shri Surender Chandna	<i>Vice President (Works)</i>
Shri S K Jain	<i>Vice President (Personnel)</i>
Shri S K Bagela	<i>Vice President (Technical)</i>
Shri R K Pant	<i>Vice President (Technical)</i>
Shri R D Yadav	<i>Vice President (Technical)</i>
Shri A R Karmakar	<i>Vice President (Engineering)</i>
Shri B B Singh	<i>Vice President (Engineering)</i>
Shri B Pavithran	<i>Vice President (R &amp; D)</i>

## AUDITORS

M/S R Kabra & Co.	<i>Mumbai</i>
M/S B L Chordia & Co.	<i>Bhilwara</i>

## BANKERS

State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of Bikaner & Jaipur  
Bank of Baroda  
Corporation Bank  
Central Bank of India  
Exim Bank  
IDBI Bank Ltd.  
Oriental Bank of Commerce  
Union Bank of India

## REGISTERED OFFICE

Opp Higher Secondary School,  
Industrial Estate,  
Pur Road, Bhilwara 311001  
e-mail: secretarial@sangamgroup.com  
Tel No.: 01482-241840, 242229  
Fax: 01482-242386

## 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

## WORKS

Spinning Unit I  
Village Biliya, Chittorgarh Road,  
Bhilwara – 311 001, Rajasthan

### Spinning Unit II

91, Km Stone, N.H No. 79, Village Sareri  
Distt : Bhilwara – 311 024, Rajasthan

### Weaving & Processing Unit

Village Atun, Chittorgarh Road,  
Bhilwara – 311 001, Rajasthan

### Denim Unit

Village Biliya, Chittorgarh Road  
Bhilwara – 311 001, Rajasthan





Value through values

Sangam (India) Limited  
[www.sangamgroup.com](http://www.sangamgroup.com)

