



*opportunity  
in every thread*

Sangam (India) Limited  
24th Annual report 2009-10



## *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.

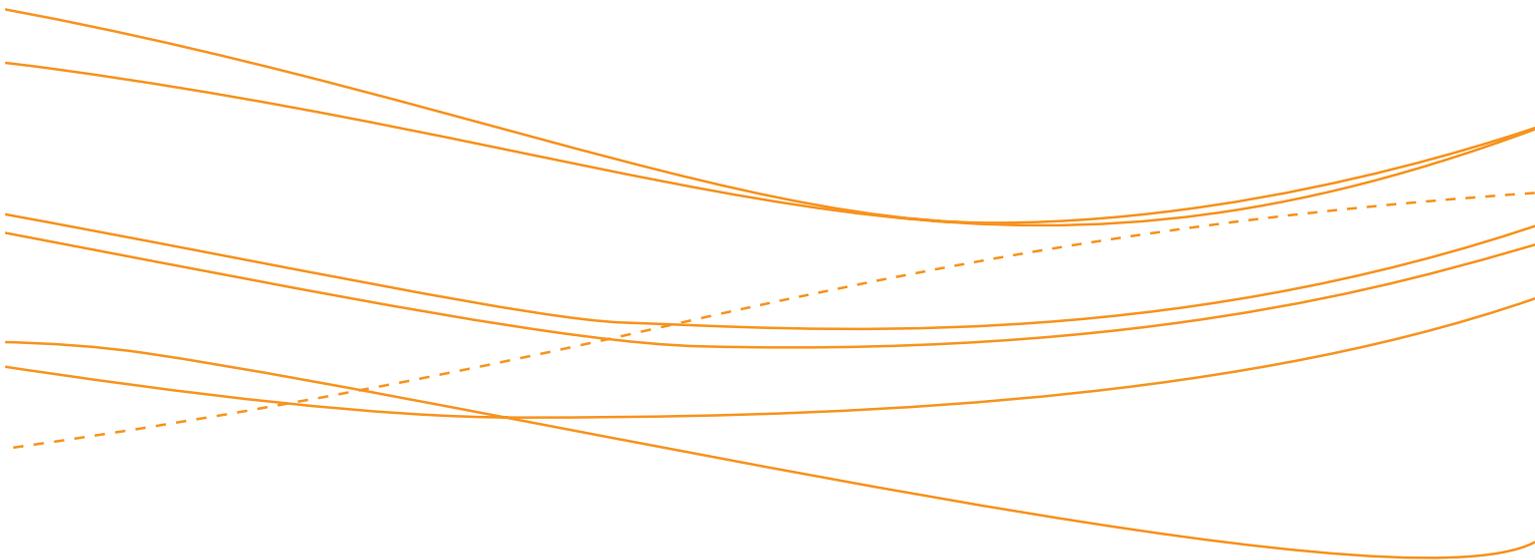
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*"Don't wait for extraordinary opportunities.  
Seize common occasions and make them great.  
Weak men wait for opportunities; strong men make them."*

*~ Orison Swett Marden*





Look around you and you can see the change taking place. India is getting younger. Economy is witnessing robust and sustainable growth. The world is coming to India. Average per capita income is rising. Disposable income is increasing. The great Indian consumer revolution is strengthening its foothold throughout the country...

According to a recent survey by Reuters and Ipsos, Indians are the world's best dressed office-goers. India is dressing up, and how! Work wear is no longer casual. And casual wear is no necessarily party wear. All party wear need not be solely for special occasions. Suits are no longer for limited to special occasions. Everyday dressing is in. The trends are changing. India is getting fashion conscious. The average lifecycle of each garment is shrinking...

In such interesting times, we at Sangam India have been satiating India's aspiration to dress up and look good through an integrated world class product portfolio comprising natural fibre yarns and man-made fibre (MMF) yarns, fabrics, denim and suiting. Owing to our expertise in delivering affordable and superior quality in each of our product verticals, we believe that the opportunities are endless...

In fact, there is opportunity in every thread.



# About us

## Origin and leadership

Established in 1984 by Mr. R.P. Soni, a technocrat, Sangam India has emerged as one of the leading integrated textile companies in India and the market leader in PV dyed yarn segment.

## Products portfolio

- Yarns
- Woven fabrics
- Denim
- Home furnishings
- Wind power



## Geographical presence

**Corporate office**  
Mumbai, Maharashtra

**Registered office**  
Bhilwara, Rajasthan

**Manufacturing facilities**  
Biliya, Bhilwara  
Sareri, Bhilwara  
Atun, Bhilwara

## Brands

Sangam  
Sangam Yarns  
Anmol  
Laurel

## People

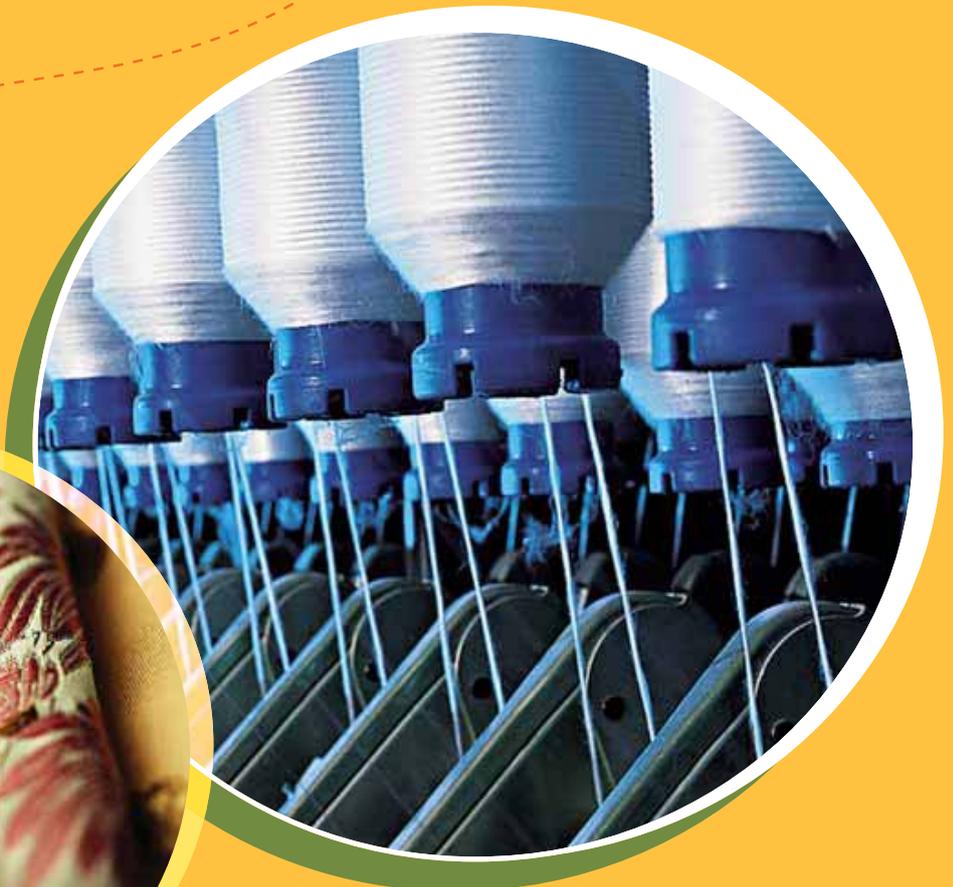
~6000 employees  
as on 31.03.2010

## Marketing network

100 dealers and 1000 retailers across  
the country

## Listings

Our shares are listed on the Bombay  
Stock Exchange (Stock code – 514234)  
and National Stock Exchange (Stock  
code – SANGAMIND)



# Performance highlights

## Operational highlights for 2009-10

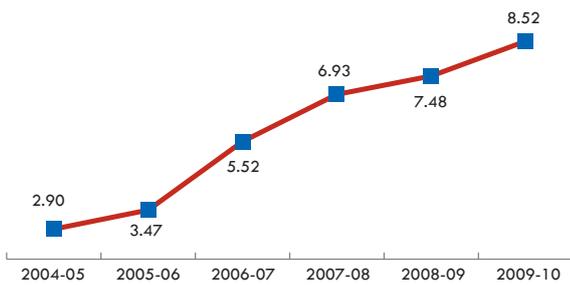
- Total yarn production increased by 12.3% to 46554 MT
- Total production of fabrics increased by 14% to 27.99 mn mtrs.
- Established a foothold as a reputed denim producer

## Financial highlights for 2009-10

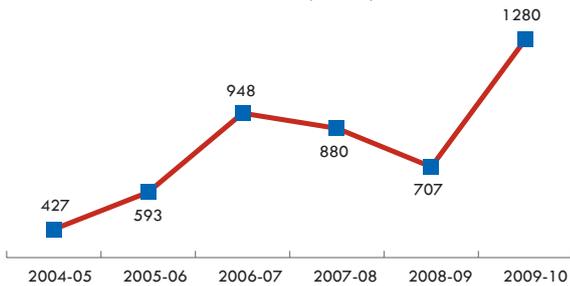
- Total revenues increased by 14% to ₹8.52 bn
- Earnings before interest, depreciation and taxes (EBIDTA) increased by 80% to ₹1.28 bn
- Net profits increased to ₹171 mn against a loss in 2008-09
- EPS increased to ₹4.35
- Cash profits increased by 230% to ₹891 mn
- EBIDTA margin increased by 445 bps to 15.02%

# 5 year financial trends

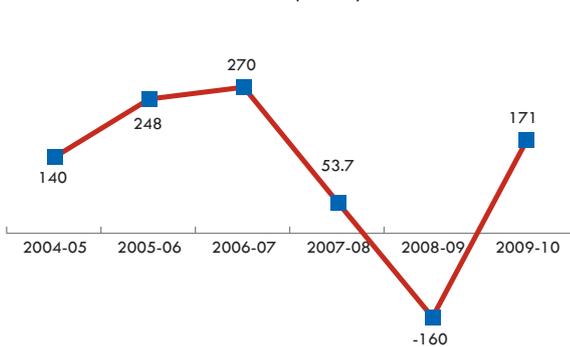
Revenues (Rs. bn)



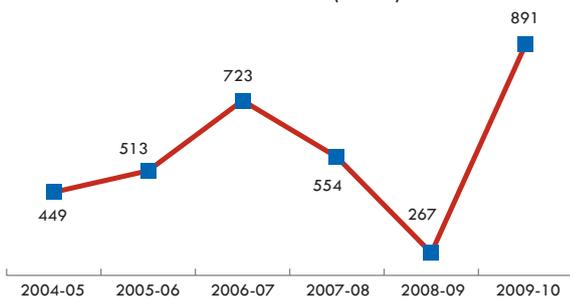
EBIDTA (Rs. mn)



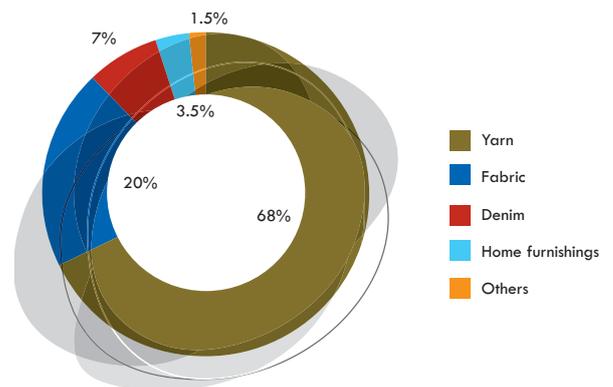
PAT (Rs. mn)



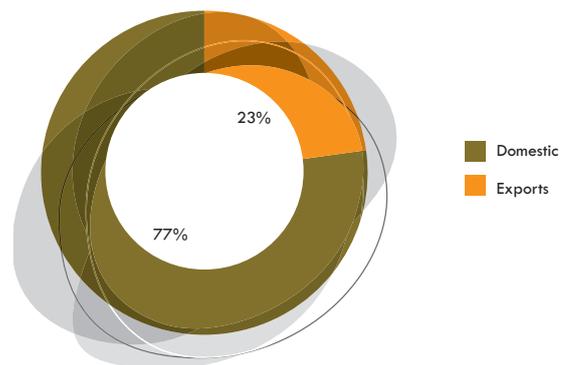
Cash Profits (Rs. mn)



Divisional break-up of revenues (%)



Geographical revenue mix (%)



# Chairman's review

Mr. R. P. Soni, Chairman of the company,  
reviews the performance in 2009-10

## Are you satisfied with the performance of the company in 2009-10?

Absolutely. We completed our expansion programme during 2008-09. Owing to our nearly doubled capacities coupled with increased prices of cotton, we were able to react well to the increased demand for PV yarns and fabrics in India and export markets. Our revenues increased by 14%, from ₹7.48 bn in 2008-09 to ₹8.52 bn in 2009-10. Our EBIDTA increased by 80% from ₹710 mn in 2008-09 to ₹1280 mn in 2009-10. We recorded a net profit of ₹171 mn during 2009-10, against a net loss of ₹159.8 mn in 2008-09. This financial growth was backed by improved margins, reflecting the effectiveness of the company's cost control initiatives and its efforts towards higher realisations by providing better quality of products. The year was special as we established our credentials as a reputed denim producer and also embarked on the second phase of expansion plan.

## What were the major challenges faced by the company during the year?

During the year under review, we faced challenges relating to the industry (external) and those relating to operations (internal). External challenges: these are industry-wide challenges being faced by all the major players in the industry today. Raw material cost has emerged as one of the major concerns in the industry. With the volatility in the oil prices globally in the first half of 2009-10, the prices of polyester and viscose fibres

increased substantially. Though companies including ours have successfully passed the increase in the costs to customers, the greater challenge for the industry will be to sustain such rise through concrete and sustainable long term initiatives. Internal challenges: the internal challenges were essentially on two fronts – to manage the expanded capacities efficiently and to translate the growing demand in PV yarns to the topline.

## What were the major enablers of this growth?

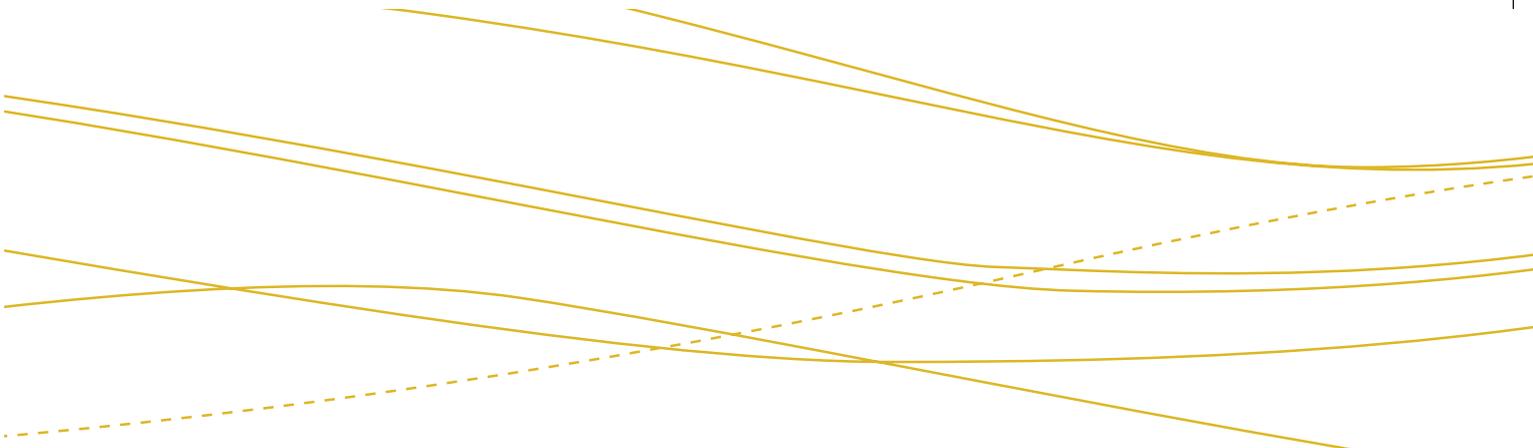
**At Sangam India, believe that the following factors have led to our growth during the year:**

**Products** - we command presence across two major product segments – yarns and woven fabrics. During the year in review, the prices of yarn, especially cotton yarns witnessed steep increase. Being an agri-commodity, the year witnessed lower production of cotton, thereby leading to inflated prices. As a result, the demand for PV yarns witnessed substantial increase, since it is cheaper than cotton and owing to various production techniques; the fabric is smooth and resilient to wear and tear. Being the largest manufacturer of PV dyed yarn gave us an edge to further capitalize on the demand. The company also witnessed higher demand for its fabrics and denim. Being one of the leading denim producers in Bhilwara, we are confident of the attractive growth prospects the segment offers in the near term.

**Processes:** during the year, we focussed on controlling costs and improving quality. We initiated steps to control inventory, reduce process costs and machine downtimes and ensured efficient utilisation of energy during the year. In accomplishing this, our ERP system played a vital role in identifying segments where improvements were possible.

**Presence:** our ability to tap and supply leading markets has been our great strength. Our dealer network consists of 100 dealers and 1000 retailers across India, giving us the edge in understanding, customising and reaching out to a large section of customers rapidly.

**People:** We consistently recruit who have the zeal to outperform and a passion to excel. Our highly motivated team of ~6000



individuals enables us to overcome challenges posted by an ever-evolving market place.

### **The company completed its ambitious expansion programme in 2008-09. It has once again undertaking the expansion plan for its denim division. How do you tend to reduce your debt burden?**

We commenced ₹6.5 bn expansion programme during 2006-07 and successfully completed the same during late 2008-09. In the process we added 1.29 lac spindles, 130 weaving machines, setting up of 21 MW power plant and modernising of process house. We funded the expansion at a debt:internal accruals of 3:1. As on 31.03.2009, our long term Debt-equity ratio stood at 2.45:1. Since the expansion was also supported by TUFs funds, the cost of fund for expansion was taken at an average 5-6% pa. We were the first movers to initiate expansion, capitalising on the expected demand trend. In the last two years, no new capacity in PV yarn has been added in the country. Moreover, the demand for PV yarns and fabrics in India has been rising faster than cotton, owing to the latter's high prices and lower production. Our expansion programme combines large scale manufacturing along with more efficient technology to ensure fewer breakdowns and better quality of output. We believe that the challenges relating to rising raw material prices and increasing competition can only be met by having a large scale manufacturing with world-class technology. Moreover, since the cost of technology is quite high, a larger scale and a better product quality would enable faster payback. The results reflect our strategy and confidence in the model. Going forward, we wish to capitalize on the increased demand and retire long term debts. During the year under review we repaid ₹320 mn debts and our debt equity ration as on 31.03.2010 stood at 2.07:1. The company will further repay long term debts of ₹567 mn in 2010-11 and ₹705 mn in 2011-12, thereby targeting a debt:equity ratio of 1.5:1 by 2012.

### **Do you think this growth can be sustained in the future?**

The demand for PV fabrics is on the rise in India. This increased demand is caused by many factors ranging from the robust economy, increased consumption, higher cotton prices and advent of organised retail. On account of higher comfort and affordability that PV fabrics offer, the growth in the segment seems sustainable. In addition, the evolving dressing sense in the country is leading to increased consumption of western wear

among men and women, which are primarily manufactured using PV fabrics and denims. Our leadership in both segments coupled with our ability to offer latest trends and millions of shades/colours provide us the confidence to sustain our growth in the coming years.

### **What is the rationale of investing into an infrastructure company?**

At Sangam, we invest a part of the accruals in securities with minimum risk profile. However, sometimes, we do invest in projects that would provide higher returns, without compromising on our risk profile. The company invested ₹78 mn in a BOT toll project for a stake of 26%. The project is owned by Keti Sangam Infra. (India) Ltd. (KSIL), a Special Purpose Vehicle promoted by Keti Construction India Limited and Sangam (India) Limited. KSIL built a 62.4 km road from Aurangabad to Wadala and has got the tolling rights for 23 years and 5 months. The project is already completed and generates an average toll revenue ₹0.8 mn per day. Therefore, we feel that such investment will support our growth going forward, without in any way diluting our risk philosophy.

### **What is Sangam India's outlook for 2010-11?**

Year 2010-11 will be the year of implementation of the expansion plan as well as increased utilisation of the expanded capacities. We have embarked upon an expansion-cum-modernisation programme, with estimated capex of ₹310 mn. Under the programme we will double the capacity of our denim division and also upgrade and modernize our power plant process house and spinning division. The expansion programme is expected to complete by December, 2010 and will translate into revenues from Q4 2010-11 onwards.

### **How does Sangam India expect to enhance shareholder value?**

We have always emphasised on ensuring better returns to our shareholders. We have been a dividend paying company consistently. Being a man-made fibre yarn and fabric company, we are confident of our growth prospects going forward, based on the increased consumption of PV fabrics owing to their finish, feel and affordability. Besides, the company is also exploring opportunities in extending its presence into garments and retail in the near future. This would not only strengthen our value proposition as a fully integrated player, but would also result in higher margins.

# Spinning a success story

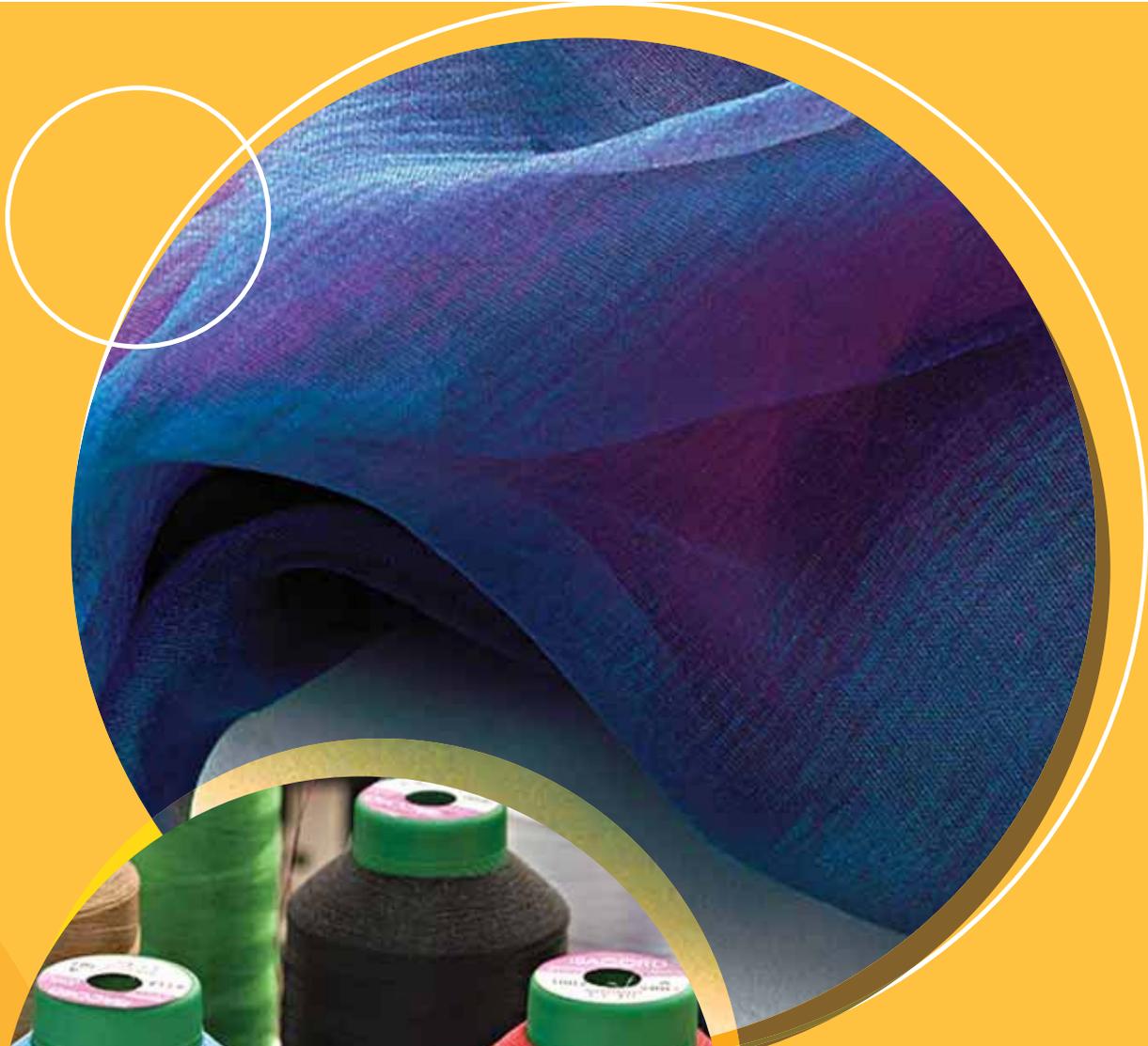
## Disposable income on the rise

- India's gross domestic product (GDP) is forecast to grow at a higher rate from FY10 onwards
- Average household income is expected to grow by 35-40% in FY14 over FY09 levels, which will increase disposable income.
- Per capita income in India is expected to grow at a CAGR of 6.5% over FY09
- Higher growth in income will be driven by accelerated growth in India's GDP expected from FY09 to FY14

## Manmade fibre to grow at a higher rate

- Manmade fibres to grow at a faster rate than cotton
- Recent volatility in cotton prices have emerged from low supply; expected to continue, leading to higher prices of cotton yarn
- MMF and blended fabrics are expected to register a CAGR of around 7% over FY09 to FY14
- Will further lead to growth in demand for spun yarn and filament yarn
- The share of MMF-based textiles in the domestic market would likely increase from 53.4% in FY09 to 56.5% in FY14

Polyester-viscose (PV) blended fabric is comparatively economical than Cotton and polywool fabric. India itself is a big market for affordable fabric considering the economic strata of the country. Presently PV yarn is used mainly for suiting and ladies wear. The demand in other uses like suiting, dress material, high end furnishings, knits and carpets etc. has started picking up.





# Creating a sustainable business model

At Sangam, we believe that a sustainable growth is achieved on a strong foundation. Having commenced our business as a fabric manufacturer, we extended our presence in yarn segment as a backward integration measure. Owing to our presence and thorough knowledge in the textiles industry, we developed our expertise across manmade fibre yarns as well as natural fibre yarns. However, the growth potential was spotted by us in the man-made fibre yarns owing to the following reasons:

1. Cotton, being an agri-commodity is highly susceptible to environmental conditions. As a result, in an year of climatic extremes, the cotton crop is likely to be affected, thereby resulting in lower supplies
2. Cotton is largely favoured in tropical countries, since it provides a comfortable feel. However, the colours and designs of a cotton garment is likely to fade faster
3. Being limited in supplies makes it less affordable.

As a result, we focused on creating yarns and fabrics from manmade fibres and create processes that can add considerable value in terms of feel, look and durability. To ensure bigger and better choices to our customers, we invested in capabilities – in terms of offering large number of shades, processes and varieties in yarns and fabrics. We expanded capacities in the wake of slowdown, resulting in faster completion of projects at comparatively lower cost. We employed a blend of experienced and promising professionals across our units. We created a strong foundation on which we are creating a second phase of growth, as we speak.

To cater to the customers across the age group, we also expanded our presence to denim fabrics. In a span of two years, we created a reputation of being a leading producer of denims in Bhilwara, Rajasthan.

The future is evolving as we speak... and at Sangam, we are creating a change, rather than waiting for the same.



# Management Discussion & Analysis

## ECONOMIC OVERVIEW

The year 2009-10 proved to be a year of global economic resurgence. The global economy, after faltering due to recession during 2008-09, witnessed an improvement, mainly because of infusion of stimulus funds by respective countries. The US recovery remains driven by fiscal and monetary stimulus and by the end of destocking, and these forces will bring GDP growth to 2.8 per cent in 2010. China and India led the recovery from the front, on account of huge domestic demand and continued thrust on infrastructure creation, further propelling demand within the core sectors.

As per the advance GDP estimates for 2009-10 released by the Central Statistical Organisation (CSO), the Indian economy is expected to grow at 7.2 per cent in 2009-10, with the industrial and the service sectors growing at 8.2 and 8.7 per cent respectively, mainly driven by: rising per-capita income, urbanisation, favorable demographics, declining household size and increasing job security. Barring any problems caused by the country's fiscal vulnerability, growth is expected to strengthen in subsequent years, as it will continue to reap the benefits of ongoing economic opening and gradual improvements in infrastructure.

## INDIAN TEXTILE SCENARIO

Indian textile industry contributes about 11 per cent to industrial production, four per cent to the country's GDP and 16.6 per cent to export earnings. Nearly 35 per cent of the textiles produced in the country are exported (Exports \$22 billion) and the textiles sector (US\$63 billion). The global textile and Apparel trade (a US \$600 billion market in 2009) is expected to touch US \$800 billion by 2014. High labour cost in the developed countries is driving out the textile and clothing business to low cost Asian countries such as India and China. Improving fundamentals, timely expansion from time to time, consistent modernization and the revival of the textile industry give strong visibility to revenue & Profitability going forward.

Within the textile industry, man-made- fiber (MMF) market is expected to grow at a CAGR of 7 per cent for the period between FY09 to FY14. Meanwhile, the overall demand for textiles is expected to grow at 5.8 per cent from FY09 to FY14. The share of MMF in fabrics will grow from 45 per cent in FY09 to 49 per cent in FY14, as MMF demand is expected to grow at 7 per cent CAGR during the period. Competitiveness of MMF price is set to improve vis-à-vis cotton, which will drive the growth in demand for polyester. Further, rising income levels will drive demand for the domestic textile industry. As the economy grows, increased consumer spending will drive growth in the apparel and non-apparel segments of the domestic textile market.

India's average household income is expected to grow by 35- 40 per cent in FY14 over FY09 levels, which will increase disposable income. The per capita income in India is expected to grow at a CAGR of 6.5 per cent over FY09 to FY14 as compared to 7 per cent over FY04 to FY09. Higher growth in income will be driven by accelerated growth in India's GDP expected from FY09 to FY14. Although the share of per capita expenditure on clothing is decreasing with an increase in spending on items such as communication and food services, absolute expenditure on textiles is expected to grow, which will translate into demand for textiles.

Man-made fiber (MMF) chain to grow at a higher rate than the cotton chain. CRISIL Research expects the MMF chain, with its stronger support from domestic demand, to continue to grow at a higher rate than the cotton chain. MMF and blended fabrics are expected to register a CAGR of around 7 per cent over FY09 to FY14. This will lead to growth in demand for spun yarn and filament yarn. The share of MMF-based (other spun yarn and PFY) textiles in the domestic market would likely increase from 53.4 per cent in FY09 to 56.5 per cent in FY14.

The price competitiveness of PV (PV is very similar to cotton in terms of characteristics) to improve vis-à-vis cotton, and consequently increase the demand for the former. While prices of polyester would decline due to the decreasing feedstock prices, cotton prices would continue to remain firm due to a higher minimum support price (MSP). Meanwhile, the domestic garment market will drive the demand in the fragmented blended fabrics market. It is expected that the demand for blended fabric to increase at a CAGR of 5-6 per cent from FY09 to FY12, with domestic consumption (shirting and suiting) largely driving it. Growing preference for apparels made from blended fabric rather than pure cotton will support the growth. A global and domestic economic slowdown caused demand for blended fabric to decline by about 2 per cent in FY09. It is expected that the demand to recover and grow at 5-6 per cent over the medium term. The fabric production sector in India is highly unorganised, with the power loom sector accounting for a large share of the market. In the blended fabrics segment, share of the mill sector is only around 6%, while that of the power loom sector is over 70%. As a result, organised blended fabric players have chosen to focus on premium products like blended suiting materials, which are close substitutes for worsted fabrics.

However, the PV industry is poised to grow over the next two-three years as most of the large players have completed their capex cycle during the FY06-08 period. Concurrently, the industry slowed down during FY08-09 because of the global recession; hence, the capacity is currently underutilized. Further, decline in PSF prices coupled with firm cotton prices should push up the demand for MMF (including PV) yarn.



## COMPANY OVERVIEW

Sangam (India) Ltd (SIL) with state of the art facilities to produce synthetic and blended dyed/grey spun yarn, cotton yarn and fabrics (synthetics blended, denim, knitted and flock fabrics). The company also has modern facilities for fabric processing. It has a strong presence in the domestic dyed yarn and fabric market and is one of the market leaders for dyed yarns.

### Manufacturing capacity

Particulars	FY08	FY09	FY10
Installed Capacity (in spindles) at Biliya	96864	96864	96864
Installed Capacity (in spindles) at Sareri	80256	97056	97056
Fibre Dying capacity (In per cent of finished Production)	100 per cent	100 per cent	100 per cent
Installed Capacity Rotors at Sareri	-	1684	1944
Installed Capacity (in nos looms) at atun	257	257	257
Power Plant (in MW) at Biliya	16	16	16
Power Plant (in MW) at Sareri	-	15	15
Wind mill (in MW) at Jaisalmer	5	5	5
Processing division	30ml meter p.a	30 ml m.t. p.a.	30 ml m.t. p.a.
Flock fabrics	2 line 4 ml mts p.a	2 line 4 ml mts p.a	2 line 4 ml mts p.a

### Financial performance

For the year ended March 31, 2010, the company posted a 14 per cent rise in net sales at ₹8.52 bn compared to ₹7.48 bn in 2008-09. The company has posted net profit of ₹171 mn during 2009-10, against a net loss of 160 mn in 2008-09. Despite of challenging market scenario and volatile movement of currency, the company has seen a significant improvement in its EBIDTA margins by 445 bps to 15.02 per cent in 2009-10, as compared to 10.57 per cent in 2008-09.

## YARN DIVISION

- Locations: Biliya, Rajasthan and Sareri, Rajasthan
- Products: PV Yarn, PV-dyed yarn and cotton yarn

- Capacities: 96864 spindles at Biliya and 97056 spindles and 1944 rotors at Sareri
- Contributes 68 per cent to the company's total revenue.

### Rationale for presence

The company commenced business as a fabric manufacturer. As a backward integration measure, the company forayed into yarn manufacturing. Today, the company is one amongst the largest players in the Indian PV yarn market, commanding a share of ~25%, and is the largest producer of blended dyed yarn in the country in a single location. Besides, it is a market leader in certain counts (2/15s count and 2/18s) where it is a price setter.

### Performance

The company's total yarn production increased by 12.3 per cent, from 41430 tonnes in 2008-09 to 46554 tonnes in 2009-10. The PV yarns (including dyed) accounted for 80 per cent of the total yarn production in 2009-10 as against 85 per cent in 2008-09. The production of manmade fibre yarns increased by 10.5 per cent, from 35368 tonnes in 2008-09 to 37126 tonnes in 2009-10. Cotton yarns accounted for 20 per cent of the company's total production in 2009-10 as against 15 per cent in 2008-09. Its total production increased by 55 per cent, from 6062 tonnes in 2008-09 to 9428 tonnes in 2009-10.

The segmental revenues increased by 16 per cent, from ₹5 bn in 2008-09 to ₹5.8 bn in 2009-10, on account of strong domestic as well as exports growth.

### Strengths

#### Product range

The company's ability to produce a wide range of PV yarns across counts has enabled it to emerge as a preferred supplier to the top textile companies across the world. The company produces 6-50 counts of yarns. In addition, its product range also offers single ply, double ply, grindle, roving grindle, core spun, slub and other fancy yarns. The company's strength also lies in its ability to provide virtually any colour shade. It has a colour shade bank of more than 5000 shades. The company's product range has transformed it into a one-stop shop for its clients. Besides the regular varieties, the company has also partnered various brands in introducing new varieties of man-made fibres, thereby adding considerable value the products.

### Quality

Quality in yarn ultimately transcends to the quality of the fabric. As a result, the colour, the counts and the smoothness – all are key factors in deciding the quality of yarn. The company has employed the latest technology across its units to ensure production of superior quality yarns.



## MANAGEMENT DISCUSSION & ANALYSIS

The company caters to a highly quality conscious clientele – both domestic as well as international. The company controls the product quality by a two-way approach – one, by ensuring the production process is monitored by qualified quality personnel and two, by employing better grades of raw materials coupled with latest production technology, backed by efficient tests in the labs of the unit.

The company procures quality raw materials from the best companies to ensure lower process losses and longer fibres. The company's units are equipped with world-class and advanced quality testing equipment like evenness tester, hairyness tester and uster tester – all of them ensure that the yarn produced is free of neps and other faults like low strength, colour-fading, low fire strength, unevenness in colour, etc. Owing to its ability to offer consistent quality even in large bulks, the company's yarns command a premium at key markets, reinstating its quality conscious image.

The company's quality control team consists of 80 members, thereby enabling stricter checks at all the critical points. Moreover, the company also imparts active training to its employees, making them more quality conscious and thereby ensuring better products. The company's units are ISO 9001:2000 certified too.

### Research and development

The company has evolved from a product manufacturer into a solutions provider in yarns, owing to its world-class product knowledge and its ability to keep pace with the latest trends in the demand and the industry. Textiles industry is highly dynamic where a constant need of comfort, affordability and durability keeps on evolving. Therefore, the product cycles are short and replacement cycle is shorter. The company's units have their research teams that enable the development of new as well as value-added products to suit the end use of the customers. The company's strength also lies in its ability to provide an array of colour shades, making it one of the largest and specialized player in the country.

The company's units are equipped with world-class labs, housing all the advanced equipment and qualified professionals, ensuring faster turnaround of new products.

### Technology

The company's yarn production capacity is spread across its two units. The company is one of the largest spinners in the country for man-made fibre yarns. About 75 per cent of the total gross block of the yarn division has an average age of below five years. The latest machineries ensure better capacity utilisation, greater flexibility, better quality and lower downtime, leading to greater efficiencies and lower production costs, thereby cushioning the margins. New technology is a more of a necessity for the company than a comfort, due to its ability to constantly innovate newer products with newer fibres.

### Raw material management

The company produces yarns customized to the needs of its clients. The procurement process at Sangam is initiated with the proper production planning based on the expected delivery schedules for the month for all the units of the company. The company procures polyester from Reliance Industries Limited. It procures viscose from Grasim Industries' unit at Nagda, about 260 kms from the company's units. As a practice, the company's units also keep a stock of about 1.5 months of consumption of critical varieties of fibre.

### Cost control

The company produces yarns that are used in 'affordable' fabrics and garments. As a result, being economical is not only a business sense but also a necessity for the company. The company has a real-time cost control system. The company has taken various measures, which has resulted in increase in plant utilization, reduction in waste, increase in speeds and efficiency of machines, rationalization of labour force, and optimization of energy use etc. over the period of years and has helped it to remain competitive.

### Marketing and selling

The company's units are located at Bhilwara, Rajasthan which is a hub of fabrics and garments in India. The proximity to the key market enables the company to sell more than 60 per cent of the yarn produced in an area within 20 km radius of the units. Besides, the company also exports its yarns in countries like Turkey, Egypt, etc.

The total domestic sales for yarn accounted for ₹4.48 bn. for 2009-10. The majority of the company's sales were derived from the northern India, accounting for a share of 60 per cent. The company started to focus on exports of yarns 8 years ago. In the period under review, the total divisional revenue stood at ₹1.32 bn. Exports formed 23 per cent of the total divisional revenue in 2009-10. The company has exported yarns to 34 countries globally since inception.

### FABRICS & PROCESSING DIVISION

- Location: Atun, Rajasthan
- Products: woven and processed fabrics
- Capacity: Woven fabrics – 25 mn metres p.a. and Processed fabrics – 30 mn metres p.a.
- Contributed 20 per cent to the total revenues of the company.

### Rationale for presence

The company traditionally commenced its business as a yarn manufacturer. The company mainly produces blended fabrics as it has more demand on account of greater affordability and lower maintenance as compared to cotton. The company's fabrics are mostly used in suitings and trousers.

### Performance

The company's total finish fabrics production stood at 20.5 mn metres. The



woven fabrics accounted for 18 per cent of the total sales 2009-10, . The production of processed fabrics stood at 28.17 mn mtrs including job of 7.67 mn mtrs in 2009-10.

The segmental revenues increased by 5.5 per cent, from ₹1.63 bn in 2008-09 to ₹1.72 bn in 2009-10, on account of strong domestic growth.

### Strengths

#### Product range

The company has emerged as a preferred supplier of fabrics on account of its colours, blends, textures and finishes. The company manufactures woven fabrics which are mainly used for suiting and trousers. The company's strength to offer a vast product range stems from its ability to blend various yarns to ensure the right texture, style and above all, the right value-for-money products to its clients. The company's fabrics are manufactured as per the quality requirements of its clients or with reference to the current trends. The company has computerized design ability in its machines, enabling wider range of design executed with precision, ensuring wider choices and lower wastage.

#### Quality

Quality is of paramount importance for the company's products. The company has been a renowned producer of quality fabrics. Quality resembles the comfort, the look and the feel of the fabric. Therefore, the company has employed strict quality checks through its quality control department. Major tests are colour fastness test, light fastness test, rubbing fastness test, pilling test, residual shrinkage test, checking of cloth construction parameters and above all, the comparison of the finished fabric with the customer's specifications.

#### Research and development

The function of R&D department in fabrics division is to produce comfortable fabrics, wearable, affordable and yet attractive to the prospective customers. The finishing or processing plays an important part in ensuring a better product. The company has a fully equipped lab to ensure frequent product variations and introductions, competently manned by well-qualified and experienced personnel

#### Technology

The company employs the best of its class machineries to ensure efficient and better quality of finished products.

#### Weaving:

- New age airjet loom machine (Toyota and Tsudakoma, Japan)
- Sulzer weaving machine
- Warping making from Prashant Gamatex

#### Processing:

- Equipped with latest KD/TMT Machine for permanent finish.
- Equipped with relax scouring machine.
- Equipped with Rotary press and Zero-Zero machine.
- Latest processing facilities for quality denim fabric

- In-house colour-matching system equipped with latest softwares
- An experienced team of 30 designers

#### Raw material management

Each unit is a profit centre and therefore the inter-unit sales when made, is made on the market prices. The company has instituted its procurement process to ensure better quality of raw materials like polyester yarns, viscose yarn, cotton yarn and blended yarns. The fabric division largely acquires its raw materials from its sister-units, unless it gets better price coupled with the same quality from other manufacturers. The unit being situated in Bhilwada is proximate to its major raw material sources, ensuring uninterrupted supply at competitive prices.

#### Marketing and selling

The company's fabrics division accounted from 20 per cent of the company's total revenue for 2009-10. Out of the same, woven fabrics accounted for 18 per cent, while the processing activity 2 per cent. The company largely sells its fabrics to the big garment companies, for suiting and trousers. The company also has a retail presence, supplying its fabrics to over 100 dealers and 1000 retail shops under its brands 'Sangam' and 'Anmol'. The total domestic sales accounted for ₹880 mn during 2009-10. Exports accounted for 40 per cent of the total divisional revenue amounting to ₹620 mn. With increased capacities, the company would aim for higher exports in the coming years.

#### DENIM DIVISION

- Unit: Saleri, Rajasthan
- Products: denim fabric
- Capacity: 8 mn mtrs
- Contributed 7 per cent to the total revenues of the company.

The company has ventured into denim fabric because of increasing demand for the fabric. The company has floated an expansion programme for ₹180 mn for expanding denim capacity to 16 mn mtrs from existing 8 mn mtrs by 2012.

#### HOME FURNISHING DIVISION (FLOCK DIVISION)

- Unit: Saleri, Rajasthan
- Product: Thermal curtain and Velore fabrics
- Capacity: 4 mn mtrs
- Contributing 3.5 per cent of revenue

The Company has ventured in home furnishing in 1999 with British technology and establish two line of home furnishing with annual capacity of 4 mn mtrs. In a short span, it has established a good reputation in pile base home furnishing market. It sells home furnishing fabrics under umbrella of Laurel brand. For year 2009-10 Company produced 3.78 ml mtrs of flock fabrics against 3.46 mn mtrs of corresponding year revenue has increase by 12.6 per cent to ₹305.6 mn against ₹271.3 mn in 2008-09. This division is equipped with the best of British technology and produces technical textile fabrics like, fire retardant, mosquito repellent, bacteria free, wrinkle free, water repellent, speciality curtains like one pass, two pass, black out, etc.



## MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

### SWOT analysis of the company

#### Strengths

- Integrated textiles manufacturer with a presence across the product value chain
- Cost competitive on account of economies of scale
- Proximity to the raw material centres as well as consumption centres
- The largest manufacturer of PV dyed yarn in India with ~25 per cent market share
- Strong R&D focus supporting new design introduction and product innovation
- About 75 per cent of the gross block less than five years old.
- Successful record in the timely and low cost implementation of expansion and modernization projects.
- Large and reputed customer brands within India and abroad.
- Production flexibility for smaller to bigger size of lot from 600 kg to 100 mt size
- Coal linkage for major coal requirement
- Modern technology machines with an average age of gross block is less than 7 years

#### Weaknesses

- No presence in garments
- Lack of branding and small penetration in fabrics & home textile segment
- Major raw materials – polyester and viscose fibres depend on oil prices and are volatile

#### Opportunities

- Affordability and durability of PV-fabrics opens a huge potential market for the company
- Volatility in cotton prices is creating huge demand for PV fabrics
- The great Indian retail revolution fuelling the demand in new customer segments
- Growing fashion consciousness will widen the market for the company's products
- To move in to technical textile market
- Partnering opportunities with foreign brand for garmenting

#### Threats

- High debt equity ratio
- Fluctuation in forex market affect export demand
- Availability of cost effective labour due to NREGA
- Power cost is vulnerable to fluctuating coal price

#### Human Resources

The Company recognizes that its employees are its principal assets and that its continued growth is dependent upon the ability to attract and retain quality people. The Company has established a full-fledged Human Resources Department, which is entrusted with the responsibility of retaining and developing the skills of all its employees. The Company employed more than 6000 people as on 31.03.2010. The Company also recognises the importance of providing training and development opportunities to its people to enhance their skills and experiences, which in turn enables the Company to achieve its business objectives. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

#### 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.

#### 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 an Internal Audit Team and has also appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.





## Directors' Report

Dear Shareholders,

The Board of Directors present the Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended 31st March, 2010.

### Financial Results

	(Rs. In Crores)	
	This Year	Previous Year
Net Turnover	852.25	748.27
Profit before Tax & Depreciation	89.61	26.99
Depreciation	63.07	59.05
Provision for Doubtful Debts/Advances	0.30	0.10
Profit before Tax	26.24	(32.16)
Tax Expense - Current Tax (including FBT)	0.03	0.18
- Deferred Tax	9.05	(16.36)
Profit after Tax	17.15	(15.98)
Brought forward Profit	34.45	50.43
Proposed Dividend	3.94	-
Tax on Dividend	0.65	-
Transfer to General Reserve	10.00	-
Carried to Balance Sheet	37.01	34.45

### Operational Results

Your company's performance has vastly improved during the financial year. Turnover was higher from Rs. 748.27 Crores to Rs. 852.25 Crores, Net Profit is higher at Rs. 17.15 Crore in comparison of last year loss of Rs. 15.98 Crore. The exports have increased from Rs. 174.67 Crores to Rs. 189.65 Crores on FOB vaule 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 2009-2010 aggregating to Rs. 3.94 Crores 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 Modernisation

The company is executing a Capex plan of Rs. 30.70 Crores in which the denim fabric capacity is being doubled apart from modernization of process house, balancing of spinning and installation of Air Cooled Condenser in 10 MW Captive Thermal Plant. This Capex is being funded through term loan of Rs. 23.00 Crores from IDBI Bank Ltd. and balance from internal accruals.

### 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 R.P.Soni, Director of the Company retire by rotation and being eligible offer themselves 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 2009-10 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 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 31st March, 2010, 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, 2010 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 31st March, 2010 on a 'going concern' basis.

### 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**

Place : Bhilwara  
Date : May 27, 2010

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



## 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 director's report for the year ended 31st March, 2010

Sl. No	Name	Designation & nature of duties	Remuneration Received (Rs. 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 RS. 24,00,000 P.A.								
1.	Shri S. N. Modani	Managing Director	61.19	M.Sc., MBA	46	21	01.03.91	Manglam Cement Ltd.

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

## 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 2010.**

### CONSERVATION OF ENERGY

#### (A) Energy Conservation measures taken

1. Installation of Energy Efficient Bearing work is going on (at present all sizes are not available on OEM) which will reduce 20-30% of friction losses in the Bearing.
2. Installation of Invertor on Carding for Doffer to reduce the friction loss.
3. Changed the air compressor line for energy efficiency.
4. Smaller size and energy efficient rings and spindles have been used in Ring Frames instead of bigger size rings and spindles.
5. Provided invertors in the suction fans of Auto Coner Winding Machines.
6. Provided Small Dia Energy Efficient Fan in the Machine wherever low current is required.
7. Installation of Servo/Constant Voltage Stabilizer for lighting load after assembling all wiring at Central location.
8. Installation of Energy Efficient Motor (EFF - 1) in TFO and other useful places like Fans, Humidification etc.
9. 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.
10. Used High Temperature and high-speed grease (Synthox-HT) to reduce the overhauling consumption and reduce the bearing consumption also.
11. 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.
12. Redesigned 33 KV substation for reduction of losses.

#### (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</b>	<b>POWER &amp; FUEL CONSUMPTION</b>		
<b>1</b>	<b>ELECTRICITY</b>		
(a)	Purchased		
	Units(Kwh)	72336067	45314787
	Total Amount(Rs.)	326384859	205175062
	Rate/Unit(Rs.)	4.51	4.53
(b)	<b>Own Generation:</b>		
(i)	Through Generators - Units	6962105	8967687
	Unit Per Litre of Fuel(Unit/Litres)	3.68	3.84
	Rate/Unit(Rs.)	6.13	5.51
(ii)	Through Thermal Power - Units	142097649	144644210
	Unit Per Kg of Coal	0.79	0.70
	(For Cogeneration of steam & power)		
	Cost Per Unit(Rs.)	3.98	3.99
<b>2</b>	<b>COAL</b>		
(a)	Coal (For Thermal Power)		
	Quantity(M.T.)	179879	207302
	Total Amount (Rs.)	565110988	577137989
	Average Rate/M.T.(Rs.)	3142	2784
(b)	Coal (For Steam Generation)		
	Quantity(M.T.)	10936	18447
	Total Amount (Rs.)	59477693	72060503
	Average Rate/M.T.(Rs.)	5439	3906
<b>3</b>	<b>FURNACE OIL</b>		
	Quantity(Litres)	1675380	2097408
	Total Amount(Rs.)	35833680	41279879
	Average Rate(Rs.)	21.39	19.68
<b>4</b>	<b>DIESEL</b>		
	Quantity (Litres)	216581	240062
	Total Amount(Rs.)	6847334	8100100
	Average Rate (Rs.)	31.62	33.74
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
(a)	<b>Electricity Units :</b>		
	Per kg of yarn	3.74	3.74
	Per meter of fabric	0.72	0.68
	Per kg of textile flock	0.77	0.87
	Per meter of flock fabric	0.51	0.54
	Per meter (job processing)	0.19	0.15
(b)	<b>Coal :</b>		
	Per kgs of textile flock	1.10	1.97
	Per meter of flock fabric	0.30	0.42
	Per meter (job processing)	0.32	0.59



## FORM "B"

### 1. RESEARCH AND DEVELOPMENT (R&D)

- I) The research & development is carried out for new shades. The company has developed more than 500 new shades in Domestic/ Export market and well accepted by the customers.
- II) The Company has adopted new ISO version i.e. IS/ISO 9001:2000, in which stress on continuous development in product and increase productivity is given.
- III) The company has equipped its quality control department by a new generation uster tester PT7000, which enable to predict the source of faults, which facilitated to improve the quality of product. The company has a full range of testing equipments including hairiness tester and uster classimat.
- IV) The company concentrated on computer system for the development of new designs of fabrics as per customer's specification.

#### Benefits derived as results of above R&D

The Company has been continuously improving the quality of the product to meet out customer's satisfaction and also been able to increase productivity along with the product range. Management is committed to install latest equipments to strengthen R&D activities.

Further Plan of action

Expenditure on R&D (Capital)

-

Expenditure on R&D (Recurring)

Rs.50 lacs

%age of turn over

0.06%

### 2. TECHNOLOGY ABSORPTION

N.A.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company exported P/V Yarn & Fabrics to various overseas customers in U.K., Italy, Belgium, Turkey, Indonesia, Nepal, Spain, Jordan, Egypt, Switzerland, Singapore, Poland, Nigeria, U.A.E., Syria, Ghana, South Africa, Iran, Korea and other countries. The company has given more stress on export of its product by improving its quality.

	<i>Rs.in Lacs</i>	
	<b>2009-10</b>	<b>2008-09</b>
a) Total Foreign Exchange used	1765.44	1461.81
b) Earning in Foreign Exchange	18964.80	17467.04

By Order of the Board of Directors

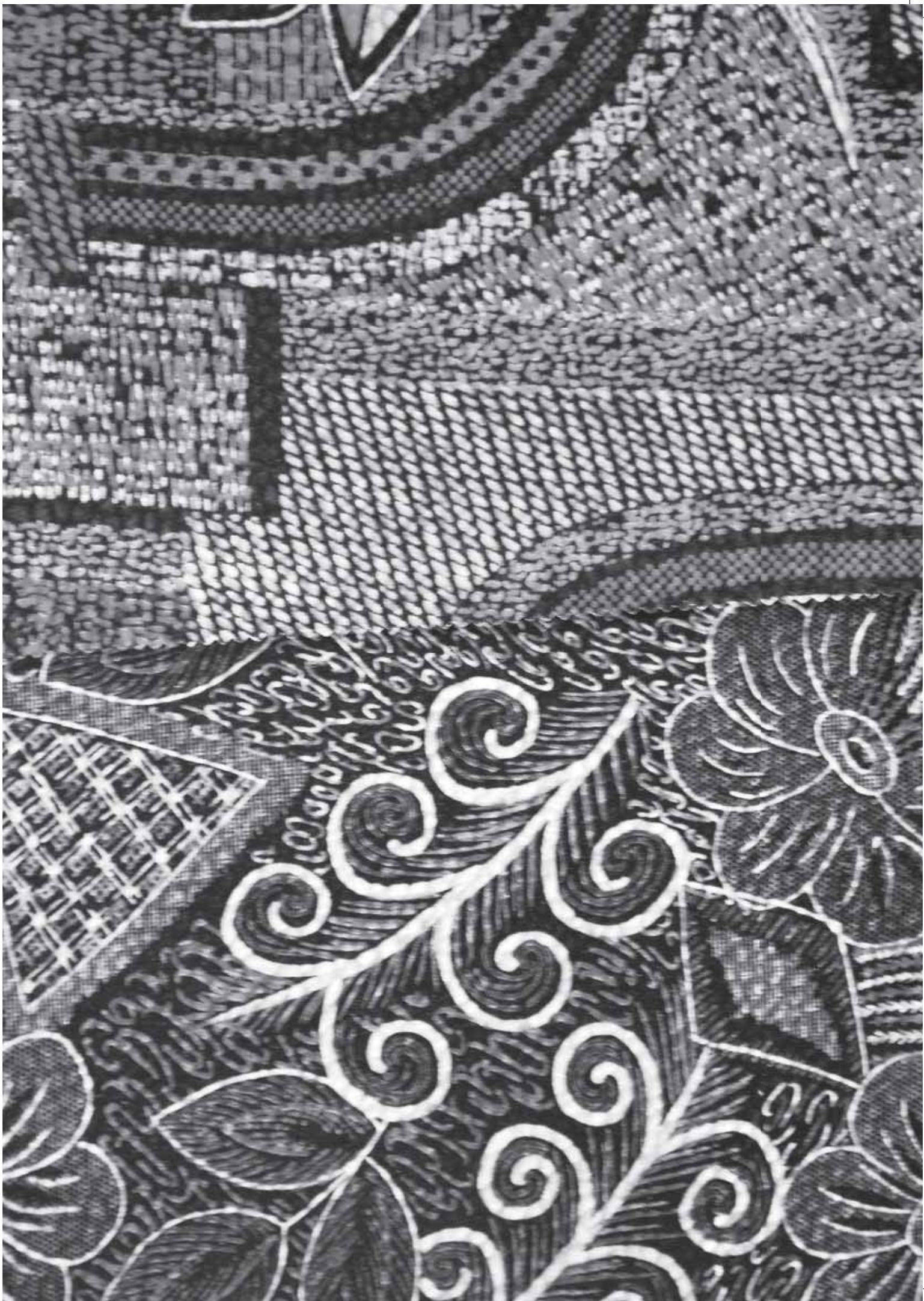
For **Sangam (India) Limited**

Place : Bhilwara

Date : May 27, 2010

**(R.P. Soni)**

Chairman



# Report on Corporate Governance



## 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

a. 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 including 1 Nominee Director of Financial Institution. Composition of the Board of Directors of the Company as on 31st March 2010 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	11	-
	Non Executive		
	Director/Chairman		
Shri SN Modani	Promoters	1	-
	Executive/Managing Director		
Shri VK Sodani	Promoter	2	-
	Executive Director		
Shri Ramavatar Jaju	Independent Non Executive	6	-
Shri A Karati	Independent Non Executive	7	3
Shri Sunay Mathure	Independent Non Executive	5	-

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 2009-10 on 28.05.2009, 31.07.2009, 28.10.2009 and on 30.01.2010.

-The last Annual General Meeting was held on 30th September 2009.

Sl. No.	Name of the Director	No. of Board Meetings attended	Whether attended Last AGM
1	Shri RP Soni	Three	Yes
2	Shri SN Modani	Three	Yes
3	Shri VK Sodani	All	Yes
4	Shri Ramavatar Jaju	All	No
5	Shri A Karati	All	No
6	Shri Sunay Mathure	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 Ramavatar Jaju, an Independent Director and all members have adequate financial knowledge.



### c. Composition

The composition of the Audit Committee as on 31st March, 2010 is as follows:

Shri Ram Avatar 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 2009-10 on 28.05.2009, 31.07.2009, 28.10.2009 and on 30.01.2010

#### Attendance

Name of the Director	No. of meetings attended
Shri RP Soni	Three
Shri Ram Avatar Jaju	All
Shri A Karati	All

- Mr. Anil Jain, Jt. President (Finance) & Company Secretary is the Secretary to the Committee.
- Mr. GC Jain, President attended all the meetings of the Committee as invitee to represent the finance function. Mr. 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 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: -

Sr. No.	Name of Directors	Designation
1.	Shri Ram Avatar Jaju	Chairman
2.	Shri Achintya Karati	Member
3.	Shri R.P.Soni	Member

There was one meeting held of Remuneration Committee as on 31.07.2009. 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 Rs. 10,000/- 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 2009-10 are as under:

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

S. No.	Name of the Directors	Sitting fees paid (in Rs)
1	Shri Ramavatar Jaju	120000.00
2	Shri Achintya Karati	120000.00
3	Shri R.P.Soni	90000.00
4	Shri Sunay Mathure	40000.00
	<b>Total</b>	<b>370000.00</b>

#### b. Managing/Whole time Director -

Details	Managing Director Shri SN Modani* (Rs. in Lacs)	Executive Director Shri VK Sodani \$ (Rs. in Lacs)
Salary	21.78	11.04
Other Perquisites	11.69	5.63
Total	33.47	16.67

\* 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 Ramavatar 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, 1 complaint letters were received from investor through SEBI - the regulatory authorities - and were satisfactorily resolved. During the year, 3 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 2010 at present.
- The Board had authorized Mr. 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, 2010 there were no requests pending for transfer of shares.

## 8. GENERAL BODY MEETINGS

Details of location and time of holding the last three Annual General Meetings

Year	Location	Date & Time
21st AGM- 2007	Opp. Hr. Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Raj.)	29.09.2007 at 4.00 P.M.
22nd AGM-2008	Opp. Hr. Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Raj.)	30.09.2008 at 4.00 P.M.
23rd AGM-2009	Opp. Hr. Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001 (Raj.)	30.09.2009 at 4.00 P.M.

## 9. DISCLOSURES

There have been no materially significant related party transactions with the Company's Promoters, Directors, Management, Subscribers or relatives, which may have potential conflict with the interests of the Company at large except as given in Note No. 12 of notes to accounts under heading related party disclosure.

The company has complied with the requirement of regulatory authorities on capital markets. There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the stock exchange or SEBI or any other statutory authority on such matters, for the last three years.

## 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 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.	24th Annual General Meeting	
	- Date and Time	30.09.2010, 4.00 p.m.
	- Venue	Opp. Hr. Sec. School, Industrial Estate, Pur Road Bhilwara-311001 (Raj)
b.	Financial Calendar	
	- Unaudited results for the quarter ending June 2010	July 2010
	- Un-audited results for the quarter/half year ending September 2010	October 2010
	- Un-audited results for the quarter ending December 2010	January 2011
	- Audited results for the year ending March 31, 2011	May 2011
c.	Book closure date	20.09.2010 to 30.09.2010 (both days inclusive)
d.	Dividend payment date	Within 7 days of AGM (subject to AGM approval)
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 high and low prices recorded on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. is as under:

Month	The Stock Exchange Mumbai (BSE)				National Stock Exchange (NSE)			
	Share Price (Rs.)		Sensex		Stock Price (Rs.)		S&P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
April 2009	17.44	10.50	11,492.10	9,546.29	16.70	10.20	3484.15	3060.35
May 2009	23.15	14.37	14,930.54	11,621.30	22.85	14.50	4448.95	3554.60
June 2009	27.10	19.00	15,600.30	14,016.95	26.50	19.10	4655.25	4235.25
July 2009	24.50	17.00	15,732.81	13,219.99	24.60	17.00	4636.45	3974.05
August 2009	29.15	23.00	16,002.46	14,684.45	29.00	22.65	4732.35	4387.90
September 2009	31.25	24.00	17,142.52	15,356.72	31.40	24.00	5083.95	4593.55
October 2009	31.70	24.50	17,493.17	15,805.20	31.45	23.00	5142.15	4711.70
November 2009	28.00	24.20	17,290.48	15,330.56	28.60	23.50	5108.15	4563.90
December 2009	39.00	26.00	17,530.94	16,577.78	40.10	26.00	5201.05	4952.60
January 2010	37.50	30.55	17,790.33	15,982.08	37.90	31.15	5281.80	4853.10
February 2010	32.95	27.00	16,669.25	15,651.99	33.20	26.10	4931.85	4718.65
March 2010	32.10	27.35	17,793.01	16,438.45	32.00	27.50	5302.85	5017.00

#### 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, 2010

Category	Shareholders		Shareholding	
	Number	%age	Number of Shares	%age
Up to 500	10637	84.22	1787031	4.53
501-1000	1054	8.35	867586	2.20
1001-2000	465	3.68	703741	1.79
2001-3000	155	1.23	395577	1.00
3001-4000	70	0.55	244444	0.62
4001-5000	49	0.39	230999	0.59
5001- 10,000	89	0.70	640180	1.62
10,001 and above	111	0.88	3452001	87.65
<b>Total</b>	<b>12630</b>	<b>100.00</b>	<b>39421559</b>	<b>100.00</b>

#### (ii) Pattern of Share holding as on March 31, 2010

Category	No. of Shares held	% of Shareholding
<b>PROMOTERS HOLDING</b>		
(a) Indian Promoters	3169433	8.04
(b) Persons acting in Concerts	11035445	27.99
<b>OTHERS</b>		
Mutual Funds and UTI	-	-
Banks, Financial Institution, Insurance Companies (Central/ State Govt. Institutions/Non Govt. Institutions	2066444	5.24
Foreign Institutional Investors (FIIs)	2865590	7.27
Private Corporate Bodies	7736017	19.62
Indian Public	5872954	14.90
NRI's / OCBs	444024	1.13
Trust	6209729	15.75
Clearing Members	21923	0.06
<b>Total</b>	<b>39421559</b>	<b>100.00</b>

#### 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 99.05% of the shares holdings have already been dematerialized.

Shares of the Company are actively traded in Mumbai and National Stock Exchange and have reasonably good liquidity.

**I. 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, Flock and Processing Unit** 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: bigs@bigshareonline.com  
Tel No's. : 022-28473747 / 3474, Fax No. 022-28475207

**n. Address for Correspondence**

or 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, 2010.

Place : Bhilwara  
Dated : May 27, 2010

**S.N. Modani**  
Managing Director



## AUDITORS' REPORT ON CORPORATE GOVERNANCE

To  
The Members of  
**Sangam (India) Limited**  
Pur Road, Bhilwara-311 001

We have examined the compliance of conditions of corporate governance by Sangam (India) Limited, for year ended 31 March 2010 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  
(Regn. No. 104502W)

**(R.L. Kabra)**  
Partner  
M. Ship No. 016216

Camp : Bhilwara  
Date : May 27, 2010

For **B.L.Chordia & Company**  
Chartered Accountants  
(Regn. No. 000294C)

**(B.L.Chordia)**  
Partner  
M. Ship No. 010882

Place : Bhilwara  
Date : May 27, 2010

# **FINANCIAL STATEMENT**



To The Members,

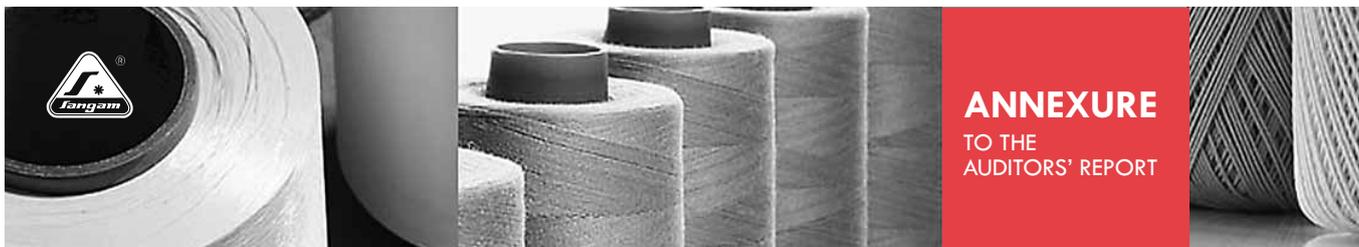
- 1) We have audited the attached Balance Sheet of SANGAM (INDIA) LIMITED as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility 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 Profit and Loss Account 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, Profit and Loss Account 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2010 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 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, 2010;
    - ii) In the case of Profit and Loss Account, 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 27, 2010

**For B. L. Chordia & Co.**  
Chartered Accountants  
(Registration No.000294C)

**(B. L. Chordia)**  
Partner  
M.Ship No. 010882  
Place: Bhilwara  
Date : May 27, 2010



(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, 2010.

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) 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.
  - e. 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. The number of parties are four and the outstanding amount at the end of the year is Rs.2180.60 lacs (maximum outstanding during the year was Rs. 4835.85 lacs), which is payable on demand.
- f. The interest free loans taken are not prejudicial to the interests of 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,



**ANNEXURE**  
TO THE  
AUDITORS' REPORT  
(Contd.)

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, 2010 for a period of more than 6 months from the date they became due.
- 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 (Rs. in Lacs)	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise Duty	3.89	CESTAT
2.	Income Tax Act, 1961	Income tax	21.00	Commissioner of Income Tax (Appeals)

- (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 27, 2010

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

Chartered Accountants  
(Registration No.000294C)

(B. L. Chordia)  
Partner  
M.Ship No. 010882  
Place: Bhilwara  
Date : May 27, 2010



Particulars	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCE OF FUNDS</b>			
Share Capital	1	39,42,15,590	39,42,15,590
Reserves & Surplus	2	150,44,33,006	137,88,77,236
<b>Loan Funds</b>			
Secured Loans	3	670,78,58,748	666,16,61,029
Unsecured Loans	4	21,80,60,000	26,64,25,022
Deferred Tax Liability (Net)		34,39,05,932	25,33,73,932
		<b>916,84,73,276</b>	<b>895,45,52,809</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	891,42,31,540	876,87,58,974
Less: Depreciation		327,01,41,618	265,81,16,530
<b>Net Block</b>		<b>564,40,89,922</b>	<b>611,06,42,444</b>
Capital Work in Progress		12,57,41,288	5,30,07,794
Investments	6	7,84,74,000	6,04,14,000
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	177,00,16,238	142,86,52,677
Sundry Debtors	8	130,56,01,515	118,59,44,813
Cash & Bank Balance	9	6,91,64,897	8,44,81,273
Loans And Advances	10	68,93,45,203	53,40,38,275
		<b>383,41,27,853</b>	<b>323,31,17,038</b>
Less: Current Liabilities & Provisions			
Current Liabilities	11	46,79,90,800	50,84,88,652
Provisions	12	4,59,68,987	-
		<b>51,39,59,787</b>	<b>50,84,88,652</b>
<b>Net Current Assets</b>		<b>332,01,68,066</b>	<b>272,46,28,386</b>
Miscellaneous Expenditure	13	-	58,60,185
(To The extent not w/off or adjusted)			
		<b>916,84,73,276</b>	<b>895,45,52,809</b>
<b>Notes to Accounts</b>	<b>20</b>		

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 27,2010

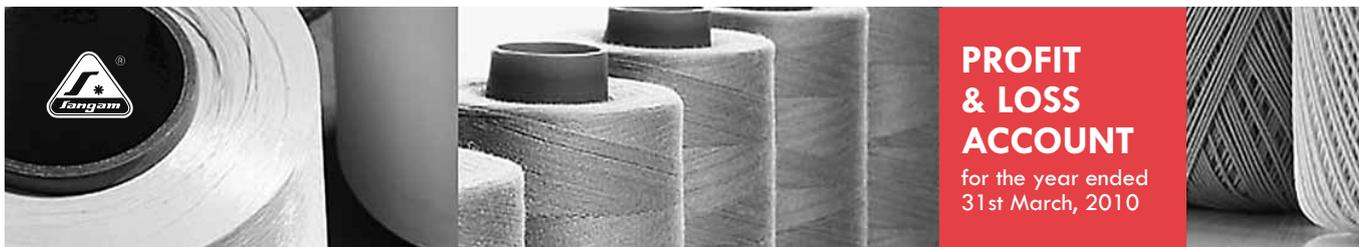
For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
(B.L. Chordia)  
Partner  
M.Ship No. 010882

Place : Bhilwara  
Date : May 27,2010

For and on behalf of the Board

(R.P. Soni) Chairman  
(S.N. Modani) Managing Director  
(V.K. Sodani) Executive Director

(G.C. Jain) President  
(Anil Jain) Jt. President (Fin.) & Secretary



Particulars	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
(Rs.)			
<b>INCOME</b>			
Gross Turnover	14	854,98,25,680	749,59,41,633
Less : Excise Duty		2,73,46,556	1,32,42,462
Net Turnover		852,24,79,124	748,26,99,171
Other Income	15	79,82,466	57,46,965
Variation in Inventories	16	1,12,78,927	( 9,15,24,093)
		<b>854,17,40,517</b>	<b>739,69,22,043</b>
<b>EXPENDITURE</b>			
Raw Material	17	497,65,85,505	460,36,56,939
Payment to and Provisions for Employees	18	57,50,80,822	48,80,14,397
Operations and Other Expenses	19	209,39,69,841	203,53,53,176
		<b>764,56,36,168</b>	<b>712,70,24,512</b>
<b>Profit Before Depreciation &amp; Taxation</b>		<b>89,61,04,349</b>	<b>26,98,97,531</b>
Depreciation		63,07,48,006	59,05,02,095
Provision for Doubtful Debts/Advances		30,00,000	10,00,000
<b>Profit Before Tax</b>		<b>26,23,56,343</b>	<b>( 32,16,04,564)</b>
Tax Expenses			
a) Current (Net of MAT Credit Entitlement)		-	-
b) Deferred		9,05,32,000	( 16,35,55,000)
c) Fringe Benefit Tax		-	17,95,000
d) Tax of Earlier Years		2,99,586	-
<b>Profit after Tax</b>		<b>17,15,24,757</b>	<b>( 15,98,44,564)</b>
Balance brought forward from earlier Years		34,45,24,285	50,43,68,849
<b>Profit Available for appropriation</b>		<b>51,60,49,042</b>	<b>34,45,24,285</b>
<b>Appropriation</b>			
Transfer to General Reserve		10,00,00,000	-
Dividend on Equity Shares		3,94,21,559	-
Tax on Dividend		65,47,428	-
<b>Surplus Transferred to Balance sheet</b>		<b>37,00,80,055</b>	<b>34,45,24,285</b>
Basic & Diluted EPS(in Rs.)		4.35	(4.05)
<b>Notes to Accounts</b>	<b>20</b>		

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 27,2010

For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
(B.L. Chordia)  
Partner  
M.Ship No. 010882

Place : Bhilwara  
Date : May 27,2010

For and on behalf of the Board

(R.P. Soni) (S.N. Modani) (V.K. Sodani)  
Chairman Managing Director Executive Director

(G.C. Jain) (Anil Jain)  
President Jt.President (Fin.)& Secretary



Particulars	(Rs.)	
	As at 31st March, 2010	As at 31st March, 2009
<b>01 SHARE CAPITAL</b>		
<b>Authorised</b>		
6,40,00,000 Equity Shares (Previous year 6,40,00,000) of Rs. 10/- each	64,00,00,000	64,00,00,000
1,85,00,000 Non-Cumulative Redeemable Preference Shares (Previous year 1,85,00,000) of Rs. 10/- each	18,50,00,000	18,50,00,000
	<b>82,50,00,000</b>	<b>82,50,00,000</b>
<b>Issued, Subscribed and Paid up</b>		
39421559 (Previous Year 39421559) Equity Shares of Rs. 10/-each fully paid up	39,42,15,590	39,42,15,590
	<b>39,42,15,590</b>	<b>39,42,15,590</b>

**Note**

Out of above Shares 8,20,900 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- per share and 12,50,062 Equity shares of Rs. 10/- each at par were issued pursuant to scheme of amalgamations in earlier years without payment being received in cash.

	(Rs.)				
	As at 01.04.2009	Addition	Deduction	As at 31.03.2010	As at 31.03.2009
1. Capital Reserve	2,97,60,330	—	—	2,97,60,330	2,97,60,330
2. Share Premium	58,68,17,621	—	—	58,68,17,621	58,68,17,621
3. General Reserve	30,00,00,000	10,00,00,000	—	40,00,00,000	30,00,00,000
4. Preference Share Capital Redemption Reserve	11,77,75,000	—	—	11,77,75,000	11,77,75,000
5. Profit & Loss Account	34,45,24,285	2,55,55,770	—	37,00,80,055	34,45,24,285
	<b>137,88,77,236</b>	<b>12,55,55,770</b>	<b>—</b>	<b>150,44,33,006</b>	<b>137,88,77,236</b>



Particulars	(Rs.)	
	As at 31st March, 2010	As at 31st March, 2009
<b>03 SECURED LOANS</b>		
Term Loans From Banks		
Rupee Loans	459,06,39,614	488,30,50,182
Foreign Currency Loans	5,52,96,520	7,96,38,215
Working Capital Loans From Banks		
Rupee Loans	205,50,90,551	168,88,39,210
Car Hire Purchase Loan from others (against Hypothecation of Cars)	68,32,063	1,01,33,422
	<b>670,78,58,748</b>	<b>666,16,61,029</b>
<b>04 UNSECURED LOANS</b>		
Loan From Corporate Bodies	21,80,60,000	26,64,25,022
	<b>21,80,60,000</b>	<b>26,64,25,022</b>

#### Notes to Schedule 3

- Except as stated below at Note No.4 all Rupee and Foreign Currency Term Loans from banks except car hire purchase 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.
- Except as stated below at Note No.4 & 5, 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.
- Car hire purchase loans are secured by hypothecation of respective vehicle(s).
- Rupee Term Loan from Banks includes a loan of Rs. 4.67 Crores (Previous year Rs 7.33 Crores) from a Bank which is secured by way of all the fixed assets of wind power plant of the company installed at Jaisalmer (Rajasthan). The said term loan is further secured by personal guarantee of two directors of the company.
- Working Capital loans from banks include a short term loan of Rs. 15 Crores from IDBI Bank Ltd. Which is secured by subservient charges on the current assets of the company and further secured by personal guarantee of two directors of the company.

**05 FIXED ASSETS**

(Rs.)

Description	Gross Block			Depreciation			Net Block	
	As on 01.04.2009	Additions	Deduction	As on 31.03.2010	For the Year	Deductions	As on 31.03.2010	As on 31.03.2009
<b>(A) Tangible Assets</b>								
Land (A) Lease Hold	54,25,727	—	—	54,25,727	71,492	—	4,58,705	50,38,514
(B) Free Hold	4,43,31,236	—	—	4,43,31,236	—	—	—	4,43,31,236
Factory Building	122,61,12,159	3,53,83,883	1,59,54,571	1,62,14,429	4,15,71,598	20,91,603	20,16,21,424	1,06,39,70,730
Office Building	2,64,41,198	1,13,048	3,47,000	1,40,3296	1,43,359	63,246	1,48,3,409	2,50,37,902
Plant & Machinery	658,43,03,068	1,49,24,6395	5,05,70,178	223,64,09,458	51,47,15,340	1,57,64,540	273,53,60,258	43,47,8,93,610
Wind Power Machines	21,57,56,197	—	—	21,57,56,197	1,13,91,927	—	6,00,18,291	16,71,29,833
Electric Installation	48,47,02,070	1,60,68,554	—	50,07,70,624	4,55,34,739	—	18,90,29,715	34,12,07,094
Water Supply Installation	2,56,40,272	2,01,215	—	2,58,41,487	8,56,282	—	68,07,607	1,90,33,880
Furniture & Fixture	3,90,52,926	15,77,024	1,21,800	4,05,08,150	23,90,223	30,057	1,85,71,855	2,19,36,295
Vehicle	4,28,05,615	86,50,539	22,64,395	4,91,91,759	38,91,553	7,60,770	1,70,91,357	2,88,45,041
Office Equipment	80,97,487	3,46,796	—	84,44,283	3,81,832	—	33,90,584	50,88,735
Computer	3,77,02,278	31,97,556	54,500	4,08,45,334	41,21,912	12,702	2,57,34,832	1,60,76,657
<b>Total (A)</b>	<b>874,03,70,233</b>	<b>21,47,85,010</b>	<b>6,93,12,444</b>	<b>888,58,42,799</b>	<b>62,50,70,257</b>	<b>1,87,22,918</b>	<b>325,95,68,037</b>	<b>608,71,49,535</b>
Previous Year	705,11,42,947	179,82,45,802	10,90,18,516	874,03,70,233	58,56,06,263	2,64,66,323	265,32,20,698	49,57,0,2,189
<b>(B) Intangible Assets</b>								
Computer software	2,83,88,741	—	—	2,83,88,741	56,77,749	—	1,05,73,581	2,34,92,909
<b>Total (B)</b>	<b>2,83,88,741</b>	<b>—</b>	<b>—</b>	<b>2,83,88,741</b>	<b>56,77,749</b>	<b>—</b>	<b>1,05,73,581</b>	<b>2,34,92,909</b>
Previous Year	—	2,83,88,741	—	2,83,88,741	48,95,832	—	48,95,832	—
<b>Total (A)+(B)</b>	<b>876,87,58,974</b>	<b>21,47,85,010</b>	<b>6,93,12,444</b>	<b>891,42,31,540</b>	<b>63,07,48,006</b>	<b>1,87,22,918</b>	<b>327,01,41,618</b>	<b>611,06,42,444</b>
Total Previous Year	705,11,42,947	1,82,66,34,543	10,90,18,516	876,87,58,974	59,05,02,095	2,64,66,323	265,81,16,530	49,57,0,2,189
<b>Capital Work In Progress</b>								
								<b>5,30,07,794</b>
								<b>12,57,41,288</b>

1. Rs. 20,75,196 (previous year 2,78,653) being pre-operative included in capital work in progress.

2. Rs. 3,09,02,423 (Previous Year Nil) being advance to suppliers of capital goods included in capital work in progress.

**SCHEDULES**

Forming Part of  
Balance Sheet  
(Contd.)





Particulars	(Rs.)	
	As at 31st March, 2010	As at 31st March, 2009
<b>06 INVESTMENTS (LONG TERM)</b>		
<b>A. Quoted investments</b>	—	—
<b>B. Unquoted</b>		
Equity Shares of Rs. 10/- each fully paid up		
Keti Sangam Infrastructure (India) Ltd.	7,80,60,000	4,73,60,000
780600 (Previous Year 473600) at premium of Rs 90/- per share		
PKSS Infrastructure Pvt. Ltd.	39,000	39,000
3900 (Previous year 3900) at par		
Kalyan Sangam Infratech Ltd	3,75,000	3,75,000
37500 (Previous year 37500) at par		
Preference Shares of Rs. 10/- each fully paid up		
Keti Sangam Infrastructure (India) Ltd.	—	1,26,40,000
Nil (Previous Year 126400) at premium of Rs 90/- per share		
	<b>7,84,74,000</b>	<b>6,04,14,000</b>
<b>07 INVENTORIES</b> (As Taken, Valued and Certified by the management)		
Stores, Spares and Fuel	15,21,93,094	14,41,40,960
Raw Material	84,34,83,832	52,14,51,332
Work/Material in Process	30,84,64,726	25,21,69,659
Finished Goods	46,58,74,586	51,08,90,726
	<b>177,00,16,238</b>	<b>142,86,52,677</b>
<b>08 SUNDRY DEBTORS</b> (Unsecured, Considered good)		
Over Six Months	9,10,57,367	10,94,37,851
Others	123,39,28,650	109,28,91,464
	132,49,86,017	120,23,29,315
Less: Provision for Doubtful Debts	1,93,84,502	1,63,84,502
	<b>130,56,01,515</b>	<b>118,59,44,813</b>
<b>09 CASH &amp; BANK BALANCE</b>		
Cash in Hand	20,75,462	33,42,644
Balance in Current Accounts	2,89,93,223	4,66,46,351
Balance in Fixed Deposits (Pledged with Bank & Govt Authorities)	3,80,96,212	3,44,92,278
	<b>6,91,64,897</b>	<b>8,44,81,273</b>
<b>10 LOANS AND ADVANCES</b> (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	53,82,54,831	37,25,15,434
Less: Provisions for doubtful Advance /deposits	59,32,055	59,32,055
	<b>53,23,22,776</b>	<b>36,65,83,379</b>
Advance tax, MAT credit receivable & TDS/refund Receivable (Net)	9,19,34,661	6,58,74,551
Balance with Central Excise	3,09,31,112	5,95,27,196
Security Deposits	3,41,56,654	4,20,53,149
	<b>68,93,45,203</b>	<b>53,40,38,275</b>



Particulars	(Rs.)	
	As at 31st March, 2010	As at 31st March, 2009
<b>11 CURRENT LIABILITIES</b>		
Sundry Creditors	29,06,73,979	33,28,48,337
Advance from Customers/Security Deposits	1,67,73,013	1,52,39,533
Unclaimed dividend *	26,71,515	26,77,473
* There is no over due amount to be credited to investor education & protection fund		
Accrued & other Liabilities	15,78,72,293	15,77,23,309
	<b>46,79,90,800</b>	<b>50,84,88,652</b>
<b>12 PROVISIONS</b>		
Proposed dividend on Equity shares	3,94,21,559	—
Dividend Tax	65,47,428	—
	<b>4,59,68,987</b>	—
<b>13 MISCELLANEOUS EXPENDITURE</b> (To the extent not w/off or adjusted)		
Deferred Revenue Expenditure	—	30,84,707
Equity Issue Expenses	—	27,75,478
	—	<b>58,60,185</b>



Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
(Rs.)		
<b>14 TURNOVER</b>		
Yarn	580,16,53,462	499,80,19,956
Fabrics	231,32,16,075	211,31,05,986
Waste	3,68,69,313	7,18,11,801
Job charge	25,81,67,553	15,92,18,415
Electricity income	13,99,19,277	15,37,85,475
	<b>854,98,25,680</b>	<b>749,59,41,633</b>
<b>15 OTHER INCOME</b>		
Miscellaneous receipt	79,82,466	57,46,965
	<b>79,82,466</b>	<b>57,46,965</b>
<b>16 VARIATION IN INVENTORIES</b>		
<b>A. Closing Stock</b>		
Finished Goods	46,58,74,586	51,08,90,726
Work/Material in process	30,84,64,726	25,21,69,659
<b>Total (A)</b>	<b>77,43,39,312</b>	<b>76,30,60,385</b>
<b>B. Less: Opening Stock</b>		
Finished Goods	51,08,90,726	52,18,78,838
Work/Material in Process	25,21,69,659	33,27,05,640
<b>Total(B)</b>	<b>76,30,60,385</b>	<b>85,45,84,478</b>
<b>Variation in Inventories (A-B)</b>	<b>1,12,78,927</b>	<b>( 9,15,24,093 )</b>
<b>17 RAW MATERIAL</b>		
Opening Stock	52,14,51,332	68,28,62,712
Add: Purchase	487,81,95,819	407,80,68,308
	<b>539,96,47,151</b>	<b>476,09,31,020</b>
Less: Closing Stock	84,34,83,832	52,14,51,332
Raw Material Consumed	455,61,63,319	423,94,79,688
Fabric Purchased	9,55,44,583	2,12,05,428
Handling & Others Expenses	1,24,70,027	2,07,66,825
Dyes & Chemicals Consumed	31,24,07,576	32,22,04,998
	<b>497,65,85,505</b>	<b>460,36,56,939</b>
<b>18 PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries,Wages and others allowances	52,80,43,335	44,76,01,610
Contribution to Provident & others Funds	3,61,04,402	3,24,70,989
Staff and Labour Welfare	1,09,33,085	79,41,798
	<b>57,50,80,822</b>	<b>48,80,14,397</b>



Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
(Rs.)		
<b>19 OPERATIONS AND OTHER EXPENSES</b>		
<b>A. Manufacturing Expenses</b>		
Power and Fuel	101,56,82,781	91,88,37,662
Stores and Spares Consumed	17,41,39,141	14,19,49,595
Packing Material Consumed	9,46,15,864	8,75,76,864
Processing & Others Job Charges	2,70,85,800	2,84,50,001
Repairs To:Plant & Machinery	2,95,80,033	2,08,47,280
Building	50,53,107	21,61,398
Others	36,25,865	34,66,960
Other Manufacturing Expenses	1,34,07,790	1,40,84,816
<b>Total (A)</b>	<b>136,31,90,381</b>	<b>121,73,74,576</b>
<b>B. Administrative Expenses</b>		
Rent	22,72,232	49,35,471
Rates & Taxes	32,98,432	21,49,246
Payments to Auditors		
Audit Fees	5,25,000	4,60,000
Certification & Others Services	2,95,750	-
Out of Pocket Expenses	66,156	77,531
Cost Audit Fees	1,11,348	1,05,152
Insurance Premium	1,22,57,106	1,18,06,432
Director's Travelling	32,29,477	19,02,056
Travelling & Conveyance	1,44,74,848	1,16,11,598
Telephone,Telex and Postage	67,28,153	74,43,752
Director's Remuneration	77,86,168	34,32,030
Printing & stationary	47,91,472	44,23,522
Legal & Professionals charges	76,50,829	38,14,270
Vehicle Running & Maintenance	2,13,09,519	2,48,05,874
Directors' Sitting Fees	3,70,000	4,20,000
Miscellaneous Expenses	1,09,13,807	1,00,90,208
Charity & Donation	4,66,613	15,81,577
<b>Total (B)</b>	<b>9,65,46,910</b>	<b>8,90,58,719</b>
<b>C. Financial Charges</b>		
Interest & Commitment Charges on Loans	26,94,79,037	27,79,63,831
Interest to Bank and Others	18,81,26,715	21,92,05,255
Bank Charges	1,82,68,452	1,70,96,020
	<b>47,58,74,204</b>	<b>51,42,65,106</b>
Less:Interest Received	6,58,13,347	5,95,58,922
<b>Total (C)</b>	<b>41,00,60,857</b>	<b>45,47,06,184</b>
<b>D. Selling Expenses</b>		
Sales Incentive, Commission and Brokerage	9,06,07,437	8,67,61,014
Rebates and Claims	77,68,303	1,19,49,337
Freight,Octroi and Other Selling Exp.	11,43,87,552	13,79,33,111
<b>Total (D)</b>	<b>21,27,63,292</b>	<b>23,66,43,462</b>
<b>E. Others Expenses</b>		
Deferred Revenue Expenses	30,84,707	28,97,281
Loss on Sales of Fixed Assets(Net)	36,81,593	13,29,404
Equity Issue Expenses	27,75,478	23,71,413
<b>Total (E)</b>	<b>95,41,778</b>	<b>65,98,098</b>
<b>F. Foreign Exchange Fluctuation</b>		
Foreign Exchange Fluctuation Loss	18,66,623	3,09,72,137
<b>Total (F)</b>	<b>18,66,623</b>	<b>3,09,72,137</b>
<b>Total (A+B+C+D+E+F)</b>	<b>209,39,69,841</b>	<b>203,53,53,176</b>



## SCHEDULES

Forming Part of  
Balance Sheet and  
Profit & Loss Account

## 20 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

- a) 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.
- b) Accounting policies not specifically referred to otherwise, have been followed consistently and are in consonance with generally accepted accounting principles.

#### 2. Fixed Assets

- a) 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.
- b) Capital Work in Progress includes incidental expenses pending allocation/ apportionment in respect of the uninstalled/ incomplete fixed assets and advances to suppliers of Plant and machinery, equipment etc.
- c) 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.

#### 3. Depreciation

- a) 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, wind power project & thermal power plant as continuous process plant.
- b) 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.

#### 4. Revenue Recognition

- a) 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.
- b) 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.

#### 5. 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 overhead.

#### 6. Foreign Exchange Transaction/Translation

- a) Monetary and Non-monetary items /transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- b) 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.
- c) 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.

#### 7. 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.

#### 8. Retirement Benefits`

- a) 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.
- b) 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".

#### 9. Borrowing Costs

Borrowing costs relating to acquisition/ construction of qualifying assets are capitalized 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.

#### 10. Accounting for Taxes on Income

- a) Current tax has been provided as per the provision of Income Tax Act 1961.



## SCHEDULES

Forming Part of  
Balance Sheet and  
Profit & Loss Account  
(Contd.)

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 income tax reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and taxable profits 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.

### 11. 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.

### 12. 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.

### 13. 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.

### 14. Joint Venture

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

### 15. 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.

### 16. Miscellaneous Expenditure

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

### 17. 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.

## B) NOTES TO ACCOUNTS

### 1 (i) Contingent Liabilities

- a) Outstanding Bank Guarantees Rs. 1735.13 lacs (previous year Rs. 723.13 lacs).
- b) Estimated amounts of contracts (net of advances) remaining un-executed on Capital account Rs.1059.59 lacs (previous year Rs. 282.89 lacs).
- c) Demand for excise duty disputed by the company Rs. 3.89 lacs (previous year Rs.3.89 lacs).
- d) Demand for income tax disputed by the company Rs. 21.00 lacs (previous year Rs. 21.00 lacs).
- (ii) Obligations and commitments outstanding

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 Rs. 13947 lacs (previous year 26679 lacs), which is required to be met at different dates, before 31.03.2016. 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.

2. Debtors/Creditors are shown net of advances from/to Customers/Suppliers and are subject to confirmation.
3. Dues to small-scale industrial undertakings and dues 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 disclosures 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.

4. Detail of pre operative expenses capitalised/deferred for capitalisation under the head Capital Work in Progress .

Rs. in Lacs

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Opening balance	2.79	1093.15
Financial Charges	40.43	176.31
Salary, Wages	—	22.97
Administrative Expenses	8.80	28.14
Power charges	—	1.10
Total amount	52.02	1321.67
Less: Exp.Apportioned to fixed assets	31.27	1318.88
Balance yet to be allocated	20.75	2.79

5. During the year exchange fluctuation gain on export sales included in the sales is Rs. 480.87 lacs (Previous year loss Rs. 600.32 lacs)
6. a) During the year, premium on prepayment/ resetting of interest liability on term loans are charged fully as per AS-26.  
b) During the year, right issue/ preferential issue expenses are charged fully as per AS-26.
7. The provision for deferred tax liability as at March 31, 2010 comprises of the following:-

Rs. in Lacs

A)	Deferred Tax Liability	31.03.2010	31.03.2009
	Related to Fixed Assets	5431.27	5597.94
	Deferred Revenue Exp.	-	10.48
	Total (A)	5431.27	5608.42
B)	Deferred Tax Assets		
	Disallowance under Section 43 B	105.97	72.50
	Provision for Bad & Doubtful debts	84.10	75.85
	Brought Forward Losses	1802.14	2926.34
	Total (B)	1992.21	3074.69
C)	Deferred Tax Liability (Net) (A-B)	3439.06	2533.73

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

- a) Forward contract outstanding as at Balance Sheet Date

Particulars	Currency	2010	2009	Purpose
Forward Exchange Contract	USD	\$146.84 lacs	\$101.00 lacs	Export
Forward Exchange Contract	Euro	€ 5.00 lacs	€ 13.00 lacs	Export
	Total INR (Rs. In Lacs)	7206.69	6001.75	

There is no derivative contract for option is outstanding as at 31.03.2010.

- b) Unhedged Foreign Currency Exposure:- \$12.31 Lacs (Rs.552.97 Lacs) (Previous Year \$16.47 Lacs, Rs. 796.38 Lacs). This relates to IDBI foreign currency loan.

9. In the opinion of Management, there is no impairment of assets in accordance with accounting standard (AS-28) as on Balance sheet date.
10. The Company had provided Rs.622 Lacs in the year ended 31st March 2006 as income towards the incentive receivable under the target plus scheme for the year 2005-06. However, by notification dated 12th June 2006, the Govt. reduced the above incentive for the said year from 15% to 5% on incremental exports with retrospective effect from 01.04.2005. The company has filed writ in the Hon'ble High Court of Rajasthan challenging the impugned notification of the Govt. Based on the legal advice received the company is hopeful that the said notification may be reverted and the company will not be required to revert the pro-rata incentive.
11. The advances recoverable includes a sum of Rs.18.27 crores of insurance claim receivable on account of claims lodged on insurance companies due to fire and other losses suffered of company's various assets from time to time. The said claims are under active consideration of the insurance company.
12. Managing Director/ Whole time Director Remuneration
- a) Computation of profit in accordance with section 309(3) and 198 of the Companies Act 1956.

(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year ended 31.03.2009
Profit before Tax	2653.56	(3206.05)
Add Directors Remuneration payable	77.86	37.37
Directors Sitting Fees	3.70	4.20
Depreciation as per Profit & Loss A/c	6307.48	5905.02
Loss on Sale of Fixed Assets (Net)	36.82	13.29
	9079.42	2753.83
Less: Bad & doubtful debts written off	—	10.65
Depreciation as per Section 350	6307.48	5905.02
Net Profit for Section 198 of the Companies Act 1956	2771.94	(3161.84)
Commission payable 1% on net profit of the Co.	27.72	—



b) Managing Director/Whole time Director Renumeration  
(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Salary	32.82	26.16
Commission	27.72	-
Other Perquisites	17.32	11.21
<b>Total</b>	<b>77.86</b>	<b>37.37</b>

13. Interest in Joint Venture Company

The company has the following interest in its Joint Venture Companies:-

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

The Company is holding 7,80,600 ( Previous Year 4,73,600) equity shares of Rs.10 each at premium of Rs.90 per equity share [26.02% equity as on 31.03.10 (Previous Year 15.79%)] in the Joint Venture Company M/s. Keti Sangam Infrastructure (India) Ltd. for execution of BOT Project at Aurangabad National Highway. Out of above, 3,39,200 ( Previous Year 3,39,200) equity shares have been pledged as security for the term loan granted by consortium banks to M/s. Keti Sangam Infrastructure (India) Ltd. for part financing of the said BOT Project.

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. At the time of sponsoring the above joint venture, the company had planned to make sizeable investment in the same. However, considering company's resources the investment has now been restricted to Rs 39,000 in PKSS Infrastructure Pvt. Ltd. by way of 3,900 ( Previous year 3,900) equity shares of Rs.10 each [2.48% equity as on 31.03.10 (39.00% equity as on 31.03.09)] and Rs.3.75 lacs in Kalyan Sangam Infratech Ltd. by way of 37,500 ( Previous Year 37,500) equity shares of Rs.10 each [0.79% equity as on 31.03.10 (37.50% equity as on 31.03.09)]. The company shall not make any further investment in the above cited joint venture by way of equity or unsecured loan or otherwise and will dispose/ dilute the investments.

III. The Company's proportionate share in the assets, liabilities, income and expenses of its Joint Venture Company Keti Sangam Infrastructure ( India) Ltd is 26.02% (Previous Year 15.79%) of the below total:

**BALANCE SHEET**

(Rs. in Lacs)

Particulars	FY 2010	FY 2009
<b>SOURCE OF FUNDS</b>		
Equity Share Capital	958.80	3401.13
Reserves & Surplus	7046.06	7058.34
<b>Loan Funds</b>		
Secured Loans	20203.47	18186.42
Deferred Tax Liability	6.20	-
	<b>28214.53</b>	<b>28645.89</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	110.30	70.79
Less: Accumulated Depreciation	12.47	0.84
<b>Net Block</b>	<b>97.83</b>	<b>69.95</b>
Cost of B.O.T Project	27296.92	26760.94
<b>Current Assets, Loans &amp; Advances</b>		
Loans & Advances	102.87	2286.57
Cash & Bank Balance	819.19	135.99
	<b>922.06</b>	<b>2422.56</b>
<b>Less: Current Liabilities &amp; Provisions</b>		
Sundry Creditors	90.42	577.51
Provisions & Payable	12.76	31.25
<b>Net Current Assets</b>	<b>818.88</b>	<b>1813.80</b>
Miscellaneous Expenditure (To the extent not W/off or adjusted)	0.90	1.20
	<b>28214.53</b>	<b>28645.89</b>

**PROFIT & LOSS ACCOUNT**

(Rs. in Lacs)

Particulars	FY 2010	FY 2009
<b>INCOME</b>		
Toll Collection	2506.99	184.62
	<b>2506.99</b>	<b>184.62</b>
<b>EXPENDITURE</b>		
Toll Operating Expenses	134.98	3.30
Bank Interest	2245.74	173.15
Cost of Project Written off	1243.26	96.84
Depreciation	11.63	0.84
Preliminary Expenses Written off	0.30	0.30
<b>Net Loss Before Tax</b>	<b>(1128.92)</b>	<b>(89.81)</b>
Provision For Taxation/ Deferred Tax	6.20	-
<b>Net Loss After Tax</b>	<b>(1135.12)</b>	<b>(89.81)</b>



#### 14. Related Party Transactions

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

	Relationship
<b>Enterprises over which Directors and Relatives of such personnel exercise significant influence</b>	
<b>Associate Company</b>	
Sangam Infratech Ltd.	
Marigold Investments (P) Ltd.	
Sangam Business Credit Ltd.	
Sangam Suitings Pvt. Ltd.	
<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>	
Smt Radha Devi	Wife of Director Shri R.P. Soni
Ms. Anjana Soni	Daughter 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
<b>Others</b>	
Shri R.P. Soni HUF	

ii) Transaction during the year with related parties:

(Rs. in Lacs)

Nature of Transaction	Salary		Insurance Premium		Rent		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Key Management Personnel	77.86	37.37	13.40	8.49	-	-	91.26	45.86
Relatives of Key Management Personnel	4.04	1.80	-	-	3.00	1.20	7.04	3.00
Others	-	-	-	-	1.20	1.20	1.20	1.20
<b>Total</b>	<b>81.90</b>	<b>39.17</b>	<b>13.40</b>	<b>8.49</b>	<b>4.20</b>	<b>2.40</b>	<b>99.50</b>	<b>50.06</b>

(Rs. in Lacs)

Nature of transaction	Loan Taken		Interest Paid	
	2010	2009	2010	2009
Associate Company				
(i) Maximum Balance	4835.85	5103.82	102.19	-
(ii) Closing Balance	2180.60	2663.82	-	-

15. The company operates mainly in one segment i.e. Textiles. The company is also having wind power plant, operation of which is not a reportable segment as per AS-17 issued by ICAI.

Secondary Segment Information:

(Rs. in lacs)

	31.03.2010	31.03.2009
Revenue		
Domestic	65978.63	57006.25
Export	19519.63	17953.17
<b>Total</b>	<b>85498.26</b>	<b>74959.42</b>

All the assets are located in India

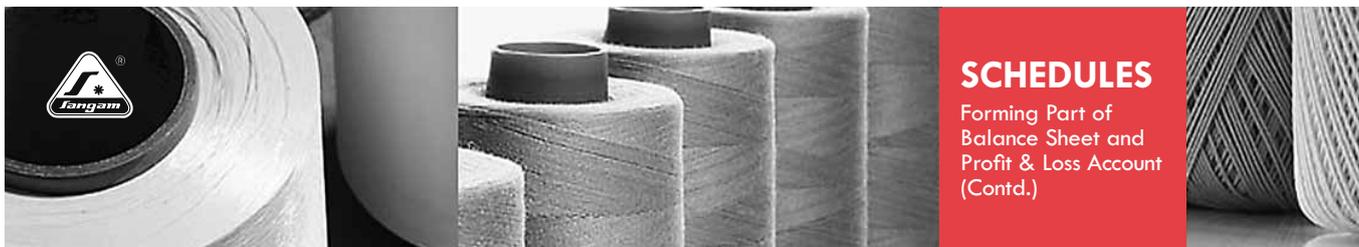
#### 16. Disclosure pursuant to Accounting Standard – 15 (Revised) "Employee Benefits":

Defined Benefit Plans

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

(Rs. in lacs)

Sr. No	Particulars	As at 31st March 2010		As at 31st March, 2009	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Assumptions as at				
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.00%	8.00%	8.00%	8.00%
	Rate of increase in compensation	5.50%	5.50%	5.00%	5.00%
	Withdrawal rates	Upto Age 30: 3% 31-44: 2% 45 & above: 1%	Upto Age 30: 3% 31-44: 2% 45 & above: 1%	0.80%	0.80%
II	Changes in present value of obligations				
	PVO at beginning of period	201.98	83.74	188.04	71.74
	Interest Cost	15.02	6.16	13.39	5.30
	Current Service Cost	83.90	58.50	59.69	59.82
	Benefits Paid	(28.41)	(13.40)	(41.24)	(11.02)
	Actuarial (gain)/loss on obligation	19.25	(21.59)	(17.90)	(42.10)
	PVO at end of period	291.75	113.42	201.98	83.74
III.	Changes in fair value of plans assets				
	Fair Value of Plan Assets at beginning of period	161.96	45.62	133.69	31.57
	Expected Return on Plan Assets	14.66	4.31	12.97	3.36
	Contributions	21.48	15.33	54.36	20.50



## SCHEDULES

Forming Part of  
Balance Sheet and  
Profit & Loss Account  
(Contd.)

(Rs. in lacs)

Sr. No	Particulars	As at 31st March 2010		As at 31st March, 2009	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Benefit Paid	(28.41)	(13.40)	(41.24)	(11.02)
	Actuarial gain/(loss) on plan assets	0.04	(0.02)	(0.51)	0.05
	Fair value of Plan Assets at end of period	169.73	51.84	159.28	44.46
IV	Fair Value of Plan Assets				
	Fair Value of Plan Assets at beginning of period	161.96	45.62	133.69	31.57
	Actual Return on Plan Asset	14.70	4.29	12.46	3.41
	Contributions	21.48	15.33	54.36	20.50
	Benefit Paid	(28.41)	(13.40)	(41.24)	(11.02)
	Fair Value of Plan Assets at end of period	169.73	51.84	159.28	44.46
	Funded Status	(122.02)	(61.58)	(42.71)	(39.28)
	Excess of actual over estimated return on Plan Assets	0.04	(0.02)	(0.51)	0.05
V	Actuarial Gain/ (Loss) Recognized				
	Actuarial Gain/ (Loss) for the period (Obligation)	(19.25)	21.59	17.90	42.10
	Actuarial Gain/ (Loss) for the period (Plan Assets)	0.04	(0.02)	(0.51)	0.05
	Total Gain/ (Loss) for the period	(19.21)	21.57	17.39	42.15
	Actuarial Gain/ (Loss) recognized for the period	(19.21)	21.57	17.39	42.15
	Unrecognized Actuarial Gain/ (Loss) at end of period	-	-	-	-
VI	Amounts to be recognized in the balance sheet and statement of P&L a/c				
	PVO at end of period	291.75	113.42	201.98	83.74
	Fair Value of Plan Assets at end of period	169.73	51.84	159.28	44.46
	Funded Status	(122.02)	(61.58)	(42.71)	(39.29)
	Unrecognized Actuarial Gain/ (Loss)	-	-	-	-
	Net Asset/ (Liability) recognized in the balance sheet	(122.02)	(61.58)	(42.71)	(39.29)

(Rs. in lacs)

Sr. No	Particulars	As at 31st March 2010		As at 31st March, 2009	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
VII	Expense recognized in the statement of P & L A/c				
	Current Service Cost	83.90	58.50	59.69	59.82
	Interest Cost	15.02	6.16	13.39	5.30
	Expected Return on Plan Assets	(14.66)	(4.31)	(12.97)	(3.36)
	Net Actuarial (Gain)/ Loss recognized for the period	19.21	(21.57)	(17.39)	(42.15)
	Expense recognized in the statement of P & L A/c	103.47	38.79	42.72	19.62
VIII	Movements in the Liability recognized in Balance Sheet				
	Opening Net Liability	40.03	38.13	54.35	40.17
	Expenses as above	103.47	38.79	44.72	19.62
	Contribution Paid	(21.48)	(15.33)	(54.36)	(20.50)
	Closing Net Liability	122.02	61.58	42.71	39.29

### 17. Earning Per Share (EPS)

(Rs. in lacs)

	31.03.2010	31.03.2009
(A) Net Profit for the period attributable to Equity Share holders (Numerator used for calculation)	1715.25	(1598.45)
(B) Weighted average no. of Equity Shares outstanding during the year (Used as denominator for calculating EPS) (In Nos.)	39421559	39421559
Basic and Diluted Earning Per Share (Rs.)	4.35	(4.05)

18. Figures for the previous year have been re-grouped, rearranged and reclassified wherever considered necessary in correspondence with current year.

19. The quantitative and other details as required under para 3 and 4 of part II of the Schedule VI of the Companies Act, 1956 are annexed here to as per Annexure 'A'.

20. The detail as required under Part-IV of the schedule VI of the Companies Act, 1956 as amended are given as per Annexure-B.



ADDITIONAL INFORMATION PURSUANT TO PROVISION OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

			(Rs. in lacs)	
	Particulars		2009-10	2008-09
<b>1</b>	<b>Capacity &amp; Production</b>			
	A) Installed Capacity			
	i) SPINDLES	NOS	193920	193920
	ii) ROTORS	NOS	1944	1684
	iii) LOOMS	NOS	257	257
	iv) Processing of Fabric	MTRS.	28800000	28800000
	v) Manufacturing of Flock Fabric	MTRS.	7500000	7500000
	vi) Manufacturing of Textile Fabric	KGS.	337500	337500
	B) Production			
	i) Fabric	MTRS.	28459686	25110723
	ii) P/V Yarn	KGS.	37126354	35367627
	iii) Cotton Yarn	KGS.	9427709	6062840
	iv) Waste	KGS.	3177610	3228294
	v) Synthetic Fabric(Job Processing)	MTRS.	28248598	27805740
	vi) Flock Fabric	MTRS.	3754211	3459832
	vii) Textile Flock	KGS.	311594	291636
<b>2</b>	<b>Raw Material Consumed</b>			
	i) Yarn	KGS.	3711254	6021884
		AMT.	470751673	620184406
	ii) Man Made Fibre	KGS.	38566800	36106230
		AMT.	3282388581	3008563319
	iii) Cotton	KGS.	10409065	7806701
		AMT.	680274883	502494025
	iv) Tow	KGS.	294964	272318
		AMT.	55510092	54441391
	v) Grey Fabric	MTRS.	3759010	3886874
		AMT.	79708117	74563372
	vi) Finish Fabric	MTRS.	738754	286540
		AMT.	95544583	21205428
	vii) Dyes & Chemicals	AMT.	312407576	322204998
<b>3</b>	<b>Sales</b>			
	i) P/V Yarn	KGS.	34688935	32809878
		AMT.	5019770025	4353044877
	ii) Fabric	MTRS.	27996761	24518670
		AMT.	2035811566	1834752362
	iii) Cotton Yarn	KGS.	6206979	5303961
		AMT.	781883437	644975079
	iv) Waste	KGS.	2979918	3253283
		AMT.	36869313	71811801
	v) Synthetic Fabric (Job Processing)	MTRS.	16011676	13755372
		AMT.	209689208	157880628



**ANNEXURE**  
**"A"**  
(Contd.)

			(Rs. in lacs)	
Particulars			2009-10	2008-09
vi)	Flock Fabric	MTRS.	3783614	3464671
		AMT.	305626740	271316149
vii)	Textile Flock	KGS.	73050	34345
		AMT.	5331250	3776062
viii)	Job Charges (others)	AMT.	14924864	4599200
<b>4</b>	<b>Closing Stock</b>			
i)	P/V Yarn	KGS.	1453906	2224713
ii)	Cotton Yarn	KGS.	293615	192524
iii)	Fabric (Finish)	MTRS.	2190599	2403598
iv)	Synthetic Fabric(Job Processing)	MTRS.	675463	604698
v)	Flock Fabric	MTRS.	92328	121731
vi)	Textile Flock	KGS.	-	-
<b>5</b>	<b>Opening Stock</b>			
i)	P/V Yarn	KGS.	2224713	2284152
ii)	Cotton Yarn	KGS.	192524	137396
iii)	Fabric (Finish)	MTRS.	2403598	2057640
iv)	Synthetic Fabric(Job Processing)	MTRS.	604698	747446
v)	Flock Fabric	MTRS.	121731	126570
vi)	Textile Flock	KGS.	-	1955
<b>6</b>	<b>Consumption of Raw Material</b>			
i)	Imported	AMT.	58400925	68692087
ii)	Indigenous	AMT.	4918184580	4534964853
<b>7</b>	<b>Consumption of Store &amp; Spares</b>			
i)	Imported	AMT.	34385989	31584094
ii)	Indigenous	AMT.	139753152	110365501
<b>8</b>	<b>CIF Value of Imports</b>			
a)	Raw Material	AMT.	58731840	61870362
b)	Capital Goods	AMT.	30392391	14286291
c)	Store & Spares	AMT.	36650571	25643023
<b>9</b>	<b>Expenditure in Foreign Currency</b>			
a)	Travelling Expenses	AMT.	4408665	2181641
b)	Other Expenses	AMT.	46360111	42199416
<b>10</b>	<b>Earning in Foreign Currency</b>			
	FOB Value of Exports	AMT.	1896480059	1746704320

**NOTES :**

- 1 Yarn sales and consumption net of captive consumption 5866818 Kgs. (previous year 3320939 Kgs.)
- 2 Yarn Sales net of damaged and claimed with Insurance Company 461047 Kgs. (previous year Nil )
- 3 Flock sales and consumption net of captive consumption 238544 Kgs.( previous year 259246 kgs. )
- 4 Synthetic fabric processing job income net of captive job work 12166157 Mtrs.( previous year 14193117 Mtrs.)
- 5 Fabric production and sales includes job work for others 4314786 Mtrs (previous year 773344 Mtrs.) and Sales net of captive job work 567919 Mtrs. ( previous year 246095 Mtrs. ) and captive consumption 108005 Mtrs.(previous year Nil)
- 6 Fabric Production includes purchase 738754 Mtrs. (Previous year 313994 mtrs. )

As per our report of even date

For **R. Kabra & Co.**

Chartered Accountants  
(Registration No. 104502W)  
**(R.L. Kabra)**

Partner  
M.Ship No. 016216

Camp : Bhilwara  
Date : May 27, 2010

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

Chartered Accountants  
(Registration No. 000294C)  
**(B.L. Chordia)**

Partner  
M.Ship No. 010882

Place : Bhilwara  
Date : May 27, 2010

For and on behalf of the Board

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

**(S.N. Modani)**  
Managing Director

**(V.K. Sodani)**  
Executive Director

**(G.C. Jain)**  
President

**(Anil Jain)**  
Jt.President (Fin.) & Secretary



DETAILS OF PARTICULARS AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 IS AS UNDER  
BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

**1. REGISTRATION DETAILS**

Registration No.	: 3173	State Code No.	: 17
Balance Sheet As at	: 31.03.2010		

**2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.THOUSAND)**

Public Issue	: Nil	Right Issue	: Nil
Bonus Issue	: Nil	Private Placement	: Nil

**3. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS.THOUSAND)**

Total Liabilities	: 9168473	Total Assets	: 9168473
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**Sources of Funds**

Paid up Capital	: 394216	Secured Loans	: 6707858
Reserve & Surplus	: 1504433	Deferred Tax Liability	: 343906
Unsecured Loan	: 218060		

**Application of Funds**

Net Fixed Assets	: 5769831	Investment	: 78474
Net Current Assets	: 3320168	Misc. Expenses	: Nil
Accumulated Losses	: Nil		

**4. PERFORMANCE OF COMPANY (AMOUNT IN RS.THOUSAND)**

Turnover	: 8569087	Total Expenditure	: 8306731
Profit/Loss Before Tax	: 262356	Profit /Loss After Tax	: 171525
Earnings per Share	: 4.35	Dividend Rate	: 10%

**5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

(as per monetary terms)

Product Code No. (ITC Code)		: 5509	
Product description		: Yarn	
Product Code No. (ITC Code)		: 5205	
Product description		: Cotton Yarn	
Item Code No. (ITC Code)		: 5515	
Product description		: Synthetic Fabrics	

As per our report of even date

For **R. Kabra & Co.**  
Chartered Accountants  
(Registration No. 104502W)  
**(R.L. Kabra)**  
Partner  
M.Ship No. 016216

Camp : Bhilwara  
Date : May 27, 2010

For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
**(B.L. Chordia)**  
Partner  
M.Ship No. 010882

Place : Bhilwara  
Date : May 27, 2010

For and on behalf of the Board

**(R.P. Soni)** Chairman  
**(S.N. Modani)** Managing Director  
**(V.K. Sodani)** Executive Director

**(G.C. Jain)** President  
**(Anil Jain)** Jt.President (Fin.) & Secretary



## ANNEXED TO THE FINANCIAL STATEMENT

(Rs. in Lacs)

	Current Year	Previous Year
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax & extra ordinary Items	2,623.56	(3,216.04)
Add: -		
Depreciation	6,307.48	5,905.02
Interest	3,917.92	4,376.10
Deferred Revenue Expenses Written off	58.60	52.69
Provision for Doubtful Debts & advances	30.00	10.00
Profit/Loss on sale of fixed assets	36.82	13.29
<b>Operating Profit before working capital changes</b>	<b>12,974.38</b>	<b>7,141.06</b>
Adjustment for:		
Inventories	(3,413.64)	2,586.20
Trade & Other Receivables	(2,519.04)	2,158.91
Trade & Other Payables	(404.92)	(716.59)
<b>Cash Generated from Operations</b>	<b>6,636.78</b>	<b>11,169.58</b>
Direct Taxes	263.60	153.96
<b>Net Cash Inflow/(Out Flow) from Operation</b>	<b>6,373.18</b>	<b>11,015.62</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(2,875.18)	(3,807.46)
Sale of fixed assets	469.08	812.23
Purchase of Investments	(307.00)	(4.14)
Sale of Investments	126.40	-
<b>Net Cash Inflow/(Outflow) from investing Activities</b>	<b>(2,586.70)</b>	<b>(2,999.37)</b>
<b>C Cash flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (net)	(3,200.54)	(338.16)
Increased/Decreased in Unsecured Loans	(483.65)	(2,544.26)
Increased/Decreased in Short- term Borrowings	3,662.52	(799.51)
Interest Paid	(3,917.92)	(4,376.10)
Dividend paid (including tax on dividend)	(0.05)	(1.62)
<b>Net Cash Inflow/(Out Flow) from Financing Activities</b>	<b>(3,939.64)</b>	<b>(8,059.65)</b>
Net Increase/(Decrease) in cash & Cash equivalents	(153.16)	(43.40)
Opening Balance of Cash and Cash equivalents	844.81	888.21
Closing Balance of Cash and Cash equivalents	691.65	844.81

As per our report of even date annexed

For **R. Kabra & Co.**  
Chartered Accountants  
(Registration No. 104502W)  
**(R.L. Kabra)**  
Partner  
M.Ship No. 016216

Camp : Bhilwara  
Date : May 27, 2010

For **B.L. Chordia & Co.**  
Chartered Accountants  
(Registration No. 000294C)  
**(B.L. Chordia)**  
Partner  
M.Ship No. 010882

Place : Bhilwara  
Date : May 27, 2010

For and on behalf of the Board

**(R.P. Soni)** Chairman  
**(S.N. Modani)** Managing Director  
**(V.K. Sodani)** Executive Director

**(G.C. Jain)** President  
**(Anil Jain)** Jt. President (Fin.) & Secretary







## SANGAM (INDIA) LIMITED

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

### NOTICE TO THE MEMBERS

NOTICE is hereby given that the 24th ANNUAL GENERAL MEETING of the Members of "SANGAM (INDIA) LIMITED" will be held on Thursday the 30th September, 2010 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 31st March, 2010, 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 R.P.Soni, 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.

#### 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 company's Register of members and share transfer books shall remain closed from Monday the 20th September, 2010 to Thursday the 30th September, 2010 (both days inclusive) to decide the entitlement of shareholders for the payment of dividend in accordance with the recommendation of the Board of Directors.
3. 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-400 013.The listing fees of these Exchanges have been paid regularly.
4. 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.
5. Members are requested to notify immediately any change of address
  - (a) to their Depository Participants in respect of their electronic share accounts and,
  - (b) to the Registrar and Share transfer agent of the company at Bigshare Services Private Limited , E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai -400 072, where shares are held in physical form.
6. a) To provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the transfer agent complete address of the Bank with pin code number.
  - b) Shareholders holding shares in electronic form may kindly note that the Bank account details as furnished by the depositories to the company will be printed on their dividend warrant as per

the applicable regulations of the depositories and the company will not entertain any direct request from such shareholders for deletion of change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such bank account details are therefore requested to advise their DP about such change, with complete details of bank account.

7. 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.
8. For Re-appointment of the retiring Director, a statement containing details of the concerned director is attached herewith.

By Order of the Board of Directors  
(Anil Jain)

Date:21.07.2010  
Place: Bhilwara

Jt. President (Finance) &  
Company Secretary

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT/ IN AGM FIXED ON 30TH SEPTEMBER, 2010

Name of Director	Shri R.P. Soni
Date of Birth	26.01.1946
Date of Appointment	31.12.1984
Expertise in specific functional areas	Industrialist
Qualifications	B.Sc., Diploma in Civil Engineering
List of outside Directorship held	1. Sangam Capital Services Ltd. 2. Sangam Infotech Limited 3. Sangam e-com Limited 4. Bhilwara Estate Pvt Ltd 5. Sangam Horticulture Pvt Ltd 6. Hari Om Marmo Grani Pvt Ltd 7. Sangam Infratech Ltd. 8. Shri Navchitra Distributors (Multiplex) Pvt. Ltd. 9. Ketu Sangam Infrastructure (India) Ltd. 10. Kalyan Sangam Infrastructure Ltd. 11. PKSS Infrastructure Pvt Ltd
Member of the Committee of the Board of Directors of other companies	Nil





**SANGAM (INDIA) LIMITED**

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

**ATTENDANCE SLIP**

24th Annual General Meeting at the Regd. Office at Opp. Higher Secondary School, Industrial Estate, Pur Road, Bhilwara - 311 001, (Rajasthan) on Thursday, the 30th September 2010 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 24th 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 ..... in the District of .....as my/  
our proxy/proxies to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held at Opp. Higher  
Secondary School, Industrial Estate; Pur Road; Bhilwara – 311 001 (Rajasthan) on Thursday, the 30th September, 2010 at 4:00 PM and at  
any adjournment thereof.

Registered Folio No.....  
Client ID No.....  
DP ID No. ....  
No. of Shares.....



Signature of the Member

**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, Chairman  
Shri S.N. Modani, Managing Director  
Shri V.K. Sodani, Executive Director  
Shri Ramavtar Jaju, Director  
Shri A. Karati, Director  
Shri K.S. Jangbahadur, Nominee Director (ICICI Venture)

## Management Team

Shri G.C. Jain *President*  
Shri S.M. Gupta *President (Works)*  
Shri Atul Rastogi *President (Works)*  
Shri Anil Jain *Jt. President (Finance) & Company Secretary*  
Shri S.K. Bhandari *Sr. Vice President (Commercial)*  
Shri R.S. Ladha *Sr. Vice President (Purchase)*  
Shri L L Soni *Vice President (Finance & Investor Relations)*  
Shri Lalit Jain *Vice President (Accounts)*  
Shri O.N. Singh *Vice President (HRM)*  
Shri P.R. Khator *Vice President (Commercial)*  
Shri Anil Sharma *Vice President (Works)*  
Shri Manoj Gupta *Vice President (Works)*  
Shri Chirag Bhatt *Vice President (Denim)*  
Shri S.K. Baghela *Vice President (Technical)*  
Shri Shivesh Gupta *Vice President (Technical)*  
Shri A.S. Choudhary *Vice President (Technical)*  
Shri M. Bhanu Pratap *Vice President (TPP)*

## AUDITORS

M/S R Kabra & Co., Mumbai  
M/S B L Chordia & Co., Bhilwara

## BANKERS

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

## REGISTERED OFFICE

Opp Higher Secondary School, Industrial Estate,  
Pur Road, Bhilwara 311001  
e-mail: [secretarial@sangamgroup.com](mailto: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- 2822 7861 – 64  
Fax No.: +91-22- 2822 7865

## 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, Flock & Processing Unit

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

### Denim

Village Biliya, Chittorgarh Road  
Bhilwara – 311 001, Rajasthan

## SHARE TRANSFER AGENT

Bigshare Services Pvt Ltd  
E-2, Ansa Ind. Estate, Saki vihar Road, Saki Naka,  
Andheri (E), Mumbai - 400072  
E-Mail: [bigshareonline.com](mailto:bigshareonline.com)  
Tel No's.: 022-28473747/3474  
Fax No. 022-28475207



Sangam (India) Limited

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

