



# Sanghvi Brands Limited

(Formerly known As Sanghvi Brands Private Limited)

**Date: 5<sup>th</sup> September 2020**

To,

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai: 400 001

**Security ID: SBRANDS**

**Security Code: 540782**

**Sub.: Submission of Annual report for the Financial Year 2019-2020**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 enclosed herewith a copy of Annual report for the Financial year ended 31<sup>st</sup> March 2020 together with the Notice convening the Annual General Meeting of the Company to be held on 28<sup>th</sup> September 2020

Request you to take the above on records and oblige.

For **Sanghvi Brands Limited**

*(Formerly known as Sanghvi Brands Private Limited)*

**Kruti Shah**

**Company Secretary & Compliance Officer**

Encl.: As Above

CIN: L74899PN2010PLC135586

Registered Office:  
Sanghvi House, 105/2, Shivajinagar, Pune - 411005, India  
Tel: 020 67634800

Corporate Office:  
Unit No 101, DTC Building, Sitaram Mill Compound, N M Joshi Marg, Lower Parel - 400011  
Tel: 022 4910 7600

E-mail: [info@sanghvibrands.com](mailto:info@sanghvibrands.com)



# SANGHVI BRANDS LIMITED

ANNUAL  
REPORT

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2019-20

## INDEX

<b>PARTICULARS</b>	<b>PAGE NO.</b>
<b>Company Information</b>	2
<b>Notice of Annual General Meeting</b>	3-11
<b>Director's Report</b>	12-21
<b>Annexures' to Director Report</b>	
Management Discussion and Analysis	22-24
Report on Corporate Governance	25-30
Form AOC – 2	31
Secretarial Report	32-33
Extract of Form MGT-9	34-40
Form AOC- 1	41
<b>Certification by the Chief Financial Officer on Financial Statements of the Company</b>	42
<b>Standalone Financial Statements</b>	
Auditors Report	43-50
Balance sheet	51
Statement of Profit and Loss	52
Cash Flow Statement	53-54
Notes to the Financial Statements	54-66
<b>Consolidated Financial Statements</b>	
Auditors Report	67-72
Balance sheet	73
Statement of Profit and Loss	74
Cash Flow Statement	75-76
Notes to the Financial Statements	76-87

## COMPANY INFORMATION

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### BOARD OF DIRECTORS

Mr. Darpan Sanghvi	- Director
Mr. Narendra Sanghvi	- Non-Executive Director
Ms. Disha Sanghvi	- Non-Executive Director
Mr. Carlton Pereira	- Non-Executive Director
Mr. Sunil Lulla	- Independent Director
Mr. Gaurav Aggarwal	- Independent Director

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kruti Shah

### CHIEF EXECUTIVE OFFICER

Dr. Rajesh Srinivas Bail (*appointed w.e.f 1<sup>st</sup> October 2019*)

### CHIEF FINANCIAL OFFICER

Mr. Rameshwar Wadne (*resigned w.e.f 30<sup>th</sup> April 2020*)  
Mr. Laxmi Rathi (*appointed w.e.f 16<sup>th</sup> March 2020*)

### BOARD COMMITTEES

#### AUDIT COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

#### NOMINATION AND REMUNERATION COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

### CORPORATE IDENTIFICATION NUMBER

L74999PN2010PLC135586

### LISTED ON

BSE Limited – SME Platform

### STATUTORY AUDITORS

M/s. B.K. Khare & Co.  
Chartered Accountant

### SECRETARIAL AUDITOR

M/s. A.M. Antarkar & Co.  
Company Secretaries

### REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited  
Bharat Tin Works Building., 1st Floor, Opp. Vasant  
Oasis, Makwana Road, Marol, Andheri (East)  
Mumbai: 400059

### PRINCIPAL BANKERS

Axis Bank Limited

## NOTICE

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NOTICE is hereby given that the **10<sup>th</sup> Annual General Meeting** (Third AGM post IPO of the Company) of the Members of **Sanghvi Brands Limited** will be held on Monday, 28<sup>th</sup> September 2020 at 2.30 p.m. through Video Conferencing (“VC”) and Other Audio Visual Means (“OAVM”) to transact the following business:: -

### **ORDINARY BUSINESS**

#### **Item No. 1 – Adoption of the Annual Audited Standalone and Consolidated Financial Statements and Reports thereon:**

To receive, consider and adopt:

(a) the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2020 including audited Balance Sheet as on March 31, 2020, the statement of Profit & Loss and the Cash flow for the year ended as on that date together with report of Director’s and Auditor’s thereon; and

(b) the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2020 including Consolidated audited Balance Sheet as on March 31, 2020, the Statement of Profit & Loss and the Cash flow for the year ended as on that date together with report of Auditor’s thereon.

#### **Item No. 2 – Re-Appointment of a Director**

To consider and if thought fit appoint Mr. Darpan Sanghvi (DIN: 02912102) Director of the Company, who retires by rotation to enable compliance with the provision of Section 152 of the Companies Act 2013 and being eligible, offered himself for re-appointment

“**RESOLVED THAT** pursuant to provision of Section 152(6) of the Companies Act, 2013, and the rules made there under, Mr. Darpan Sanghvi (DIN: 02912102) who retires by rotation and being eligible for reappointment, be and is hereby reappointed as the Director of the Company.”

### **SPECIAL BUSINESS:**

#### **Item No. 3 - Alteration of Main Object Clause of the Company**

**To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:**

“**RESOLVED THAT** pursuant to Section 4 and 13(9) of the Company Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made under there under, subject to approval of the Registrar of Companies, Pune the Company be and is hereby authorised to alter the Main Object clause by adding following new clauses after existing clause III (A) 1;

2. To purchase, sell, manufacture, produce, grow, import, export, pack, repack, refine, acquire, process, store, distribute, exchange or otherwise deal in all types of Ayurvedic medicines, drugs, medicines, vitamins, tonics, herbal products, ointments, chemicals, spirits, mixtures, powders, tablets, pills, capsules, injections, balms, oils, compounds, extracts, tincture, mouth washes, and goods used in healthcare units and all kinds of preparations used in Homeopathic, Allopathic, Ayurvedic, Unani, Biochemical, nature cure or any other medicinal system or branch of medicine or as personal hygiene; juices, squash, sharbat, nourishment foods and concentrates, bandages, cotton, crutches connected with or required for any one or more of the above mentioned items and products.

3. To carry on in India or abroad business of exporter, importers, merchants, general order suppliers, commission agents, representatives, distributors, royalty owner, contractors, indent agents, passage agents, factors, organisers, concessionaries, sale agents, sub agents, in connection with the business as referred to in sub-clause (2) above.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute/publish all such notices, deeds, agreements, papers and writings as may be necessary and required for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board of directors and the Company Secretary of the Company be and are hereby severally authorised to sign all such forms and returns (including but not limited to make necessary e-filings with the Registrar of Companies, Pune) and other documents and to do all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution.”

**For and on behalf of the Board of Directors  
Sanghvi Brands Limited**

*Sd/-*

**Kruti Shah  
Company Secretary**

**Date: 01<sup>st</sup> September 2020  
Place: Mumbai**

## **NOTES:**

1. In view of the prevailing COVID-19 pandemic, the Government of India, Ministry of Corporate Affairs (“MCA”) allowed conducting Annual General Meeting through video conferencing (VC) or other audio-visual means (OAVM) without the physical presence of Members at a common venue. Accordingly, MCA issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 (“MCA Circulars”), prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM.
2. Securities and Exchange Board of India (“SEBI”) also vide its Circular dated May 12, 2020 (“SEBI Circular”), permitted holding of Annual General Meetings through VC/OAVM. In compliance with the applicable provisions of the Companies Act, 2013, MCA Circulars and applicable provisions of the SEBI Circular, the 10<sup>th</sup> Annual General Meeting (AGM) of the Members will be held through VC/ OAVM. Accordingly, the members can attend and participate in the AGM through VC/OAVM only. The venue of the Meeting shall be deemed to be the registered office of the Company.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. Pursuant to the provisions of the Companies Act, 2013 (“the Act”), a Member who is entitled to attend and vote at the AGM is also entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this General Meeting is held through VC/OAVM the physical attendance of members is dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 113 of the Act, authorized representative of the Corporate Member(s) may be appointed for the purpose of participation in the 10<sup>th</sup> AGM through VC / OAVM and also for remote e-Voting during the 10<sup>th</sup> Annual General Meeting.
5. No Route map has been sent along with this Notice of the Meeting as the meeting is held through VC/OAVM.
6. Members attending the Meeting through VC/OAVM will be counted for the purposes of reckoning of Quorum under Section 103 of the Companies Act, 2013.
7. In line with the MCA Circulars and the SEBI Circular, the Notice calling the AGM and the Annual Report for the F.Y 2019-20 has been uploaded on the website of the Company at [www.sanghvibrands.com](http://www.sanghvibrands.com). The Notice and the Annual Report for the F.Y 2019-20 can also be accessed from the websites of the Stock Exchange i.e. BSE SME Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
8. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business, if any to be transacted at the meeting is annexed hereto.

9. Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se, etc. as required to be disclosed as per the Companies Act, 2013, Regulation 36 (3) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) are provided as a part of this Notice.
10. All documents referred to in the accompanying Notice and the Explanatory Statement have been uploaded on the website of the Company at [www.sanghvibrands.com](http://www.sanghvibrands.com) shareholders will be able to inspect all documents referred to in the Notice electronically without any fee from the date of circulation of this Notice up to the date of 10<sup>th</sup> Annual General Meeting. Members seeking to inspect such documents can send an email to [compliance@sanghvibrands.com](mailto:compliance@sanghvibrands.com).
11. The entire Shareholding of the Company is in dematerialized Form.
12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
13. Considering the difficulties caused due to the Covid-19 pandemic, MCA and SEBI have dispensed with the requirement of printing and sending physical copies of the Annual Report and the Notice of this Meeting.

The Annual Reports together with the Notice of this meeting have been sent through registered email id to all those members who have registered their email ids with the Company or the Registrar and Transfer Agent or the Depositories or the Depository Participants as on Friday, 28<sup>th</sup> August, 2020.

14. Pursuant to Section 101 and 136 of the Act read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. As per provisions of Section 20 of the Act read with Rules thereunder, a document may be served on any member by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed including by facsimile telecommunication or to electronic mail address, which the member has provided to his / her Depository Participant / the Company's Registrar & Share Transfer Agent from time to time for sending communications, provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the Company in its Annual General Meeting. In cases, where any member has not registered his / her e-mail address with the Company, the service of documents, etc. will be effected by other modes of service as provided in Section 20 of the Act read with the relevant Rules thereunder. Those members, who desire to receive notice / financial statement / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his / her Depository Participant / the Company's Registrar & Share Transfer Agent, M/s. Bigshare Services Private Limited, as the case may of; Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant.
15. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depositories Services Limited (CDSL) for facilitating voting through



electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- i. The voting period begins on 25<sup>th</sup> September 2020 at 10.00 a.m. and ends on 27<sup>th</sup> September 2020 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 18<sup>th</sup> September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on “Shareholders” module.
- v. Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL’s EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- viii. If you are a first-time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Sanghvi Brands Limited on which you choose to vote.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [compliance@sanghvibrands.com](mailto:compliance@sanghvibrands.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio

number, email id, mobile number at [compliance@sanghvibrands.com](mailto:compliance@sanghvibrands.com). These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

#### **xx. Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [compliance@sanghvibrands.com](mailto:compliance@sanghvibrands.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

### **Item No. 3 - Alteration of Main Object Clause of the Company**

The members of the Company are hereby informed that the current main object clause of the Memorandum of Association of the Company ("MOA") is required to be amended in order to diversify into certain new businesses and therefore your directors are considering various proposals for diversifying the company's activities into other activities as mentioned in the resolution.

The alteration in the object clause of the MOA as set out in the resolution is to facilitate diversification. This will enable the company to carry on its business economically and efficiently and the proposed activities can be, under the existing circumstances, conveniently and advantageously combined with the present activities of the company. This will also enlarge the area of operations of the Company.

Pursuant to section 4 and 13 of the Companies Act, 2013, the above said proposal requires consent of the members by way of special resolution.

A copy of the Memorandum of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office during normal business hours on all working days upto the date of the Meeting.

None of the directors or the key managerial persons of your company and their relatives are concerned or interested financially or otherwise in this resolution, except to the extent of their shareholdings (directly and indirectly) in the Company.

The Board of directors accordingly recommends the Special Resolution for the approval of the Member.

**For and on behalf of the Board of Directors  
Sanghvi Brands Limited**

*Sd/-*

**Kruti Shah  
Company Secretary**

**Date: 01<sup>st</sup> September 2020  
Place: Mumbai**

## ANNEXURE TO NOTICE

### Details of Directors seeking Appointment / Re-appointment

*[Pursuant to the Regulation 26 and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

<b>Name of Director</b>	Mr. Darpan Sanghvi DIN: 02912102 (Re-appointed who is liable to retire by rotation)
<b>Date of Birth</b>	7 <sup>th</sup> September, 1979
<b>Date of appointment</b>	Appointment as Director on 16 <sup>th</sup> October 2010
<b>Qualification</b>	He is qualified mechanical engineer from University of Pune and done his MBA from ESADE Business School.
<b>Nature of Expertise</b>	He has vast experience in wellness industry
<b>Directorships held in other Public Companies/Foreign Companies</b>	NIL
<b>Directorships held in other Private Limited Companies</b>	<ol style="list-style-type: none"> <li>1. Sanghvi Beauty &amp; Salon Private Limited</li> <li>2. Sanghvi Fitness Private Limited</li> <li>3. Sanghvi Beauty &amp; Technologies Private Limited</li> <li>4. Sanghvi Lifestyle Products Private Limited</li> <li>5. Luxeva India Private Limited</li> </ol>
<b>No. of Shares held</b>	5,499,945 Equity shares

## DIRECTORS' REPORT

Dear Members,

The Directors are please to present the 10<sup>th</sup> Director's Report of the Company, the affairs of the Company together with the Audited Financial Statements for the year ended on 31<sup>st</sup> March 2020.

### FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The financial results for the year ended on 31<sup>st</sup> March 2020 and the corresponding figures for the previous year are as under;

Particulars	Standalone		Consolidated	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Net Revenue from Operations	79,878,586	10,00,48,965	300,807,206	31,41,33,071
Other Income	4,566,224	83,19,493	5,400,282	1,06,38,954
<b>Total Income</b>	<b>84,444,810</b>	<b>10,83,68,458</b>	<b>306,207,488</b>	<b>32,47,72,025</b>
Total Expenditure	133,163,120	11,33,27,518	397,246,824	33,86,79,324
<b>Profit before tax (PBT)</b>	<b>(48,718,310)</b>	<b>(49,59,059)</b>	<b>(91,039,336)</b>	<b>(1,39,07,300)</b>
Exceptional Items	(62,147,508)	-	-	-
Deferred Tax (Credit)	-	-	-	-
Current Tax	-	-	-	-
<b>Profit after Taxes (PAT)</b>	<b>(110,865,818)</b>	<b>(49,59,059)</b>	<b>(91,039,336)</b>	<b>(1,39,07,300)</b>

#### 1. HIGHLIGHTS

During the year under review, your Company has achieved a consolidated turnover of Rs. 300,807,206 which is 4.24% lower as compared with the previous financial year. The PAT of the Company has increased by 84.27% as compared with the previous financial year. Further, the Company has earned a net loss of Rs. 91,039,336 in the financial year 2019-2020.

The sales and profitability were marginally affected due to sudden lock down due to COVID-19 from 24<sup>th</sup> March, 2020 till 31<sup>st</sup> March, 2020 in the current financial year under review.

#### 2. DIVIDEND

To strengthen the financial position of the Company, your Directors are not recommending any dividend for the financial year under review.

### 3. RESERVES

The Balance in Reserves & Surplus stands at Rs. 30,973,373/- in comparison with the previous year balance of Rs. 141,839,192/-

### 4. SHARE CAPITAL

The Total Paid-up Capital of the Company as on 31<sup>st</sup> March 2020 is Rs. 10,41,58,800 divided into 1,04,15,880 equity shares of Rs.10/- each. There has not been any new issue of share during the year under review.

### 5. DEPOSITORY SYSTEM

Your Company's equity shares are in demat form only. The Company has appointed National Securities Depository Limited and Central Depository Services India Limited as depositories to the Company.

### 6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and SEBI Listing Regulation, 2015 the Board has been constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

#### i. Retirement by rotation:

Mr. Darpan Sanghvi Director retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting. Brief profile of Mr. Darpan Sanghvi has been given in the Notice convening the Annual General Meeting.

#### ii. Appointment and resignation of whole-time Key Managerial Personnel (KMP)

During the year under review Mr. Darpan Sanghvi resigned from the post of Managing Director w.e.f 1<sup>st</sup> October 2019 and Dr. Rajesh Srinivas Bail, was appointed Chief Executive Officer of the Company w.e.f 1<sup>st</sup> October 2019. Further, Mr. Rameshwar Wadne has resigned from the post of Chief Financial Officer w.e.f. 30<sup>th</sup> April 2020 and Mr. Laxmi Rathi was appointed as the Chief Financial Officer of the Company w.e.f 16<sup>th</sup> March 2020.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are:

- a. Dr. Rajesh Srinivas Bail, Chief Executive Officer
- b. Mr. Rameshwar Wadne, Chief Financial Officer (CFO),
- c. Mr. Laxmi Rathi Chief Financial Officer (CFO) and
- d. Ms. Kruti Shah, Company Secretary.

iii. Declaration by Independent Directors

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances affecting their status as independent directors of the Company.

None of the Directors of the Company are disqualified as per section 164(2) of the Companies Act, 2013 and rules made thereunder or any other provisions of the Companies Act, 2013. The Directors have also made necessary disclosures to the extent as required under provisions of section 184(1) of the Companies Act, 2013.

All members of the Board of Directors and senior management personnel affirmed compliance with the Company's Code of Conduct policy on an annual basis.

## **7. BOARD COMMITTEES FORMED DURING THE YEAR**

The Board of Directors has the following Committees:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholder Relationships Committee

The details of all the Committees of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

## **8. NO. OF MEETINGS HELD**

The details of the meeting of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

## **9. BOARD EVALUATION**

The Companies Act, 2013 states that a formal annual performance evaluation needs to be made by the Board of its own performance, the directors individually as well as the evaluation of its Committees. As per Schedule IV of the Companies Act, 2013, the performance evaluation of independent directors, shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all directors and the Board was conducted based on the criteria and framework adopted by the Board.

## **10. MANAGEMENT DISCUSSIONS & ANALYSIS REPORT**

The Management Discussion and Analysis Report, in terms of Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms the part of this Annual Report as "Annexure I"



## **11. REPORT ON CORPORATE GOVERNANCE**

Your Company has practiced sound Corporate Governance and takes necessary actions at appropriate times for enhancing and meeting stakeholders' expectations while continuing to comply with the mandatory provisions and strive to comply nonmandatory requirements of Corporate Governance.

Your Company has given its deliberations to provide all the information in Report on Corporate Governance as per the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which forms the part of this Annual Report as "Annexure II" as a matter of prudence and good governance.

Report on Corporate Governance Practices and the Auditors Certificate regarding compliance of conditions of Corporate Governance and certification by CEO/Whole time Director & CFO is not applicable to your Company as per regulation 15(2)(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

## **12. RELATED PARTY TRANSACTIONS**

All related party transactions have been entered by the Company during the financial year in the ordinary course of business and at the arm's length price. During the financial year under consideration the Company has entered into contracts / arrangements / transactions with related parties, which could be considered as material in accordance with the provisions of the Act, have been given in "Annexure III" in Form No. AOC-2."

## **13. STATUTORY AUDITOR**

At the AGM of the Company held on 30<sup>th</sup> September 2016, M/s. B.K. Khare & Co., Chartered Accountants, having registration number (Firm Registration No. 105102W), were appointed as Statutory auditors of the Company for a term of five years i.e. till the conclusion of Annual General Meeting to be held in the year 2021 subject to the ratification at the annual general meeting in each of the subsequent years during the aforementioned term of their appointment.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

## **14. AUDITORS' REPORT**

The observations, if any, made by the Statutory Auditors in their Auditors Report together with the notes to accounts, as append thereto are self-explanatory and hence does not call for any further explanation. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

The Report given by M/s. B.K. Khare & Co., Chartered Accountants on the financial Statements of the Company for the financial year 2019-2020 forms part of this Annual Report.

## **15. INTERNAL AUDITOR**

The Board had appointed M/s. L.M. Joshi & Co., Chartered Accountants, as the Internal Auditors of the Company to carry out the Internal Audit for the year 2019-2020 under the provisions of section 138 of the Companies Act, 2013.

The Company has received consent letter from M/s. L.M. Joshi & Co., Chartered Accountants, for their re- appointment as the Internal Auditors of the Company for the financial year 2020-2021 and the Board has re-appointed them accordingly.

## **16. SECRETARIAL AUDIT REPORT**

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, M/s. A. M. Antarkar & Co., Practicing Company Secretaries, Pune (CP No. 3022) as a Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure IV to this report. The report is self-explanatory and do not call for any further comments.

## **17. COST RECORDS AND AUDIT**

As per the Company's (Cost Records and Audit) Rules 2014, the Company's services are not covered under Cost Audit and for the services for which the maintenance of cost record is required is not applicable on the Company.

## **18. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

As per the provision of Section 138 of the Companies Act, 2013, the Company has devised a proper system to check the internal controls and functioning of the activities and recommend ways of improvement. Internal Audit is carried out timely. The internal financial controls with reference to financial statements as designed and implemented by the Company. During the year under review, no material or serious observation is received from the Internal Auditor of the Company for inefficiency and inadequacy of such controls.

## **19. EXTRACT OF ANNUAL RETURN**

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as Annexure - V.

The Extract of Annual Return in Form MGT - 9 is available on the website of the Company [www.sanghvibrands.com](http://www.sanghvibrands.com)

## **20. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

On occurrence of COVID -19, there was a complete nationwide lock down since 24<sup>th</sup> March 2020 and the operation of the Company was jeopardized since then till date. As the Company is not part of Government denominated essential service all operational locations (including for all subsidiary companies) were shut down entirely during the lockdown

phase. The revenues of the Company have fall for the 1st half of the Financial year due to pandemic of COVID-19 which has affected the Company business in India, USA and UAE due to worldwide lockdown, shutting down of tourism and domestic/ international travels.

The major effect is on our international subsidiaries situated in USA and UAE which are badly affected by COVID-19 and temporally shut down of hotels. With a widespread impact on travel, tourism and hospitality industry which has bound to affect our sustainability and continuity. However, the Company has reduced its expenses and expecting to do better business in second half of the financial year 2020-2021 and expecting a normalcy in the situation of COVID-19.

## **21. COMPLIANCE WITH SECRETARIAL STANDARDS**

Your Company has complied with the Secretarial Standards related to the Board Meetings and General Meeting issued by the Institute of Company Secretaries of India (ICSI).

## **22. CORPORATE SOCIAL RESPONSIBILITY**

Provision of Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company during the financial year under review.

## **23. VIGIL MECHANISM**

Pursuant to the provision of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, a "Vigil Mechanism Policy" for Directors and Employees of the Company is in place, to report their genuine concern of any violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, unethical behaviour actual or suspected fraud or violation of the Company's code of conduct etc. during the year under review, no such complaints were received.

## **24. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH MANNER AS MAY BE PRESCRIBED**

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3) (m) of the Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are as stated below:

### **A) Conservation of Energy**

1. The steps taken or impact on conservation of energy; The Company applied strict control system to monitor day to day power consumption. The Company ensures optimal use of energy with minimum extent of wastage as far as possible. The day to day consumption is monitored to save energy.

2. The Capital Investment on Energy Conservation Equipment. The Company has not made any capital investment on energy conservation equipment.

B) Technology Absorption: -

The Company has no activities relating to technology absorption.

C) Foreign Exchange Earnings and Outgo;

Particulars	2019-2020	2018-2019
Foreign Exchange Earnings in terms of actual inflows	-	-
Foreign Exchange outgo in terms of actual outflow	31,99,614	33,06,559

## 25. REVIEW OF SUBSIDIARY AND ASSOCIATE COMPANIES

As required under Companies Act, 2013, the audited consolidated financial statements of the Company incorporating all its subsidiary and associate companies prepared with applicable Accounting Standards are attached.

Sanghvi Brands US Holding, INC, a Wholly Owned Subsidiary of the Company generated Rs. 93,464,726 /- as revenue during the Financial Year under consideration.

During the financial under review the incorporated a Limited Liability Company (LLC) named as Sanghvi Brands Beauty and Spa L.L.C., in Abu Dhabi as a Joint Venture which generated an operating revenue of Rs. 31,203,275/-

During the last couple of months, due to lockdown, the operations of Sanghvi Brands US Holding Inc (United States of America) and Sanghvi Brands Beauty & Salon LLC (United Arab Emirates) alongwith branches were impacted adversely as the hotels where closed by 17<sup>th</sup> March, 2020 and they have not reopened as yet.

Both the subsidiaries have been affected due to impact of COVID-19 in terms of liquidity, capital and financial resources. Further, viability seems questionable given the heavy negative impact on the travel, tourism and hospitality industry which has forecasted a grim outlook for the remainder of the financial year and thus the board of the directors has decided to liquidate/ close the subsidiaries.

Salient features of subsidiary Companies are annexed as Annexure - VI in form no.AOC-1.

## 26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPARTING THE GOING CONCERN STATUS ANDCOMPANY' OPERATION IN FUTURE

There are no significant and material orders passed by regulators or courts or tribunals imparting the going concern status and Company' operation in future.

## 27. DEPOSITS

Your Company did not accept/ hold/ any deposits from public/shareholders during the year under review.

## 28. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to Financial Statements.

## 29. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder, the Company has formed an Internal Complaints Committee and framed and adopted the policy for Prevention of Sexual Harassment at Workplace. The following is the summary of Sexual Harassment complaints received and disposed off during the year 2019-2020.

No. of Complaints received: NIL

No. of Complaints Disposed off: NIL

## 30. STATEMENT OF UTILIZATION OF PUBLIC ISSUE PROCEEDS PURSUANT TO REGULATION 32 OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

As per Regulation 32 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the listed entity shall submit to the stock exchange the statement indicating deviation, if any in the use of proceeds from the objects stated in the offer document, indicating category wise variation between projected utilization of funds made by it in its offer document, as applicable and the actual utilization of funds. However, there was no deviation on the objects of the issue proceeds and as reviewed by the Audit Committee the statement is as under;

Particulars	Amount (Rs. in Lakhs)		
	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2020	Pending for utilization
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	771.70	155.84	235.01
b. Acquisitions and development of new brands		380.85	
Marketing and sales promotion of the brands in our portfolio	500.00	432.43	67.57
Strategic Investments for business growth	100.00	71.42	28.58
General Corporate Purpose	284.42	281.89	2.53
Issue Expenses	240.00	225.55	14.45
<b>Total</b>	<b>1896.12</b>	<b>1547.98</b>	<b>348.14</b>

### **31. HUMAN RESOURCES**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### **32. PARTICULARS OF EMPLOYEES**

The Company has no employee Companies, who is in receipt of remuneration of Rs. 8,50,000/- per month or Rs. 1,02,00,000 per annum and hence the Company is not required to give information under sub rule 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### **33. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **34. LISTING WITH STOCK EXCHANGES**

Sanghvi Brands Limited listed its shares on the SME Platform of BSE Limited on November 22, 2017. The listing fees duly paid to the exchange and annual custodial fees has been paid to CDSL and NSDL for the F.Y. 2020-2021.

### 35. ACKNOWLEDGEMENT

Your Directors takes this opportunity to thank all Government Authorities, Bankers, Shareholders, Registrar & Transfer Agents, Investors and other Stakeholders for their assistance and co-operation to the Company. Your Directors express their deep sense of appreciation and gratitude towards all employees and staff of the Company and wish the management.

**For and on behalf of the Board**  
**Sanghvi Brands Limited**  
*(formerly known as Sanghvi Brands Private Limited)*

Sd/-

**Darpan Sanghvi**  
**Director**  
**DIN: 02912102**

Sd/-

**Narendra Sanghvi**  
**Director**  
**DIN: 02912085**

**Date: 1<sup>st</sup> September 2020**  
**Place: Mumbai**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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Against the backdrop of the external environment our value creation model and strategy your Board of Directors is pleased to share with you the Business Performance along with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2020.

### **GLOBAL ECONOMY**

Towards the end of the fourth quarter of the current fiscal, COVID-19, a coronavirus that originated in a city, spread throughout the world at an alarming rate in a matter of a few months. On March 11, 2020, the World Health Organisation (WHO), declared COVID-19 a global pandemic. The global economy was already sluggish, with growth rates declining due to lower infrastructure spends, increased trade barriers, geopolitical stress and social unrest in many countries. COVID-19 further exacerbated the stress, impacting growth rates even further by bringing ordinary life to a standstill, reducing travel and transportation, interrupting business and threatening lives and livelihoods across the globe. What started as a public health issue has spiralled into global recession, inseparable from the uncertainty and changed priorities that it has brought in its wake. Economic revival will largely depend on how the disease is contained, and the speed at which research can lead to the development of a vaccine or therapies for the cure of the ailment. The time taken for the commercial production and proliferation of medicines will be critical to bringing back normalcy in life, the revival of consumer sentiment and business confidence. We are now placed at an inflection point. Along with the other industries such as real estate, construction, automotive, luxury retail, etc. wellness industry, that includes hospitality, hotels, salons, spa etc. have taken a frontal impact of the pandemic. The wellness industry has been affected both in terms of the demand for its products, services and its people, given that the industry is highly people-centric and service delivery involves close interaction between guests and the service-providers. The government's response to the situation, which includes social distancing norms, global travel advisories, suspension of visas, prohibition against mass gatherings, cancellation of sporting and cultural events, halting of interstate transport, railways, etc. has impacted the industry.

The industry is taking all possible measures to survive in the short term, revive in the medium-term, and thus thrive in the long-term. This will prepare it for the "new normal", an era of changed customer perceptions about services; an era that will see higher emphasis on hygiene and safety amongst businesses and customers alike, and an exponential increase in the use of digital solutions as the world deals with the concept of "contact-less" interaction among people.

### **INDIAN ECONOMY: THE YEAR IN REVIEW (PRE-COVID-19)**

The IMF had revised India's growth rate to 4.2% in 2019 in the World Economic Outlook released in January 2020, from its earlier projection of 6.8%. A sharp decline in domestic consumption and private investment, stress caused by the liquidity crisis and weakening credit growth had prompted the revision. Sluggish global growth caused by the



downturn in manufacturing, trade and demand had also adversely impacted the Indian economy. However, the services sector continued to outperform the industrial and agricultural sectors in terms of gross value added (GVA). The government's fiscal stimulus through the lowering of corporate tax rates, merger of public sector banks, focus on manufacturing, support for affordable housing, together with the Reserve Bank of India's monetary stimulus through the reduction in policy rates, and subdued oil prices were expected to propel the Indian economy. (Source: Economic Survey 2019-20)

Service sector is the most dynamic sector in the economy and has remained the key driver of economic growth along with being a major contributor to Indian Economy.

### **SALON AND SPA INDUSTRY**

The salon industry is roughly 30% of the overall wellness and beauty market. There are six to seven million salons in India, with women contributing to more than 85% to the total industry revenues. However, with men becoming more focused on their looks, the number of unisex salons are also growing strongly. For a long period, salons in India were considered only for basic hygiene-based needs such as haircuts, shaving, hair removal, etc. and people were reluctant to try other experience-based services such as facials, manicure and pedicure. Visitors perceived these services as expensive and only in the reach of higher economic group. However, in recent years, multiple factors such as preference for a quality lifestyle, increasing focus on physical appearance and inclination for personalized services have changed that notion. Individuals are gaining inspiration from international lifestyle and celebrities to look good and feel good. Grooming and beauty services have become a part of one's lifestyle leading to a growing demand of experiential services. Also, the spa industry in India is in a nascent stage but growing rapidly due to increasing wellness tourism, improving living standards and growing awareness about the importance of maintaining physical and mental health. Currently, India is the third fastest growing spa market after America and Europe.

### **BUSINESS OVERVIEW**

Our **BRANDS** are those that take action to make sustainable living commonplace in a way that is relevant for the society and motivating to consumers. Branding is becoming more and more important. So is brand identity. Your Company strive for better quality and also keep up with the demand for different services.

The year also saw strong performance of international location in the UAE until the onset of COVID-19 pandemic towards the end of FY 2019-20.

Your Company the year ended 31<sup>st</sup> March 2020 has 23 Operating Spa and Salons across the World as well as training academies. Your Company continues to improve its on-shelf quality of services to enhance consumer experience. Our belief remains firmly embedded in 'Delighting consumers Everyday'.

As an immediate response the Company took measures to protect the health of its employees and guests by implementing renewed health and hygiene standards and complying with the directives of the Central and State governments and municipal authorities. The Company adopted a work-from-home policy for its corporate and regional offices as a precautionary measure. New and detailed standard operating procedures were formulated as a

comprehensive guide covering all areas of operations and service design, factoring in social distancing, digital-first approach and heightened precautionary processes for guests and employees.

With the lifting of lockdown restrictions, the Company will be started reopening few of its location in non-containment zones after establishing thorough and well-rehearsed safety protocols. The management expects all the locations to become operational in a phased manner after the lockdown is lifted and the confidence of travellers is restored. However, it expects demand for its services to pick up at a slow pace. Business recovery is likely to be driven by domestic leisure tourism, staycations, domestic business travel and limited international travel. The trust that the Company's brands enjoy and its emphasis on the health and safety of guests and employees will help it gain market share as and when the economy revives.

## **HUMAN RESOURCES**

An important challenge for the wellness industry is the need for professionally qualified personnel. Sustainable, profitable growth can only be achieved in an organisation which focuses on performance culture and where employees are engaged and empowered to be the best they can be. While quality of talent has been your Company's strength, there has been an impetus on building future ready leadership that is equipped and empowered to thrive in this dynamic environment.

## **RISKS AND CONCERNS**

The Company has identified certain risks that are regard as the most relevant to our business. These are the risks that see most material to business and performance at this time. There may be other risks that could emerge in the future. The most significant emerging risk is the ongoing outbreak of the novel coronavirus (COVID-19). These are challenging times for the world at large. The outbreak of COVID-19 and its rapid acceleration across the globe are concerning. While the human impact of the virus takes precedence for all of us, we continue to monitor the developments closely and are wary of the adverse impact on our business. The manifold disruptions in terms of Government announced lockdowns, challenges in providing and managing services and fall in consumer spending pose risks that are multi-dimensional and rapidly evolving. The dynamics of this situation make it difficult to fully assess the risk impact. However, the management is doing to ensure business continuity and working tirelessly to mitigate the risks. The management is monitoring the evolving situation carefully to understand the potential impact on the people and business.

### *Cautionary statement*

This statement made in this section describes the Company's objectives, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

## REPORT ON CORPORATE GOVERNANCE

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### 1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance philosophy of your Company ensures transparency in all dealings and in the functioning of the management and the Board. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regularity compliances. The Company operates within accepted standards of proprietary, fair play and justice and aims at creating a culture of openness in relationship between itself and its stakeholders.

As a responsible corporate citizen, your Company had established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to organizational sustainability, systematic training, learning and personal growth, conservation of energy and other scarce resources, promoting safety and health of its employees and of the neighbouring community etc.

### 2. BOARD COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company (Board) has optimum combination of Executive, Non-Executive and Independent Directors.

The Composition of the Board and category of Directors are as follows;

<b>Name of Directors</b>	<b>Designation</b>
Darpan Sanghvi	Executive Director
Narendra Sanghvi	Non-Executive Director
Disha Sanghvi	Non-Executive Director
Carlton Pereira	Non-Executive Director
Sunil Lulla	Independent Director
Gaurav Agarwal	Independent Director

Mr. Narendra Sanghvi is the father of Mr. Darpan Sanghvi and Mrs. Disha Sanghvi. None of the other Directors are related to any other Director on the Board.

Details of Attendance of Directors at Board, Last Annual General Meetings (AGM) and No. of other Directorship of each Director in various Companies.

Name of Directors	Designation	Attendance at meetings during 2019-2020		No. of Directorships as on 31 <sup>st</sup> March, 2020
		Board	Last AGM	
Darpan Sanghvi	Executive Director	5	Yes	5
Narendra Sanghvi	Non-Executive Director	4	Yes	5
Disha Sanghvi	Non-Executive Director	5	Yes	3
Carlton Pereira	Non-Executive Director	4	-	11
Sunil Lulla	Independent Director	3	-	3
Gaurav Agarwal	Independent Director	4	-	6

### 3. NO. OF BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR

A. Board Meetings held during the year under review are given below;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	30 <sup>th</sup> May 2019	6	6
2	26 <sup>th</sup> August 2019	6	4
3	14 <sup>th</sup> November 2019	6	6
4	22 <sup>nd</sup> January 2020	6	3
5	6 <sup>th</sup> March 2020	6	6

B. Audit Committee Meetings held during the year under review are given below;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	30 <sup>th</sup> May 2019	3	3
2	26 <sup>th</sup> August 2019	3	2
3	14 <sup>th</sup> November 2019	3	3
4	6 <sup>th</sup> March 2020	3	3

C. Nomination and Remuneration Committee Meeting held during the year under review are given below;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	30 <sup>th</sup> May 2019	3	3
2	26 <sup>th</sup> August 2019	3	2
3	14 <sup>th</sup> November 2019	3	3
4	6 <sup>th</sup> March 2020	3	3

D. Stakeholder Relationships Committee Meeting held during the year under review are given below;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	30 <sup>th</sup> May 2019	3	3
2	26 <sup>th</sup> August 2019	3	2
3	14 <sup>th</sup> November 2019	3	3
4	6 <sup>th</sup> March 2020	3	3

#### 4. APPOINTMENT OF DIRECTORS

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect from April 1, 2014. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of maximum of five years each and shall not be liable to retire by rotation. Your Board has adopted the provisions with respect to appointment and tenure of Independent Directors consistent with the Companies Act, 2013 and the Listing Regulations.

At the time of appointment of an Independent Director, the Company has issued a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director.

#### 5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration.

a. **Managing Director:** The Managing Director shall be appointed on the basis of their qualification, expertise and experience in the Business of Sanghvi Brands Limited. The term of the appointment or re-appointment of Managing Director shall be for the period of five years. Sanghvi Brands Limited shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director who has attained the age of seventy-five years, provided that the term of such person may be extended by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy-five years.

b. **Independent Directors:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The appointment of the Independent Directors shall be in accordance with Schedule IV to the Companies Act, 2013.

c. Key Managerial Personnel (KMP): A person to be appointed as a KMP should possess adequate qualification, knowledge and expertise. The Committee has discretion to decide whether qualification, knowledge and expertise possessed by a person is sufficient/satisfactory for the concerned position.

d. Senior Management & other employees: The person at the level of Senior Management and other employees shall be appointed as per the policy formulated by Human Resource Department of the Company.

## 6. DETAILS OF THE BOARD COMMITTEES OF THE COMPANY

The Board has constituted following Committees during the year as under;

Composition of the Audit Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

Composition of the Nomination and Remuneration Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

Composition of the Stakeholder Relationships Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

## 7. REMUNERATION TO:

a. Managing Director: The remuneration/compensation/commission etc. to the Managing Director, Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. to the Directors shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. The remuneration and commission to be paid to the Managing Director/Whole-time Director/Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Schedule V and other applicable rules made thereunder.

Revision to the existing remuneration/compensation structure may be recommended by the Committee to the Board subject to approval of the Shareholders whenever necessary, in the case of Managing Director/Whole- time

Director/Executive Director and would be based on the individual's performance as well as the Company's overall performance.

If any Managing Director/Whole-time Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty of negligence, default, misfeasance, breach of duty or breach of trust, the premium paid on such insurance shall be treated as part of the remuneration.

b. Non-Executive Directors & Independent Directors: The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. An Independent Director shall not be entitled to any stock option of the Company.

c. Key Managerial Personnel (KMP), Senior Management & other employees: The KMP, Senior Management and other employees of the Company shall be paid remuneration as per the policies implemented by the Company from time to time.

**8. LOAN TO SENIOR MANAGEMENT (OTHER THAN MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR) AND OTHER EMPLOYEES OF THE COMPANY:**

The loan may be given to the above concerned for the purposes such as Marriage, Education, Housing Loan or such other purposes, in accordance with the policies implemented by the Company from time to time.

**9. PERFORMANCE EVALUATION:**

The Committee shall evaluate performance of every Director, KMP and Senior Management Personnel at regular period of one year.

**10. ANNUAL GENERAL MEETINGS**

Year	Location	Date	Time
2018-29	Bliss Banquet, Tarawade Clarks Inn, Ground Floor, 1205/2/5, Shirole Road, Off J.M. Road, Pune: 411005	27.09.2019	02.00 p.m.
2017-18	Red Wall Banquet, Tarawade Clarks Inn, First Floor, 1205/2/5, Shirole Road, Off J.M. Road, Pune: 411005	24.09.2018	02.00 p.m.

2016-17	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	14.09.2017	10.30 a.m.
2015-16	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	30.09.2016	12.30 p.m.
2014-15	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	28.09.2015	12.30 p.m.

## 11. MEETINGS OTHER THAN ANNUAL GENERAL MEETING

During the year under review there are no other general meetings of the members of the Company except the 9th Annual General Meeting.

## 12. CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct ('the Code') applicable to the Directors and employees. The Code is applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence. A copy of the Code has been put up on the Company's website and can be accessed at [www.sanghvibrands.com](http://www.sanghvibrands.com).

## 13. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH INTEREST OF COMPANY AT LARGE

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There was no transaction of a material nature with any of the related parties which was in conflict with the interest of the Company.

**For and on behalf of the Board**  
**Sanghvi Brands Limited**  
*(formerly known as Sanghvi Brands Private Limited)*

Sd/-

**Darpan Sanghvi**  
**Director**  
**DIN: 02912102**

Sd/-

**Narendra Sanghvi**  
**Director**  
**DIN: 02912085**

**Date: 1<sup>st</sup> September 2020**  
**Place: Mumbai**



**FORM NO. AOC-2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto –

1. **Details of contracts or arrangements or transactions not at arm's length basis- NIL**
2. **Details of material contracts or arrangement or transactions at arm's length basis-**

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any;
<b>Mr. Narendra Sanghvi</b>	Director of the Company	Rent paid	-	In normal course of Business	-
<b>*Mr. Darpan Sanghvi</b>	Managing Director	Salary	5 years	In normal course of Business	24 <sup>th</sup> July 2018
<b>Ms. Disha Sanghvi</b>	Director of the Company	Rent paid	-	In normal course of Business	-
<b>Sanghvi Beauty &amp; Technologies Private Limited</b>	Significant Influence	Reimbursement of Expenses	Event Based	In normal course of Business	-
<b>Sanghvi Lifestyle Products Private Limited</b>	Significant Influence	Sale of Goods	Event Based	In normal course of Business	-

\* Mr. Darpan Sanghvi has resigned from the post of the Managing Director for w.e.f. 1<sup>st</sup> October 2019

**For and on behalf of the Board**  
**Sanghvi Brands Limited**  
*(formerly known as Sanghvi Brands Private Limited)*

Sd/-

**Darpan Sanghvi**  
**Director**  
**DIN: 02912102**

Sd/-

**Narendra Sanghvi**  
**Director**  
**DIN: 02912085**

**Date: 1<sup>st</sup> September 2020**  
**Place: Mumbai**

## **FORM NO. MR-3**

### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2020**

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

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To,  
The Members,  
Sanghvi Brands Limited  
Pune

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sanghvi Brands Limited. (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Sanghvi Brands Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed, and other records maintained by Sanghvi Brands Limited (“the Company”) for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under
- (iii) The Securities Contracts (Regulation) Act, 1956 and Rules made there under
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment as well as overseas Direct Investments
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. The Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011
  - e. The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

- g. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit period)

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

- (i) Memorandum and Articles of Association
- (ii) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (iii) The Listing Agreement entered into by the Company with the Bombay Stock Exchange on SME Platform.
- (iv) SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 to the extent applicable to a SME Listed Company to which it belongs.

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place if any, during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through, while the dissenting members' views, if any were captured and recorded as part of these minutes.

I further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

**For A. M. Antarkar & Co.**  
**Company Secretaries**

Sd/-

**Ajay M. Antarkar**

**FCS No. 3525**

**C P No.: 3022**

**UDIN: F003525B000640953**

Date: 1<sup>st</sup> September 2020

Place: Pune

## FORM MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L74999PN2010PLC135586
ii)	Registration Date:	16/02/2010
iii)	Name of the Company:	SANGHVI BRANDS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v)	Address of the Registered Office and contact details	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005
vi)	Email	<a href="mailto:investor@sanghvibrands.com">investor@sanghvibrands.com</a>
vii)	Whether listed Company	Yes
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Bigshare Services Private Limited</b> 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059 Tel: 022-62638200; Fax: 022 – 62638299 Email: <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Spa and Salons.	93095	100%

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Sanghvi Beauty & Salon Private Limited	U74900PN2011PTC141626	Wholly Owned Subsidiary	99.99%	2(87)

2	Sanghvi Fitness Private Limited	U74900PN2010PTC137959	Subsidiary	97.50%	2(87)
3	Sanghvi Brands US Holding INC	-	Wholly Owned Subsidiary	100%	2(87)
4	Love of Spa RFO LLC	-	One Layer Subsidiary	100%	2(87)
5	Spa La Vie Beauty LLC	-	One Layer Subsidiary	100%	2(87)
6	Sanghvi Brands SL (Private) Limited	-	Wholly Owned Subsidiary	100%	2(87)
7	Sanghvi Brands Beauty & Spa LLC	-	Joint Venture	49%	2(87)
8	Anayan Software Consultancy Private Limited	U74999MH2015PTC263837	Associate	20%	2(87)

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

##### i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April 2019				No. of Shares held at the end of the year 31 <sup>st</sup> March 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual	5,499,978	0	5,499,978	52.80	5,533,978	0	5,533,978	53.13	0.33
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.(VBHC)	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other- Holding Company	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total(A) (1)</b>	<b>5,499,978</b>	<b>0</b>	<b>5,499,978</b>	<b>52.80</b>	<b>5,533,978</b>	<b>0</b>	<b>5,533,978</b>	<b>53.13</b>	<b>0.33</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	<b>5,499,978</b>	<b>0</b>	<b>5,499,978</b>	<b>52.80</b>	<b>5,533,978</b>	<b>0</b>	<b>5,533,978</b>	<b>53.13</b>	<b>0.33</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00

b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Foreign Portfolio Investor	104,000	0	104,000	1.00	104,000	0	104,000	1.00	0.00
j) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	104,000	0	104,000	1.00	104,000	0	104,000	1.00	0.00
<b>2. Non Institutions</b>									
a) Bodies Corp.									
i) Indian	282,300	0	282,300	2.71	127,000	0	127,000	1.22	1.49
ii) Overseas	2,167,880	0	2,167,880	20.81	2,167,880	0	2,167,880	20.81	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1,475,845	0	1,475,845	14.17	1,261,522	0	1,261,522	12.11	2.06
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	709,000	0	709,000	6.81	779,000	0	779,000	7.48	-0.67
c) Others(specify)									
i) Other -Clearing Member	79,877	0	79,877	0.77	130,000	0	130,000	1.25	-0.48
ii) Other - (NON RESIDENT INDIANS (NRI)	97,000	0	97,000	0.93	52,500	0	52,500	0.50	0.43
iii) Other - (Hindu Undivided Family)					260,000		260,000	2.50	2.50
Sub-total(B)(2)	4,811,902	0	4,811,902	46.20	4,777,902	0	4,777,902	45.87	5.32
Total Public Shareholding (B)=(B)(1) + (B)(2)	4,915,902	0	4,915,902	47.20	4,881,902	0	4,881,902	46.87	5.32
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0		0.00
<b>Grand Total (A+B+C)</b>	<b>10,415,880</b>	<b>0</b>	<b>10,415,880</b>	<b>100.00</b>	<b>10,415,880</b>	<b>0</b>	<b>10,415,880</b>	<b>100.00</b>	<b>5.65</b>

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total	
1	Darpan N. Sanghvi	54,99,945	52.80	0	54,99,945	52.80	0	0
2	Disha N. Sanghvi	11	0	0	34,011	0.33	0	0.33
3	Jaya D. Sanghvi	11	0	0	11	0.00	0	0
4	Kamini N. Sanghvi	11	0	0	11	0.00	0	0
<b>Total</b>		<b>54,99,978</b>	<b>52.80</b>	<b>0</b>	<b>55,33,978</b>	<b>53.13</b>	<b>0</b>	<b>0.33</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	54,99,978	52.80	54,99,978	52.80
	Purchase of shares	-	-	34,000	0.33
	<b>At the end of the year</b>			<b>55,33,978</b>	<b>53.13</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Tano India Private Equity Fund II	21,67,880	20.81	21,67,880	20.81
2	Gita Kirti Ambani	3,60,000	3.46	3,69,000	3.54
3	Vinay Rungta	-	-	2,55,000	2.44
4	Nikhil Vora	1,24,000	1.19	1,24,000	1.19
5	Satish Kumar Arya	-	-	1,05,000	1.00

6	Tano Mauritius India FVCI II	1,04,000	0.99	1,04,000	0.99
7	Anita Khandelwal	-	-	60,000	0.57
8	Anoop Jain	58,000	0.56	58,000	0.56
9	Maverick Commodity Brokers Private Limited Proprietary Account	-	-	47,000	0.45
10	Mahesh Ramanlal Shah	-	-	45,000	0.43

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of Director /Key Managerial Personnel : Disha Sanghvi	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	11	--	11	--
	- Purchase during the year			34,000	0.33
<b>At the end of the year</b>				<b>34,011</b>	<b>0.33</b>

**V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ ii+ iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
· Addition	-	-	-	-
· Reduction	-	-	-	-
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not a due	-	-	-	-
<b>Total</b>	-	-	-	-



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. Remuneration to Managing Director, Whole-Time Directors and/ or Manager:**

Sr. No.	Particulars of Remuneration	Total Amount
<b>Name of Managing Directors: Darpan Sanghvi</b> *(resigned w.e.f. 1 <sup>st</sup> October 2019)		
1.	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	29,76,000
2.	Stock Option	NA
3.	Sweat Equity	NA
4.	Commission - as % of profit - others, specify...	NA
5.	Others, please specify	-
	Total (A)	<b>29,76,000</b>
	Ceiling as per the Act	84,00,000

**B. Remuneration to other Directors:**

Sr. No.	Particulars of Remuneration	Total Amount
1.	<b>Mr. Sunil Lulla (Independent Director)</b> (a) Fee for attending board meetings (b) Commission	Rs.75,000/- -
2.	<b>Mr. Gaurav Agarwal (Independent Director)</b> (a) Fee for attending board meetings (b) Commission	Rs.1,00,000/- -
3.	<b>Mr. Carlton Pereira (Non-Executive Director)</b> (a) Fee for attending board meetings (b) Commission	Rs.1,00,000/- -

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Company Secretary	Chief Executive Officer (w.e.f. 1 <sup>st</sup> October 2019)	Chief Financial Officer (Mr. Rameshwar Wadne)	Chief Financial Officer (Mr. Laxmi Rathi w.e.f. 16 <sup>th</sup> March 2020)	
1.	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,30,344	27,50,000	30,00,000	1,15,863	62,96,207

	(b)Value of perquisites u/s17(2) of the Income-tax	-		-	-	-
	(c)Profits in lieu of salary under section17(3) of the	-		-	-	-
2.	Stock Option	-		-	-	-
3.	Sweat Equity	-		-	-	-
4.	Commission - as % of profit - others, specify...	-		-	-	-
5.	Others, please specify	-		-	-	-
	<b>Total</b>	<b>4,30,344</b>	<b>27,50,000</b>	<b>30,00,000</b>	<b>1,19,792</b>	<b>62,96,207</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Act	Brief Description	Details of Penalty/Punishment/ Compounding fee imposed	Authority (RD/NCLT/Court)	Appeal Made, if any (Give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For and on behalf of the Board**  
**Sanghvi Brands Limited**  
*(formerly known as Sanghvi Brands Private Limited)*

Sd/-

**Darpan Sanghvi**  
**Director**  
**DIN: 02912102**

Sd/-

**Narendra Sanghvi**  
**Director**  
**DIN: 02912085**

**Date: 1<sup>st</sup> September 2020**  
**Place: Mumbai**

**FORM - AOC 1**
***Salient Features of Financial Statements of Subsidiaries as per Companies Act, 2013***

Sr. No.	Particulars	Name of the Subsidiary Company				
		Sanghvi Beauty & Salon Private Limited	Sanghvi Fitness Private Limited	Sanghvi Brands SL (Private) Limited	Sanghvi Brands Beauty and Spa LLC	Sanghvi Brands US Holding INC
	Reporting Currency	INR	INR	LKR	AED	USD
1	Equity Share Capital	1,00,000	1,00,000	10	2,00,000	1,05,001
2	Reserves & surplus	(36,850,964)	(6,165,399)	(9,62,307)	(560,510)	(312,070)
3	Total Assets	26,681,897	3,642,640	2,745,629	449,994	352,880.53
4	Total Liabilities	26,681,897	3,642,640	2,745,629	449,994	352,880.53
5	Investments	-	-	-	-	-
6	Turnover	93,628,627	119,885	7,763,511	16,18,973	1,313,462
7	Profit/ Loss before taxation	(20,684,838)	(5,407,954)	(4,705,019)	385,812	(180,240)
8	Provision for taxation	-	-	-	-	-
9	Net Profit/ Loss after taxation	(20,684,838)	(5,407,954)	(4,705,019)	385,812	(180,240)
10	Proposed Dividend	-	-	-	-	-
11	% of shareholding	100%	97.50%	100%	49%	100%

## CERTIFICATION BY THE CHIEF FINANCIAL OFFICER ON FINANCIAL STATEMENTS OF THE COMPANY

(In terms of regulation 17 (8) read with Part B of schedule II of the SEBI Listing Regulation, 2015)

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To,  
The Board of Directors,  
Sanghvi Brands Limited

I, Mr. Laxmi Rathi, Chief Financial Officer of Sanghvi Brands Limited, certify that:

- (a) I have reviewed the financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best our knowledge the belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- i. There has not been any significant change in internal control over financial reporting during the year under reference
  - ii. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii. I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**For Sanghvi Brands Limited**  
*(formerly known as Sanghvi Brands Private Limited)*

Sd/-

**Laxmi Rathi**  
**Chief Financial Officer**

**Date: 01<sup>st</sup> September 2020**  
**Place: Mumbai**

## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**SANGHVI BRANDS LTD**

### Report on the Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Sanghvi Brands Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

4. We draw attention to following matters in notes to the financial statement
  - a. Note No 34 which describes the potential impact of the outbreak of COVID 19 on the business operations of the Company and management assessment of such impact. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.
  - b. Note 35 on management's assessment of the carrying value of investments in its subsidiary, Sanghvi Beauty and Salons Private Ltd. According to the management, no provision is presently considered for diminution in value of the investments and the carrying value of loans and advances granted to the subsidiary for the reasons stated therein, despite significant accumulated losses, negative net-worth as of the balance sheet date and its operations having been impacted by the Covid 19 pandemic as in the view of the management this is a temporary disruption
  - c. Note 36 on management's assessment of the carrying value of investments in its subsidiary, Sanghvi Fitness Private Ltd. According to the management, no provision is presently considered for diminution in value of the investments and the carrying value of loans and advances granted to the subsidiary for the reasons stated therein, despite significant accumulated losses, negative net-worth as of the balance sheet date and its operations having been impacted by the Covid 19 pandemic. , as in the view of the management this is a temporary disruption

## Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter	Response to Key audit matter
<p>1. Testing of carrying value of Investment in Subsidiaries and Joint ventures was considered as key audit matter as it involved significant management judgement and reliance on future projections.</p> <p>The Company has three wholly owned subsidiaries Sanghvi Beauty, Sanghvi US Holding and Sanghvi Sri Lanka. It also holds 97.5% in Sanghvi Fitness. These entities are engaged in the business of providing beauty, fitness and spa treatment.</p> <p>At 31<sup>st</sup> March 20, the net worth of above-mentioned subsidiaries has completely eroded.</p> <p>The existence of the above impairment indicator required management to estimate the recoverable amount of the Company's investment in subsidiary along with loans and advances provided to subsidiaries.</p>	<p>Our audit approach was a combination of test of controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>i. Tested the management oversight and controls over valuation of investments.</li> <li>ii. Obtained future projections and business plans for the subject entities prepared by the management and tested them for reasonableness of assumptions and arithmetic accuracy.</li> <li>iii. Based on our audit procedures, we noted no reportable matters regarding investments and its valuation except for Sanghvi Fitness and Sanghvi Beauty and Salons. For those entities company will require to take impairment provision in the books.</li> <li>iv. For investment in overseas subsidiaries company has taken 100% provision for impairment of investment for March 20.</li> </ul>

## Other Information

6. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report but does not include the financial statements and our auditor's report thereon.
7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
9. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibility of Management for Financial Statements

10. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in

India, including the Indian Accounting Standards specified under Section 133 of the Act.

11. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

14. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that

we identify during our audit.

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

#### **Report on other Legal and Regulatory Requirements**

18. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B. K. Khare and Co.**

Chartered Accountants

Firm Registration No.: 105102W

Sd/-

**Shirish Rahalkar**

Partner

Membership No.: 111212

UDIN: 20111212AAAAP8372

Mumbai, July 29, 2020



## ANNEXURE “A” TO THE AUDITOR’S REPORT

### Referred to in paragraph 16 of our report of even date on the accounts of Members of Sanghvi Brands Limited for the year ended March 31, 2020

- 1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
ii) According to the information and explanation given to us, the Company has phased programme for verification of fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of assets. *During the year, the Company did not verify any of the fixed assets.*  
iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.
- 2) Inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the frequency of physical verification is reasonable. *Management was not able to conduct physical verification of the inventories during the year end of 31 March 2020 due to lock-down restrictions imposed in view of Covid 19 pandemic.*
- 3) The Company has granted unsecured loan to four wholly owned subsidiary and one partly owned subsidiary company covered in the register maintained under section 189 of the Act.
  - a. In our opinion, rate of interest and other terms granted to conditions on which the loans had been granted to the wholly owned subsidiary company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
  - b. In respect of the aforesaid loan, the parties are repaying the principal amount, as stipulated, and are also regular in payment of interest as applicable.
  - c. In respect of the aforesaid loan, there is no overdue amount.
- 4) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans given, investment made and guarantees given to parties covered under the respective sections have been complied with by the Company.
- 5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the company.
- 6) According to the information and explanation given to us, the provisions of the paragraph 3 (vi) of the Order are not applicable to the Company as the Company is not covered by the Companies (Cost Records and Audit) Rules, 2014.
- 7) i) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, *except for certain dues in respect of Provident fund, TDS and Profession Tax, which have not been deposited till 31<sup>st</sup> March 2020, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income tax, goods and service tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of arrears of statutory dues outstanding as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they become payable are as follows-*
  - ii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, goods and service tax, duty of custom and excise or value added tax or cess which have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Due date	Date of payment
THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952	Provident Fund	2,85,910	Apr19-Sept19	15 <sup>th</sup> of respective month	Not paid
Profession Tax Act, 1975	Profession Tax	12,224	Apr19-Sept19	30 <sup>th</sup> of respective month	Not paid
Employees State Insurance corporation	ESIC	7,089	Apr19-Sept19	21 <sup>st</sup> of respective month	Not paid
		3,05,223			

- 8) The Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the order is not applicable to company.
- 9) According to the information and explanations given by the management, the Company has utilized the money raised by way of initial public offer for the purposes mentioned in the prospectus of IPO. The unutilized portion of the IPO is deployed in fixed term deposit.
- 10) 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 explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- 11) Based on the records examined by us and according to information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by provisions of section 197 read with schedule V of the Act.
- 12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company
- 13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable accounting standard.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.
- 15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the Order are not applicable to the Company.

**For B. K. Khare and Co.**

Chartered Accountants

Firm's Registration No.: 105102W

Sd/-

**Shirish Rahalkar**

Partner

Membership No.: 111212

UDIN: 20111212AAAAKP8372

Mumbai, July 29, 2020

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SANGHVI BRANDS LTD**

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

We have audited the internal financial controls over financial reporting of Sanghvi Brands Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorizations of management and directors of the company;  
and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit procedure, the following material weakness has been identified in Company's internal financial controls as at March 31, 2020.

The company needs to improve internal financial controls in accrual and recording of administrative and other expenses.

In our opinion, except for the effects of material weakness described above , the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Sd/-

#### **Shirish Rahalkar**

Partner

Membership No. 111212

UDIN: 20111212AAAAKP8372

Mumbai, July 29, 2020

## BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019		
		Amount	Amount		
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	104,158,800	104,158,800		
(b) Reserves and surplus	2	30,973,373	141,839,192		
<b>2 Non-current liabilities</b>					
(a) Long-term provisions	4	1,873,743	2,620,390		
<b>3 Current liabilities</b>					
(a) Trade Payable					
- Micro Enterprises & Small Enterprises		-	-		
- Other than Micro Enterprises & Small Enterprises	5	4,637,940	2,464,402		
(b) Other current liabilities	6	12,860,144	10,734,403		
(c) Short-term provisions	7	780,537	406,505		
<b>TOTAL</b>		<b>155,284,537</b>	<b>262,223,692</b>		
<b>II. ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Property, plant and Equipment					
(i) Tangible assets	8	2,878,418	3,111,973		
(b) Intangible assets		627,047	30,152,361		
(c) Non-current investments	9	1,667,500	13,378,676		
(d) Long-term loans and advances	11	6,921,676	8,779,302		
(e) Other Non-Current Assets	12	4,626,625	4,350,254		
<b>2 Current assets</b>					
(a) Inventories	13	8,291,342	13,965,328		
(b) Trade receivables	14	25,131,992	8,814,786		
(c) Cash and cash equivalents	15	43,173,878	89,411,104		
(d) Short-term loans and advances	16	61,578,399	89,813,471		
(e) Other current assets	17	387,661	446,437		
<b>TOTAL</b>		<b>155,284,537</b>	<b>262,223,692</b>		
See accompanying Notes to The Financial Statements	24 -38				
The accompanying notes form an integral part of The Financial Statements.					
For B K Khare and Co. Chartered Accountants Firm Registration No - 105102W			For and on behalf of Board of Directors Sanghvi Brands Limited (Formerly Known as SANGHVI BRANDS PRIVATE LIMITED)		
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar Partner M.No. 111212 Place: Mumbai Date: 29th July 2020	Darpan Sanghvi Director DIN: 02912102 Place: Mumbai Date: 29th July 2020	Narendra Sanghvi Director DIN: 02912085 Place: Mumbai Date: 29th July 2020	Kruti H. Shah Company Secretary Place: Mumbai Date: 29th July 2020	Dr. Rajesh Bail CEO Place: Mumbai Date: 29th July 2020	Laxmi Rathi CFO Place: Mumbai Date: 29th July 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note No	For the year ended March 31, 2020	For the year ended March 31, 2019		
1 Revenue from operations	18	79,878,586	100,048,965		
2 Other income	19	4,566,224	8,319,493		
3 Total Revenue		84,444,810	108,368,458		
4 Expenses:					
Cost of materials consumed	20	13,513,653	7,246,532		
Employee benefits expense	21	45,800,940	54,054,186		
Finance costs	22	1,028,941	778,947		
Depreciation amortization and Impairment expense		30,209,869	7,608,840		
Other expenses	23	42,609,717	43,639,011		
5 Total expenses		133,163,120	113,327,518		
6 Profit / (Loss) before Exceptional & Extra Ordinary Items & Tax		(48,718,310)	(4,959,060)		
Exceptional Items		62,147,508	-		
7 Profit / (Loss) before Tax		(110,865,818)	(4,959,060)		
8 Tax expense:					
(1) Current tax/MAT		-	-		
(2) Deferred tax (DTL)		-	-		
(3) MAT Credit Entitlement		-	-		
9 Profit (Loss) for the period		(110,865,818)	(4,959,060)		
10 Earnings per equity share:					
(1) Basic		(10.64)	(0.48)		
(2) Diluted		(10.64)	(0.48)		
See accompanying Notes to The Financial Statements	24-38				
The accompanying notes form an integral part of The Financial Statements.					
For B K Khare and Co.		For and on behalf of Board of Directors			
Chartered Accountants		Sanghvi Brands Limited			
Firm Registration Number - 105102W		(Formerly Known as SANGHVI BRANDS PRIVATE LIMITED)			
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar	Darpan Sanghvi	Narendra Sanghvi	Kruti H. Shah	Dr. Rajesh Bail	Laxmi Rathi
Partner	Director	Director	Company Secretary	CEO	CFO
M.No. 111212	DIN: 02912102	DIN: 02912085	Place: Mumbai	Place: Mumbai	Place: Mumbai
Place: Mumbai	Place: Mumbai	Place: Mumbai	Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020
Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020			

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from Operating Activities</b>		
Profit/Loss before Tax	(110,865,818)	(4,959,060)
Adjustments for:		
Depreciation & Amortisation Expenses	12,948,489	7,608,840
Sundry Credit Balances Appropriated	-	(1,409,799)
Interest income	(4,566,224)	(6,909,694)
Provision for Diminution of Investment	9,738,241	
Impairment of Business Rights	17,261,380	
Interest Expenses	-	-
Operating profit before working capital changes	(75,483,933)	(5,669,713)
Adjustment for:		
Trade and Other Receivables	(16,317,206)	2,191,688
Inventories	5,673,986	(566,263)
Loans and Advances- short term	28,235,072	(18,469,967)
Long term loans and advances	2,319,881	(2,419,881)
Other Current Assets	(217,595)	(160,742)
Trade and Other Payables	3,926,664	(8,430,682)
Cash generated from operations	(51,863,130)	(33,525,559)
Less: Taxes paid net of refund	(462,255)	(735,984)
<b>Net Cash from Operating Activities (A)</b>	<b>(52,325,385)</b>	<b>(34,261,543)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets/Capital Expenditure	(451,000)	(36,716,468)
Decrease in Investment	1,972,935	(4,664,466)
Interest Received	4,566,224	6,909,694
Decrease in Fixed Deposits	44,091,618	37,498,891
<b>Net Cash used in Investing Activities (B)</b>	<b>50,179,777</b>	<b>3,027,652</b>
<b>C. Cash flow from Financing Activities</b>		
Change in Borrowings	-	-
Interest Paid	-	-
Share issue expenses	-	-
Share issued	-	-
Premium on shares issued	-	-
<b>Net Cash used in Financing Activities (C)</b>	<b>-</b>	<b>-</b>
<b>D Net increase/decrease in cash and cash equivalents (A+B+C)</b>	<b>(2,145,608)</b>	<b>(31,233,891)</b>
<b>E Opening Balance of Cash and Cash Equivalents</b>	<b>3,533,521</b>	<b>34,767,412</b>
<b>F Closing Balance of Cash and Cash Equivalents</b>	<b>1,387,913</b>	<b>3,533,521</b>
Components of cash and cash equivalents		
Cash in hand	110,094	242,343
With Banks:		
on Current Accounts	1,277,819	3,291,178

Notes: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under Section 133 of the Companies Act, 2013

The accompanying notes form an integral part of The Financial Statements

For B K Khare and Co.			For and on behalf of Board of Directors		
Chartered Accountants			Sanghvi Brands Limited.		
Firm Registration Number - 105102W			(Formerly Known as SANGHVI BRANDS PRIVATE LIMITED)		
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar	Darpan Sanghvi	Narendra Sanghvi	Kruti H. Shah	Dr Rajesh Bail	Laxmi Rathi
Partner	Director	Director	Company Secretary	CEO	CFO
M.No. 111212	DIN: 02912102	DIN: 02912085	Place: Mumbai	Place: Mumbai	Place: Mumbai
Place: Mumbai	Place: Mumbai	Place: Mumbai	Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020
Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020			

## NOTES TO FINANCIAL STATEMENTS

<b>Note: 1 Share capital</b>				
Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
a) Authorised				
1,30,00,000 Equity shares of 10 each	13,000,000	130,000,000	13,000,000	130,000,000
Total	13,000,000	130,000,000	13,000,000	130,000,000
b) Issued, Subscribed & Fully Paid up				
5,00,000 (5,00,000) Equity shares of 10 each	500,000	5,000,000	500,000	5,000,000
151,553 (151,553) Equity shares of 10 each issued at Rs 461.89 each	151,553	1,515,530	151,553	1,515,530
45,527 Equity shares of 10 each issued at Rs 615.02 each	45,527	455,270	45,527	455,270
6,970,800 Equity shares of Rs.10 each Bonus shares issued	6,970,800	69,708,000	6,970,800	69,708,000
2748000 Equity shares of Rs.10 each IPO for equity shares	2,748,000	27,480,000	2,748,000	27,480,000
Total	10,415,880	104,158,800	10,415,880	104,158,800
c) Reconciliation of the number of shares outstanding				
Equity Shares				
- at the beginning of the year	10,415,880	104,158,800	10,415,880	104,158,800
- allotted During the year	-	-	-	-
- at the end of the year	10,415,880	104,158,800	10,415,880	104,158,800
d) Rights attached to shares				
i. Rights attached to shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
ii. On 29th June 2017 vide shareholder approval the Company got converted from Private to Public Company in order to fulfill the requirement to raise funds by further issue of equity shares by way of IPO on SME Platform which was subsequently approved by the Registrar of Companies, Pune vide its letter dated 21st July 2017.				
iii. On 10th August 2017 vide shareholder approval the Company Re-classified the existing Authorised Share Capital to Rs. 3,50,00,000 (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty-five lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and also subsequently Increase the Authorised Share Capital to Rs. 13,00,00,000 (Rupees thirteen crores) divided into 1,30,00,000 (One crore thirty lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each.				
iv. On 18th August 2017, the Company had allotted 69,70,800 equity shares of Rs. 10/- each full-paid up "Bonus Shares" in the proportion of ten (10) such new equity share for every one(1) existing equity share, held by such members on 14th August, 2017 as per Register of members.				
v. On 17th November 2017, the Company had allotted 27,48,000 Equity Shares of face value Rs. 10/- each fully paid -up at issue price of Rs. 69/- per share including a premium of Rs. 59/- per share aggregating to Rs. 1896.12 lakhs through the initial public offer (IPO). Subsequently, the entire equity share capital consisting 1,04,15,880 equity shares of Rs. 10/- each of the				



Company post-IPO listing and trading approval from BSE Limited Stock Exchange - SME platform vide their letter dated 22nd November 2017.

e) Shares held by Holding / ultimate Holding company and / or their subsidiaries / associates

The Company does not have any holding or ultimate holding company.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Amount	Percentage	Amount	Percentage
Darpan Sanghvi	5,499,945	52.80%	5,499,945	52.80%
Tano India Private Equity Fund II	2,167,880	20.81%	2,167,880	20.81%
<b>Total</b>	<b>7,667,825</b>	<b>100%</b>	<b>7,667,825</b>	<b>100%</b>

**Note: 2 Reserves and surplus**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Securities Premium Account		
Balance at the beginning of the period/year	160,987,463	160,987,463
Balance at the end of the year	160,987,463	160,987,463
Profit & Loss account		
Opening balance	(19,148,272)	(14,189,212)
Add: Profit for the Year	(110,865,818)	(4,959,060)
Closing balance of Profit & Loss account	(130,014,090)	(19,148,272)
<b>Total - Reserves and Surplus</b>	<b>30,973,373</b>	<b>141,839,192</b>

Note: IPO expenses have been adjusted to share premium account as per section 52 of Companies Act 2013

**Note: 4 Long Term Provisions**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Provision for employee benefits		
Gratuity	1,471,887	1,779,139
Leave Encashment	401,856	841,251
<b>Total</b>	<b>1,873,743</b>	<b>2,620,390</b>

**Note: 5 Trade Payable**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Trade payables		
(a) Total outstanding dues of Micro, Small and Medium Enterprises	-	-
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	4,637,940	2,464,402
<b>Total</b>	<b>4,637,940</b>	<b>2,464,402</b>

**Note: 6 Other Current Liabilities**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Statutory remittances	1,756,804	2,861,485
Advance from Others	-	-
Advance from Related party	-	-
Advance from Customer	6,596	226,162
Income received in advance	796,063	3,526,890

Current liabilities	10,300,681	4,119,867
<b>Total</b>	<b>12,860,144</b>	<b>10,734,403</b>

<b>Note: 7 Short Term Provisions</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Provision for employee benefits		
Gratuity (Funded) (Ref Note 29)	668,984	103,237
Leave Encashment	111,553	303,268
<b>Total</b>	<b>780,537</b>	<b>406,505</b>

<b>Note: 11 Long Term Loans and Advances</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
a. Security Deposits		
Unsecured, considered good	2,529,120	2,558,620
	2,529,120	2,558,620
b. Other loans and advances		
Tax Deducted at Source (net of provisions)	4,392,556	3,930,301
Prospective KAL-SBL JV	-	2,290,381
	4,392,556	6,220,682
<b>Total</b>	<b>6,921,676</b>	<b>8,779,302</b>

<b>Note: 12 Other Non-current Assets</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
MAT Credit Entitlement	-	-
Fixed Deposit with original maturity of more than 12 months	4,626,625	4,350,254
<b>Total</b>	<b>4,626,625</b>	<b>4,350,254</b>

<b>Note: 13 Inventories</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Materials/Consumables	8,291,342	13,965,328
<b>Total</b>	<b>8,291,342</b>	<b>13,965,328</b>

<b>Note: 14 Trade Receivables</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	21,169,843	8,653,299
	21,169,843	8,653,299
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,962,149	161,487
<b>Total</b>	<b>25,131,992</b>	<b>8,814,786</b>

<b>Note: 15 Cash and Cash equivalents</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019

	Amount	Amount
Cash and cash equivalents		
(a) Cash on hand	110,094	242,343
(b) Bank Balances	1,277,819	3,291,178
	1,387,913	3,533,521
<u>Other bank balances</u>		
Fixed Deposits with Original Maturities lower than 12 months but greater than 3 months	41,785,965	85,877,583
<b>Total</b>	<b>43,173,878</b>	<b>89,411,104</b>

<b>Note:16 Short-term loans and advances</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
a. Loans and advances		
Unsecured, considered good *	56,650,081	84,362,639
Other recoverable (Expenses reimbursement)		
	56,650,081	84,362,639
b. Other loans and advances		
Unsecured, considered good		
Advance to Suppliers	1,313,749	48,761
Employee advances and others	428,744	343,337
Balances with Govt. Authority	3,185,825	5,058,734
<b>Total</b>	<b>61,578,399</b>	<b>89,813,471</b>
* Consists of advances given to following parties		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<u>Loan &amp; Advances to Related Parties (Wholly Owned subsidiaries)</u>		
Sanghvi Fitness Pvt Ltd	9,087,317	3,465,346
Sanghvi Beauty & Salon Pvt	47,562,764	40,640,362
Sanghvi Brands US Holding INC	25,414,254	23,627,850
Spa La Vie Beauty LLC (W DC)	1,031,071	-
Love of Spa RC SFO	6,597,040	3,266,693
Provision for Doubtful Advances (US)	(33,042,364)	-
Sanghvi Brands Beauty and Spa LLC (Abu Dhabi)	13,768,293	7,888,780
Provision for Doubtful Advances (UAE)	(13,768,293)	-
Sanghvi Brands S L Pvt Ltd	5,598,609	5,473,607
Provision for Doubtful Advances (UAE)	(5,598,609)	-
<b>Total</b>	<b>56,650,081</b>	<b>84,362,639</b>

<b>Note 17 Other current assets</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Interest accrued	-	89,439
Non-Compete Consideration	-	-
Prepaid Expenses	387,661	356,998
<b>Total</b>	<b>387,661</b>	<b>446,437</b>

<b>Note 18 Revenue from operations</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount

Services	66,376,961	87,962,023
Technical Fees	6,000,000	11,125,000
Reimbursement from Expenses & Salaries	6,761,341	-
Sale of services (A)	<b>79,138,302</b>	<b>99,087,023</b>
Sale of products (B)	740,284	961,942
<b>Total (A +B)</b>	<b>79,878,586</b>	<b>100,048,965</b>

<b>Note 19 Other Income</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
Interest on Income tax refund	-	-
Interest income on Fixed Deposits	4,566,224	6,909,694
Sundry Credit Balances Appropriated	-	1,409,799
Foreign Exchange gain / (loss), (net)	-	-
<b>Total</b>	<b>4,566,224</b>	<b>8,319,493</b>

<b>Note 20 Cost of materials consumed</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
<b>Opening Inventory</b>	13,965,328	13,399,065
<b>Add - Purchases</b>		
Purchases of other materials	4,634,081	5,814,133
Consumables	3,205,586	1,998,662
	<b>7,839,667</b>	<b>7,812,795</b>
<b>Less - Closing Inventory</b>	8,291,342	13,965,328
<b>Total</b>	<b>13,513,653</b>	<b>7,246,532</b>

<b>Note 21 Employee Costs</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
Salaries and incentives	33,941,910	37,593,981
Directors remuneration	2,976,000	6,600,000
<b>Contributions to -</b>		
(i) Provident fund	1,036,488	1,001,786
(ii) Gratuity fund contributions	2,122,551	1,686,115
(iii) Leave Encashment	(631,110)	663,173
(iv) Staff welfare expenses	6,355,101	6,509,131
<b>Total</b>	<b>45,800,940</b>	<b>54,054,186</b>

<b>Note 22 Finance Costs</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
Interest Expense	502,208	196,086
Bank Charges	526,733	582,861
<b>Total</b>	<b>1,028,941</b>	<b>778,947</b>

<b>Note 23 Other Expenses</b>			
<b>SR No</b>	<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>

1	Electricity charges	1,457,961	1,463,803
2	Repairs and Maintenance to: -	-	
3	- Plant & Machinery	347,512	276,227
4	- Others	48,220	253,119
5	Insurance (Including Keyman Insurance)	506,955	509,047
6	Rent expenses	1,360,000	1,119,000
7	Rates & Taxes	207,688	30,050
8	Audit fees (Ref note 25)	250,000	627,000
9	Business Development & Sales Promotion	2,187,460	2,536,844
10	License Fees	24,613,946	27,599,643
11	Royalty	1,631,069	1,895,986
12	Legal & professional Fees	2,131,536	1,891,112
13	Advertisement	-	-
14	Housekeeping expenses	999,991	1,100,840
15	Postage & Courier	-	-
16	Printing & Stationery	-	-
17	Telephone Expenses	311,958	308,169
18	Travelling and conveyance	1,394,798	1,736,380
19	Sundry Debit Balances W/off	20,079,152	486,745
20	Miscellaneous Expenses	2,342,851	1,805,047
21	Information Technology Cost	-	-
22	Foreign License Fees	-	-
	<b>Total</b>	<b>59,871,097</b>	<b>43,639,011</b>

### Note 8 Property Plant and Equipment

Property Plant and Equipment Schedule for the year ended March 31, 2020

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as On March 31, 2019	Additions	Disposal	Balance as On March 31, 2020	Balance as On March 31, 2019	Depreciation for the period	On disposals	Balance as On March 31, 2020	Net Balance as On March 31, 2020	Net Balance as On March 31, 2019
<u>Tangible Assets</u>										
Computers & Accessories	1,861,442	-	-	1,861,442	1,861,442	-	-	1,861,442	-	-
Furniture & Fittings	4,569,691	377,135	-	4,946,826	1,897,016	440,237	-	2,337,253	2,609,573	2,672,675
Office Equipment's	1,544,029	35,865	-	1,579,894	1,104,731	206,318	-	1,311,049	268,845	439,298
Vehicles	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,975,162</b>	<b>413,000</b>	<b>-</b>	<b>8,388,162</b>	<b>4,863,189</b>	<b>646,555</b>	<b>-</b>	<b>5,509,744</b>	<b>2,878,418</b>	<b>3,111,973</b>
<u>Intangible Assets</u>										
Software/Tra demarks	1,252,478	38,000	-	1,290,478	423,646	239,785	-	663,431	627,047	828,832
Business Rights	36,120,535	-	36,120,535	-	6,797,006	12,062,149	18,859,155	-	-	29,323,529
<b>Total</b>	<b>37,373,013</b>	<b>38,000</b>	<b>36,120,535</b>	<b>1,290,478</b>	<b>7,220,652</b>	<b>12,301,934</b>	<b>18,859,155</b>	<b>663,431</b>	<b>627,047</b>	<b>30,152,361</b>
<b>Grand Total</b>	<b>45,348,175</b>	<b>451,000</b>	<b>36,120,535</b>	<b>9,678,640</b>	<b>12,083,841</b>	<b>12,948,489</b>	<b>18,859,155</b>	<b>6,173,175</b>	<b>3,505,465</b>	<b>33,264,334</b>

### Note: 9 Non-Current Investments

Particulars	No of Shares	Amount in Rs.
-------------	--------------	---------------

	Face Value per share	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Non-Trade investments</b>					
<b>Unquoted</b>					
Investments in equity instruments in wholly owned subsidiaries (fully paid up)					
Sanghvi Fitness Pvt Ltd	Rs.10	9,750	9,750	97,500	97,500
Sanghvi Beauty Salon Pvt Ltd	Rs.10	10,000	10,000	100,000	100,000
Sanghvi Hospitality Pvt Ltd	Rs.10			-	-
Sanghvi Brands SL Pvt Ltd	LKR10	1	1	4	4
Provision for Diminution in the value of Investment (SL)				(4)	
Investment in Shares-Sanghvi Brands US Holdings Inc	\$ 1	105,001,000	105,001,000	7,196,706	7,196,706
Provision for Diminution in the value of Investment (US)				(7,196,706)	-
Sanghvi Brands Beauty and Spa LLC (AD)-Invest A/c				2,541,531	4,514,466
Provision for Diminution in the value of Investment (UAE)				(2,541,531)	
<b>Non-Trade investments</b>					
<b>Unquoted</b>					
Investment in National Savings certificate	-	-	-	70,000	70,000
Investments in Gratuity (Birla Sun Life)				150,000	150,000
Investment in Anayan Software Consultancy Pvt Ltd				1,250,000	1,250,000
<b>Total</b>		<b>105,020,751</b>	<b>105,020,751</b>	<b>1,667,500</b>	<b>13,378,676</b>

## 24. SIGNIFICANT ACCOUNTING POLICIES:

### a) Company overview

Sanghvi Brands Limited (formerly known as Sanghvi Brands Private Limited) is a public company, domiciled in India. It was incorporated on 16th February 2010 under the provisions of Companies Act, 1956. The Company is in the business of branding of national and international brands, dealing in goods and services of such brands and providing spa services. The Company has its registered office at Shivajinagar, Pune.

The Company is listed with BSE Limited on SME platform from November 22, 2017.

### b) Basis of preparation of financial statements

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or to a revision an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule II to the Companies Act, 2013. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

#### d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Service income is recognized net of duties and taxes, as and when services are rendered. Revenue in respect of Technical fees is recognised as the related services are performed.

As per agreement entered by the Company with certain Franchisees, the Company is obliged to refund technical fees received in case of termination of its licensing arrangement with the licensors of the brand within a specified period which ranges from 1 to 2 years. As per management, refund of technical fees is not likely.

#### e) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation until the date of the balance sheet and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such costs include taxes, duties, freight and incidental expenses relating to the acquisition and installation of fixed assets. Cost also includes the interest paid/ payable during the period of construction in respect of borrowed funds pertaining to construction/ acquisition of qualifying fixed assets.

#### f) Depreciation and Amortization

Depreciation on tangible assets is provided on the Straight-line Method (SLM) over the useful lives of assets as prescribed in Schedule –II of the Companies Act 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized on SLM basis over their estimated useful life.

#### g) Current Assets, loans & advances

Current Assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.

#### h) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### i) Income Tax

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at 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.

#### j) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### k) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### 25. Auditor's Remuneration

Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
Statutory Audit Fees	2,20,000	5,97,000
Tax Audit Fees	30,000	30,000
<b>Total</b>	<b>2,50,000</b>	<b>6,27,000</b>

### 26. Earnings per Share

Sr. No.	Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
a.	Profit for the year	(11,08,65,818)	(49,59,059)
b.	Weighted Average no. of Equity Shares	1,04,15,880	1,04,15,880
c.	<b>Basic EPS (a/b)</b>	<b>(10.64)</b>	<b>(0.48)</b>
d.	<b>Diluted EPS</b>	<b>(10.64)</b>	<b>(0.48)</b>

27. Based on the information available with the Company, no creditors have been identified as “supplier” within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

## 28. Retirement Benefits

### A. GRATUITY

#### I. Assumptions:

Particulars	As on 31st March 2020	As on 31st March 2019
Discount Rate	6.10%	7.80%
Rate of Increase in Compensation Level	4%	4%
Expected Average remaining working lives of employees (years)	9.29%	13.32%

#### II. Table Showing Changes in Present Value of Obligations

Particulars	As on 31st March 2020	As on 31st March 2019
<b>Present Value of Obligation as at the beginning of the year</b>	23,55,940	6,69,825
Acquisition adjustment	-	-
Transfer In / (Out)	25542	-
Interest Cost	96,065	48,152
Past Service Cost	-	-
Current Service Cost	4,71,102	2,71,732
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits paid	(22,48,670)	(88,950)
Actuarial (gain)/ loss on obligations	14,40,892	14,55,181
<b>Present Value of Obligation as at the end of the year</b>	21,40,871	23,55,940

#### III. Actuarial Gain/(Loss) Recognized

Particulars	As on 31st March 2020	As on 31st March 2019
Actuarial gain/(loss) for the year – Obligation	14,40,892	14,55,181
Actuarial (gain)/loss for the year - Plan Assets	-	-
Total (gain) / loss for the year	14,40,892	14,55,181
Actuarial (gain) / loss recognized in the year	14,40,892	14,55,181
Unrecognized actuarial (gains) / losses at the end of year	-	-

#### IV. The Amounts to be recognized in Balance Sheet

Particulars	As on 31st March, 2020	As on 31st March, 2019
Present Value of Obligation as at the end of the year	21,40,871	23,55,940
Fair Value of Plan Assets as at the end of the year		



Funded Status	(21,40,871)	(23,55,940)
Unrecognized Actuarial (gains) / losses		
Net Asset / (Liability) Recognized in Balance Sheet	(21,40,871)	(23,55,940)

V. The Amounts to be recognized in Profit and Loss Account

Particulars	As on 31st March 2020	As on 31 <sup>st</sup> March 2019
Current Service Cost	4,71,102	2,71,732
Acquisition (Gain)/Loss		
Past Service Cost		
Interest cost	96,065	48,152
Expected return on plan Asset		
Curtailement of (Gain)/Loss		
Settlement of (Gain)/Loss		
Transfer In / (Out)	25,542	
Actuarial (Gain)/Loss recognized in the period	14,40,892	14,55,181
Expenses recognized in P&L at the end of the period	20,33,601	17,75,065

VI. Reconciliation of Net Assets/(Liability) Recognized

Particulars	As on 31st March 2020	As on 31 <sup>st</sup> March 2019
Net Assets/(Liability) recognized at the beginning of the period	(23,55,940)	(6,69,825)
Benefits paid by Company	22,48,670	88,950
Expenses recognized at the end of period	(20,33,601)	(17,75,065)
Net Asset/(Liability) recognized at the end of the period	(21,40,871)	(23,55,940)

30. RELATED PARTY DISCLOSURE:

Names of related party and nature of relationship

Relationship	Name of the Party
Key Managerial Personnel	Mr. Darpan Sanghvi
Relative of Key Managerial Personnel	Mr. Narendra R Sanghvi
	Disha N Sanghvi
Subsidiary	Sanghvi Beauty & Salon Pvt. Ltd.
	Sanghvi Fitness Pvt. Ltd.
	Sanghvi Brands Beauty and Spa LLC
	Sanghvi Brands SL Pvt Ltd
	Sanghvi Brands US Holding INC
Step Subsidiary	Love of Spa RC SFO
	Spa La Vie Beauty LLC
Associate	Anayan Software Consultancy Pvt Ltd
Enterprises over which Key Managerial Personnel are able to exercise significant influence	Sanghvi Beauty & Technologies Pvt Ltd
	Sanghvi Lifestyle Products Pvt Ltd

Transaction with related parties

Particulars	Nature of Transaction	31-03-2020 (Rs.)	31-03-2019 (Rs.)
1. Mr. Darpan Sanghvi	Remuneration	29,76,000	66,00,000
	Advance Paid	-	12,70,000
2. Mr. Narendra R Sanghvi	Rent paid	2,40,000	3,24,000
3. Miss. Disha N Sanghvi	Rent paid	6,75,000	2,02,500
4. Sanghvi Fitness Pvt. Ltd	Loan/Advance given	56,21,971	21,31,039
5. Sanghvi Beauty & Salon Pvt. Ltd.	Loan/Advance given	5,34,32,032	6,15,51,685
	Repayment of Loan/Advances	(4,65,09,630)	(6,25,85,286)
6. Sanghvi Beauty & Technologies Pvt Ltd	Value Management Fees Income	-	5,75,051
	Reimbursement of Expenses	4,01,200	-
	Receipt for sales/Mang Fees	-	(35,000)
7. Sanghvi Brands US Holding INC	Advances given	17,86,404	80,90,982
8. Sanghvi Brands SL Pvt Ltd	Advances given	1,25,002	6,57,224
	Management Fees Income	-	47,10,000
	Receipt for Mang Fees	(14,88,317)	(32,21,683)
9. Love of Spa RC SFO	Advances given	33,30,346	15,38,460
10. Sanghvi Lifestyle Products Pvt Ltd	Value of Goods Sold	9,05,630	11,47,710
	Receipt against sales	(12,13,090)	(11,19,619)
11. Spa La Vie Beauty LLC	Advances given	10,31,071	-
12. Sanghvi Brands Beauty and Spa LLC	Advances given	58,79,513	78,88,780
	Investment	(19,72,935)	45,14,466

Closing Balances with related parties [Receivable/(Payable)]

Particulars	Relationship	31-03-2020	31-03-2019
		(Rs.)	(Rs.)
1. Mr. Darpan Sanghvi	Key Managerial Person	-	-
2. Mr. Narendra R Sanghvi	Key Managerial Person	-	(64,800)
3. Miss. Disha N Sanghvi	Key Managerial Person	-	(1,35,000)
4. Sanghvi Beauty & Salon Pvt. Ltd.	Subsidiary	4,75,62,764	4,06,40,362
5. Sanghvi Fitness Pvt. Ltd	Subsidiary	90,87,317	34,65,346
6. Spa La Vie Beauty LLC (WDC)	Step Subsidiary	-	-
7. Love of Spa RC SFO	Step subsidiary	-	32,66,693
8. Sanghvi Brands US Holding INC	Subsidiary	-	2,36,27,850
9. Sanghvi Brands SL Pvt Ltd	Subsidiary	55,98,609	69,61,924
10. Sanghvi Beauty & Technologies Pvt Ltd	Enterprises over which Key Managerial Personnel are able to exercise significant influence	4,01,200	(3,40,171)
11. Sanghvi Lifestyle Products Pvt Ltd		9,50,125	12,57,584
12. Sanghvi Brands Beauty and Spa LLC (Abu Dhabi)	Subsidiary	1,37,68,293	78,88,780

31. Trade receivables and trade payables are subject to confirmation from and reconciliation with counterparties. Management does not expect any impact of such procedures on stated balances as at the year-end.

**32. Expenditure in foreign currency (on accrual basis)**

Particulars	Year Ended 31-03-2020 (Rs.)	Year Ended 31-03-2019 (Rs.)
Foreign travel	9,85,252	11,98,101
Royalty Expenses	16,31,069	18,95,986
Products Purchases	5,83,293	2,12,472

- 33.** Exceptional items represent of provision for diminution in value of investments in subsidiaries and advances given to them.
- 34.** In view of the pandemic relating to COVID -19, the operations at Company's spa centers located at various locations across India were disrupted and had to be shut down in its entirety. Further, Overseas business operations were also temporarily disrupted with many of the territories/States experiencing partial or complete lockdown in the last week of March 2020. Consequently, revenue of March 20 has been significantly affected. The lockdown and restrictions imposed on various activities due to Covid 19 pandemic have posed challenges to all the businesses of the Sanghvi Brands Ltd and its subsidiaries. The COVID 19 also had significant impact on the overseas activities carried thru its subsidiaries in USA, UAE and Sri Lanka. The management have decided to discontinue the operations and close down these entities due to future uncertainties.

The Company has considered internal and external information and analyzing the impact based on current estimates in assessing the sales projections, liquidity, manpower, availability of spa and salon treatment material, inventory, recoverability of receivables, unbilled receivables, intangible assets and other financial assets and liabilities.

Adjustment to balances have been carried out in respect of inventories, intangible assets and receivables to reflect impact of Covid 19 pandemic on their realizability. There is no material impact expected on any other financial statement line items. Company's operations are likely to remain severely affected for at least first two quarters of F.Y. 2020-21. The management has made detailed estimate of expected cash-flows with no/insignificant operations and further tested them for stress. Based on such assessment as of the date of adoption of these financial statements, the Company is confident of continuing as going concern for foreseeable period. In respect of its existing contracts and agreements where the non-fulfilment of obligations by any party would lead to any material financial claim by or against the Company as most of the contracts/agreements have force majeure clause in place.

The management will continue to closely monitor any material changes to future economic conditions.

- 35.** The Company has invested Rs 1,00,000/- in equity capital of its wholly owned domestic subsidiary – Sanghvi Beauty and Salons Private Ltd and had also granted unsecured loan aggregating to Rs 4,73,70,564/-. Due to the outbreak of Covid 19, operations of the subsidiary company are temporarily closed. In addition to this, the subsidiary company has been incurring losses and its net worth as on March 31, 2020 is negative Rs 3,57,98,755/- The Management has considered that erosion in net worth is temporary and expects improvements in operations after the conditions return to normal and which is expected by Q4 of FY 20-21.
- 36.** The Company has invested Rs. 97,500/- in the equity share capital of its subsidiary - Sanghvi Fitness Private Limited and given unsecured loan of Rs 90,87,317/- The subsidiary company has been incurring losses for past few years and its net worth as on March 31, 2020 is negative Rs. 60,60,721/- (Previous year: (Rs.6,57,444)/-). The Management has considered that erosion in net worth is temporary and expects improvements in operations after the conditions returns to normal and which is expected by Q4 of FY 20-21

### 37. Utilization of IPO Proceeds

Particulars	Amount (Rs. in Lakhs)		
	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2020	Pending for utilization
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	771.70	155.84	235.01
b. Acquisitions and development of new brands		380.85	
Marketing and sales promotion of the brands in our portfolio	500.00	432.43	67.57
Strategic Investments for business growth	100.00	71.42	28.58
General Corporate Purpose	284.42	281.89	2.53
Issue Expenses	240.00	225.55	14.45
<b>Total</b>	<b>1896.12</b>	<b>1547.98</b>	<b>348.14</b>

38. Previous year figures are rearranged/ regrouped wherever necessary.

As per our attached report on even date

For B K Khare and Co.  
Chartered Accountants  
Firm Registration Number - 105102W

For and on behalf of Board of Directors  
Sanghvi Brands Limited  
(Formerly Known as SANGHVI BRANDS PRIVATE LIMITED)

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar	Darpan Sanghvi	Narendra Sanghvi	Kruti H. Shah	Dr Rajesh Bail	Laxmi Rathi
Partner	Director	Director	Company Secretary	CEO	CFO
M.No. 111212	DIN: 02912102	DIN: 02912085	Place: Mumbai	Place: Mumbai	Place: Mumbai
Place: Mumbai	Place: Mumbai	Place: Mumbai	Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020
Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020			

## INDEPENDENT AUDITOR'S REPORT (CONSOLIDATED)

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To the Members of Sanghvi Brands Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated financial statements of Sanghvi Brands Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020 and the Consolidated statement of profit and loss and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, and its consolidated loss and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

Attention is invited to:

- a. Note No. 32 to the consolidated financial statements which describes the potential impact of the outbreak of COVID 19 on the business operations of the Group Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.
- b. As explained in Note 33 of the consolidated financial statements, the share of profit / loss of the Group from one of the Associates was considered based on the unaudited financial information of the Associate for the period up to September 30, 2019. The group did not have access to the information after that date, but considering the size and operations, the management is of the view that this would not have a material impact on the consolidated financial results for the year.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the Board of Directors is responsible for assessing the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its subsidiaries which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

### **Other Matters**

We did not audit the financial statements of three subsidiaries included in the consolidated financial statements; whose financial statements reflect total assets (before consolidation adjustments) Rs 3,27,10,520/- as at March 31, 2020, total revenue (before consolidation adjustments) of Rs. 12,80,14,166/- as at March 31, 2020 for the year then ended. These financial statements and other financial information of 3 subsidiaries were audited by other auditors and our opinion on the Consolidated Financial Statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

Subsidiary referred to above which are located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion

in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. on the basis of written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure I**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group does not have any pending litigations which would impact its financial position.
  - ii. The Group did not have any long-term contracts for which there were any material foreseeable losses
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2020.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number – 105102W

Sd/-

**Shirish Rahalkar**

Partner

M No.: 111212

UDIN:20111212AAAAKQ3598

Mumbai, July 29, 2020



## **ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT**

**Referred to in paragraph 10(f) of our report of even date on the Consolidated Financial Statements of Sanghvi Brands Limited for the year ended March 31, 2020**

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

In conjunction with our audit of the consolidated financial statements of the Sanghvi Brands Limited as of March 31, 2020 and for the year then ended, we have audited the internal financial controls over financial reporting of Sanghvi Brands Limited (hereinafter referred to as "the Holding Company"). The holding company has subsidiary company incorporated outside India to whom provisions regarding internal financial control over financial reporting are not applicable.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Qualified Opinion**

According to the information and explanations given to us and based on the consideration of audited Indian Subsidiaries referred to in other matter paragraph below, the following material weakness have been identified as at March 31, 2020

The Holding company and its Indian Subsidiaries needs to improve internal financial controls in accrual and recording of administrative and other expenses.

In our opinion, except for the effects of material weakness described above, and to the best of our information and according to the explanations given to us and based on the consideration of audited Indian subsidiaries referred to in Other Matter paragraph below, the Holding Company and its Indian subsidiaries have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary companies incorporated India, whose financials statements/information are audited and our opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Group is not affected as this financial statements/information is not material to the Group.

Our opinion is not modified in respect of the above matters.

For **B. K. Khare & Co.**

Chartered Accountants

Firm 's Registration No. 105102W

Sd/-

**Shirish Rahalkar**

Partner

Membership No. 111212

UDIN: 20111212AAAAKQ3598

Mumbai, July 29, 2020

## BALANCE SHEET AS AT MARCH 31, 2020 (CONSOLIDATED)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019		
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	104,158,800	104,158,800		
(b) Reserves and surplus	2	17,009,861	108,266,732		
(c) Minority Interest		-	-		
<b>2 Non-current liabilities</b>					
(a) Long-term provisions	4	2,468,756	3,108,967		
<b>3 Current liabilities</b>					
(a) Short-term borrowings	5	-	-		
(b) Trade payables	6				
- Micro Enterprises & Small Enterprises		-	-		
- Other than Micro Enterprises & Small Enterprises		8,559,703	7,624,384		
(c) Other current liabilities	7	27,965,323	20,794,584		
(d) Short-term provisions	8	895,822	1,115,149		
<b>TOTAL</b>		<b>161,058,265</b>	<b>245,068,616</b>		
<b>II. ASSETS</b>					
<b>Non-current assets</b>					
<b>1</b>					
(a) Property Plant and Equipment	9				
(i) Tangible assets		18,109,197	20,432,886		
(b) Intangible assets		689,219	30,215,420		
(c) Non-current investments	10	1,056,251	1,345,905		
(d) Long-term loans and advances	12	10,179,514	12,602,658		
(e) Other non-current Assets	13	4,788,197	4,501,729		
<b>2 Current assets</b>					
(a) Inventories	14	14,350,730	33,701,364		
(b) Trade receivables	15	49,912,480	30,051,663		
(c) Cash and Cash equivalents	16	47,992,038	96,105,198		
(d) Short-term loans and advances	17	13,331,984	15,298,932		
(e) Other current assets	18	648,656	812,861		
<b>TOTAL</b>		<b>161,058,266</b>	<b>245,068,616</b>		
See accompanying Notes to The Financial Statements		25-35			
The accompanying notes form an integral part of The Financial Statements					
For B K Khare and Co. Chartered Accountants Firm Registration Number - 105102W			For and on behalf of Board of Directors Sanghvi Brands Limited (Formerly Known as Sanghvi Brands Private Limited)		
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	
Shirish Rahalkar Partner M.No. 111212 Place: Mumbai Date: 29th July, 2020	Darpan Sanghvi Director DIN: 02912102 Place: Mumbai Date: 29th July, 2020	Narendra Sanghvi Director DIN: 02912085 Place: Mumbai Date: 29th July, 2020	Kruti H. Shah Company Secretary Place: Mumbai Date: 29th July, 2020	Dr Rajesh Bail CEO Place: Mumbai Date: 29th July, 2020	Laxmi Rathi CFO Place: Mumbai Date: 29th July, 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020 (CONSOLIDATED)

Particulars	Note No	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019		
1 Revenue from operations	19	300,807,206	314,133,071		
2 Other income	20	5,400,282	10,638,955		
3 Total Revenue		306,207,488	324,772,026		
4 Expenses:					
Cost of materials consumed	21	43,842,194	20,317,613		
Employee benefits expense	22	189,460,995	186,070,259		
Finance costs	23	4,689,766	2,715,246		
Depreciation and amortization and Impairment expense	9	32,349,831	8,557,063		
Other expenses	24	126,904,038	121,019,143		
5 Total expenses		397,246,824	338,679,324		
Profit / (Loss) before Exceptional & Extra Ordinary Items & Tax		(91,039,336)	(13,907,300)		
Prior Period Items		-	-		
Extra Ordinary Items		-	-		
6 Profit / (Loss) before Tax		(91,039,336)	(13,907,300)		
7 Tax expense:		-	-		
(1) Current Tax/MAT		-	-		
(2) Deferred tax (DTL)		-	-		
(3) MAT Credit Entitlement		-	-		
8 Profit / (Loss) after tax		(91,039,336)	(13,907,300)		
Less:- Minority Interest		-	-		
9 Profit (Loss) for the period		(91,039,336)	(13,907,300)		
Proportionate Profit (Loss) of Associate Company		(134,989)	(124,094)		
Net Profit (Loss) after Tax		(91,174,325)	(14,031,394)		
10 Earnings per equity share:					
(1) Basic		(8.74)	(1.34)		
(2) Diluted		(8.74)	(1.34)		
See accompanying Notes to The Financial Statements	25- 35				
The accompanying notes form an integral part of The Financial Statements.					
For B K Khare and Co. Chartered Accountants Firm Registration Number - 105102W		For and on behalf of Board of Directors Sanghvi Brands Limited. (Formerly Known as Sanghvi Brands Private Limited)			
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar Partner M.No. 111212 Place: Mumbai Date: 29th July, 2020	Darpan Sanghvi Director DIN: 02912102 Place: Mumbai Date: 29th July, 2020	Narendra Sanghvi Director DIN: 02912085 Place: Mumbai Date: 29th July, 2020	Kruti H. Shah Company Secretary Place: Mumbai Date: 29th July, 2020	Dr. Rajesh Bail CEO Place: Mumbai Date: 29th July, 2020	Laxmi Rathi CFO Place: Mumbai Date: 29th July, 2020

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (CONSOLIDATED)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from Operating Activities</b>		
Profit/Loss before Tax	(91,039,335)	(13,907,301)
<b>Adjustments for:</b>		
Depreciation & Amortisation Expenses	15,086,951	8,556,241
Unrealized Foreign exchange Gain	(2,150,030)	(661,984)
Sundry Credit Balances Appropriated	-	(1,409,799)
Interest income	(4,577,443)	(6,920,292)
Provision for Diminution of Investment	-	-
Impairment of Business Rights	17,261,380	-
Interest Expenses	-	-
<b>Operating profit before working capital changes</b>	<b>(65,418,477)</b>	<b>(14,343,135)</b>
<b>Changes in:</b>		
Trade and Other Receivables	(19,860,817)	(3,031,169)
Inventories	19,350,633	(2,142,781)
Loans and Advances- short term	(22,677,189)	(32,550,514)
Long term loans and advances	(3,677,288)	(5,738,085)
Other Current Assets	(122,263)	1,673,721
Trade and Other Payables	7,246,520	(7,950,326)
<b>Cash generated from operations</b>	<b>(85,158,880)</b>	<b>(64,082,290)</b>
Less: Taxes paid net of refund	43,372	(1,242,602)
<b>Net Cash from Operating Activities (A)</b>	<b>(85,115,508)</b>	<b>(65,324,892)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets/Capital Expenditure	(498,441)	(43,324,025)
Decrease in Investment	1,972,935	(4,664,466)
Interest Received	4,577,443	6,920,292
Decrease in Fixed Deposits	44,091,618	37,498,891
<b>Net Cash used in Investing Activities (B)</b>	<b>50,143,555</b>	<b>(3,569,307)</b>
<b>C. Cash flow from Financing Activities</b>		
Change in Borrowings	32,904,090	32,839,579
Share issued	(1,953,674)	4,514,466
Premium on shares issued	-	-
<b>Net Cash used in Financing Activities (C)</b>	<b>30,950,415</b>	<b>37,354,045</b>
<b>D Net increase/decrease in cash and cash equivalents (A+B+C)</b>	<b>(4,021,542)</b>	<b>(31,540,155)</b>
<b>E Opening Balance of Cash and Cash Equivalents</b>	<b>10,227,615</b>	<b>41,767,770</b>
<b>F Closing Balance of Cash and Cash Equivalents (D+E)</b>	<b>6,206,073</b>	<b>10,227,615</b>
<b>Components of cash and cash equivalents</b>		
cash in hand	503,748	1,033,670
With Banks:	-	-
on Current Accounts	5,702,325	9,193,945
on Deposit Accounts	-	-

The accompanying notes form an integral part of The Financial Statements

For B K Khare and Co.

Chartered Accountants

Firm Registration Number - 105102W

For and on behalf of Board of Directors

Sanghvi Brands Limited

(Formerly Known as Sanghvi Brands Private Limited)

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar	Darpan Sanghvi	Narendra Sanghvi	Kruti H. Shah	Dr Rajesh Bail	Laxmi Rathi
Partner	Director	Director	Company Secretary	CEO	CFO
M.No. 111212	DIN: 02912102	DIN: 02912085	Place: Mumbai	Place: Mumbai	Place: Mumbai
Place: Mumbai	Place: Mumbai	Place: Mumbai	Date: 29th July, 2020	Date: 29th July, 2020	Date: 29th July, 2020
Date: 29th July, 2020	Date: 29th July, 2020	Date: 29th July, 2020			

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONSOLIDATED)

### Note: 1 Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>a) Authorised</b>				
1,30,00,000 Equity shares of 10 each	13,000,000	130,000,000	13,000,000	130,000,000
<b>Total</b>	<b>13,000,000</b>	<b>130,000,000</b>	<b>13,000,000</b>	<b>130,000,000</b>
<b>b) Issued, Subscribed &amp; Fully Paid up</b>				
5,00,000 (5,00,000) Equity shares of 10 each	500,000	5,000,000	500,000	5,000,000
151,553 (151,553) Equity shares of 10 each issued at Rs 461.89 each	151,553	1,515,530	151,553	1,515,530
45,527 Equity shares of 10 each issued at Rs 615.02 each	45,527	455,270	45,527	455,270
6970800 Equity shares of Rs.10 each Bonus shares issued	6,970,800	69,708,000	6,970,800	69,708,000
2748000 Equity shares of Rs.10 each IPO for equity shares	2,748,000	27,480,000	2,748,000	27,480,000
Minority Share capital of 250 shares of Rs 10each	250	2,500	250	2,500
<b>Total</b>	<b>10,416,130</b>	<b>104,161,300</b>	<b>10,416,130</b>	<b>104,161,300</b>
<b>c) Reconciliation of the number of shares outstanding</b>				
Equity Shares	-	-	-	-
- at the beginning of the year	10,415,880	104,158,800	10,415,880	104,158,800
- allotted During the year	-	-	-	-
<b>- at the end of the year</b>	<b>10,415,880</b>	<b>104,158,800</b>	<b>10,415,880</b>	<b>104,158,800</b>

### d) Rights attached to shares

i. Rights attached to shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

ii. On 29th June 2017 vide shareholder approval the Company got converted from Private to Public Company in order to fulfill the requirement to raise funds by further issue of equity shares by way of IPO on SME Platform which was subsequently approved by the Registrar of Companies, Pune vide its letter dated 21st July 2017.

iii. On 10th August 2017 vide shareholder approval the Company Re-classified the existing Authorised Share Capital to Rs. 3,50,00,000 (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty-five lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and also subsequently Increase the Authorised Share Capital to Rs. 13,00,00,000 (Rupees thirteen crores) divided into 1,30,00,000 (One crore thirty lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each.

iv. On 18th August 2017, the Company has allotted 69,70,800 equity shares of Rs. 10/- each full-paid up "Bonus Shares" in the proportion of ten (10) such new equity share for every one(1) existing equity share, held by such members on 14th August, 2017 as per Register of members.

v. On 17th November 2017, the Company has allotted 27,48,000 Equity Shares of face value Rs. 10/- each fully paid -up at issue price of Rs. 69/- per share including a premium of Rs. 59/- per share aggregating to Rs. 1896.12 lakhs through the initial public offer (IPO). Subsequently, the entire equity share capital consisting 1,04,15,880 equity shares of Rs. 10/- each of the Company post-IPO listing and trading approval from BSE Limited Stock Exchange - SME platform vide their letter dated 22nd November 2017.

**e) Shares held by Holding / ultimate Holding company and / or their subsidiaries / associates**

The Company does not have any holding or ultimate holding company.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
Darpan Sanghvi	5,499,945	52.80%	5,499,945	52.80%
Tano India Private Equity Fund II	2,167,880	20.81%	2,167,880	20.81%

**Note: 2 Reserves and surplus**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<b>Securities Premium Account</b>		
Balance at the beginning of the year	160,987,463	160,987,463
Premium on shares issued/converted during the year	-	-
Less: Issue of bonus shares during the period	-	-
Less: IPO Expenditure	-	-
<b>Balance at the end of the year</b>	<b>160,987,463</b>	<b>160,987,463</b>
<b>Profit &amp; Loss account</b>		
Opening balance	(51,436,497)	(37,405,103)
Add: Transferred from deficit in Statement of Profit and Loss*	(91,174,325)	(14,031,394)
<b>Closing balance of Profit &amp; Loss account</b>	<b>(142,610,823)</b>	<b>(51,436,497)</b>
<b>Foreign Currency Translation Reserve</b>	<b>(1,366,779)</b>	<b>(1,284,233)</b>
<b>Total</b>	<b>17,009,861</b>	<b>108,266,732</b>

\*Note: This Includes proportionate loss of Anayan Software Consultancy Pvt Ltd (The Company) for the Investment in equity shares done by Sanghvi Brands Limited (Formerly known as Sanghvi Brands Promoters Pvt Ltd) on 24th July 2017 to the tune of 20% post allotment equity share capital of the Company.

**Note: 4 Long Term Provisions**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<b>Provision for employee benefits</b>		
Gratuity (Funded)	1,918,558	2,006,701
Leave Encashment	550,198	1,102,266
<b>Total</b>	<b>2,468,756</b>	<b>3,108,967</b>

**Note: 5 Short Term Borrowings**

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Loans and advances from related parties payable on demand		

Due to a director	-	-
Narendra Sanghvi	-	-
Sanghvi Fitness Pvt Ltd	-	-
Sanghvi Brands US Holding INC	-	-
Sanghvi Beauty & Salon Pvt Ltd	-	-
Sanghvi Brands Ltd	-	-
Sanghvi Beauty & Technologies Pvt Ltd	-	-
<b>Total</b>	-	-

Trade Payables	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
(a) Total outstanding dues of Micro, Small and Medium Enterprises	-	-
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	8,559,703	7,624,384
<b>Total</b>	<b>8,559,703</b>	<b>7,624,384</b>

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Statutory remittances	3,044,503	6,050,182
Advance from Others	963,835	1,238,714
Advance from Related party	-	-
Advance from Customer	6,596	226,162
Interest payable on loan from holding company	821,737	25,674
Income received in advance	10,300,681	3,526,890
Employee	-	5,583,886
Current liabilities	12,827,971	4,143,077
<b>Total</b>	<b>27,965,323</b>	<b>20,794,584</b>

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<b>(a) Provision for employee benefits</b>		
Gratuity (Funded)	741,162	688,111
Leave Encashment (funded)	154,660	427,038
<b>Total</b>	<b>895,822</b>	<b>1,115,149</b>

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<b>Investments</b>		
National Savings certificate	70,000	70,000
Investment in Anayan Software Consultancy Pvt Ltd	836,251	1,125,906
Sanghvi Fitness Pvt Ltd	-	-
Sanghvi Beauty Salon Pvt Ltd	-	-
Group Fixed Interest Fund Plan-Allocation for Gratuity	150,000	150,000
Investment in Shares-Sanghvi Brands US Holdings Inc	-	(0)
Provision for Diminution in the value of Investment	-	-
Investment in Shares-Sanghvi Brands S L (Pvt) Ltd	-	-



Provision for Diminution in the value of Investment (SL)	-	-
Sanghvi Brands Beauty and Spa LLC (AD)-Invest A/c	-	-
Provision for Diminution in the value of Investment (UAE)		
<b>Total</b>	<b>1,056,251</b>	<b>1,345,905</b>

<b>Note: 12 Long Term Loans and Advances</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
<b>a. Security Deposits</b>		
Unsecured, considered good	2,529,120	2,558,620
	<b>2,529,120</b>	<b>2,558,620</b>
<b>b. Other loans and advances</b>		
Tax Deducted at Source (net of provisions)	7,650,394	7,753,657
Prospective KAL-SBL JV		2,290,381
	<b>7,650,394</b>	<b>10,044,038</b>
<b>Total</b>	<b>10,179,514</b>	<b>12,602,658</b>

<b>Note: 13 Other Non-current Assets</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
Fixed Deposit with original maturity of more than 12 months	4,626,625	4,501,729
MAT Credit Entitlement	161,572	-
<b>Total</b>	<b>4,788,197</b>	<b>4,501,729</b>

<b>Note: 14 Inventories</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
Materials/Consumables	14,350,730	33,701,364
<b>Total</b>	<b>14,350,730</b>	<b>33,701,364</b>

<b>Note: 15 Trade Receivables</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
<b>(a) Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	40,238,788	28,878,264
<b>(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	9,673,692	1,173,399
<b>Total</b>	<b>49,912,480</b>	<b>30,051,663</b>

<b>Note: 16 Cash and Cash equivalents</b>		
<b>Particulars</b>	<b>For the year ended March 31, 2020 Amount</b>	<b>For the year ended March 31, 2019 Amount</b>
<b>Cash and cash equivalents</b>		
(a) Cash on hand	503,748	1,033,670
(b) Bank Balances	5,702,325	9,193,945
(c) Fixed Deposits with Original Maturities lower than 3 months	-	-

<b>Other bank balances</b>		
Fixed Deposits with Original Maturities lower than 12 months but greater than 3 months	41,785,965	85,877,583
<b>Total</b>	<b>47,992,038</b>	<b>96,105,198</b>

<b>Note:17 Short-term loans and advances</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
<b>a. Loans and advances to related Parties</b>		
Unsecured, considered good *	2,790,668	3,837,372
Others (Expense Re-imburement Recoverable)	-	-
Advances others	4,811,568	3,211,952
Deposit	813,557	735,310
Advance to Suppliers	220,936	1,821,903
Employee advances and others	652,758	483,072
Balances with Government Authorities	4,042,496	5,209,323
<b>Total</b>	<b>13,331,984</b>	<b>15,298,932</b>

\* Consists of advances given to following parties

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
	Amount	Amount
Sanghvi International Beauty & Spa	-	-
Sanghvi Fitness Pvt Ltd	-	-
Sanghvi Beauty & Salon Pvt	-	-
Sanghvi Brands US Holding INC	-	-
Spa La Vie Beauty LLC (W DC)	-	-
Love of Spa RC SFO	-	-
Provision for Doubtful Advances (US)	-	-
Sanghvi Brands Beauty and Spa LLC (Abu Dhabi)	-	-
Provision for Doubtful Advances (UAE)	-	-
Sanghvi Beauty & Technologies Pvt Ltd	42,480	1,357,276
Sanghvi Brands S L Pvt Ltd	-	-
Provision for Doubtful Advances (UAE)	-	-
Darpan N. Sanghvi	9,436	9,436
<b>Total</b>	<b>51,916</b>	<b>1,366,712</b>

<b>Note 18 Other current assets</b>		
Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Interest accrued	-	89,439
Non-Compete Consideration	-	-
Prepaid Expenses	648,656	469,568
Provision for Income	-	253,855
Provision for Impairment in Investment	-	-
<b>Total</b>	<b>648,656</b>	<b>812,861</b>

<b>Note 19 Revenue from operations</b>		
Particulars	For the year ended	For the year ended
	March 31,2020	March 31,2019
	Amount	Amount
Services	274,586,414	278,569,760
Technical Fees	7,500,000	24,950,000
Reimbursement from Expenses & Salaries	12,411,799	7,430,580

Management Fees	587,062	949,414
Sale of services (A)	<b>295,085,275</b>	<b>311,899,754</b>
Sale of products (B)	5,721,931	6,943,317
<b>Total (A +B)</b>	<b>300,807,206</b>	<b>318,843,071</b>

Particulars	For the year ended	For the year ended
	March 31,2020	March 31,2019
	Amount	Amount
Interest on Income tax refund	479,645	130,770
Interest income on Fixed Deposits	4,577,443	6,920,292
Sundry Credit Balances Appropriated	27,873	3,209,198
Foreign Exchange gain / (loss), (net)	15,910	-
Interest - Others	-	-
Reimbursement from Expenses & Salaries	-	-
Other Income	299,411	378,694
<b>Total</b>	<b>5,400,282</b>	<b>10,638,955</b>

Particulars	For the year ended	For the year ended
	March 31,2020	March 31,2019
	Amount	Amount
<b>Opening Inventory</b>	33,701,364	31,558,583
<b>Add - Purchases</b>		
Purchases of other materials	8,609,833	8,464,466
Consumables	15,881,728	13,995,928
	<b>24,491,561</b>	<b>22,460,394</b>
<b>Less - Closing Inventory</b>	14,350,730	33,701,364
<b>Total</b>	<b>43,842,194</b>	<b>20,317,613</b>

Particulars	For the year ended	For the year ended
	March 31,2020	March 31,2019
	Amount	Amount
Salaries and incentives	169,045,604	159,866,257
Directors remuneration	2,976,000	6,600,000
<b>Contributions to -</b>		
(i) Provident fund	2,633,596	2,664,430
(ii) Gratuity fund contributions	1,828,964	1,731,360
(iii) Leave Encashment	(824,446)	732,597
(iv) Staff welfare expenses	13,801,277	14,475,615
<b>Total</b>	<b>189,460,995</b>	<b>186,070,259</b>

Particulars	For the year ended	For the year ended
	March 31,2020	March 31,2019
	Amount	Amount
Interest Expense	1,374,673	375,254
Bank Charges	3,315,093	2,339,992
<b>Total</b>	<b>4,689,766</b>	<b>2,715,246</b>

Note 24 Other Expenses		For the year ended March 31, 2020	For the year ended March 31, 2019
SR No	Particulars	Amount	Amount
1	Electricity charges	3,679,635	3,947,637
2	Repairs and Maintenance to:-		
3	- Plant & Machinery	899,295	937,883
4	- Others	2,631,009	2,904,497
5	Insurance (Including Keyman Insurance)	4,250,166	4,371,702
6	Rent expenses	11,285,200	10,143,921
7	Rates & Taxes	611,904	670,149
8	Audit fees (Ref note 25)	1,605,489	911,564
9	Business Development & Sales Promotion	6,023,565	7,554,282
10	License Fees	55,779,466	55,825,637
11	Royalty	13,720,613	15,590,933
12	Legal & professional Fees	6,780,449	9,560,531
13	Advertisement	-	52,541
14	Housekeeping expenses	3,291,721	3,171,263
15	Postage & Courier	160,776	95,209
16	Printing & Stationery	-	-
17	Telephone Expenses	398,867	337,734
18	Travelling and conveyance	1,792,057	2,783,009
19	Sundry Debit Balances W/off	25,604,796	770,586
20	Miscellaneous Expenses	4,653,580	5,125,802
21	Information Technology Cost	996,829	974,263
22	Foreign License Fees	-	-
<b>Total</b>		<b>144,165,418</b>	<b>125,729,143</b>

Note 9 Consolidated Property, Plant and Equipment Schedule for year ended March 31, 2020										
Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance As On March 31, 2019	Additions/ (Disposals)		Balance As On March 31, 2020	Balance As On March 31, 2019	Depreciation for the period	On disposals	Balance As On March 31, 2020	Net Balance As On March 31, 2020	Net Balance As On March 31, 2019
<b>Tangible Assets</b>										
Computers & Accessories	2,789,509	-	-	2,789,509	2,780,135	-2,954	-	2,777,181	12,328	9,374
Furniture & Fittings	10,379,810	377,135	-	10,756,945	2,968,508	1,347,558	-	4,316,066	6,440,880	7,411,303
Office Equipment's	4,543,259	54,406	-	4,597,665	2,233,474	1,197,985	-	3,431,459	1,166,205	2,309,784
Vehicle	2,866,957	-	-	2,866,957	2,549,738	212,641	-	2,762,379	104,578	317,219
<b>Total</b>	<b>20,579,535</b>	<b>431,541</b>	<b>-</b>	<b>21,011,076</b>	<b>10,531,855</b>	<b>2,755,230</b>	<b>-</b>	<b>13,287,086</b>	<b>7,723,991</b>	<b>10,047,680</b>
<b>Intangible Assets</b>										
Software/Trademarks	1,453,328	68,400	-	1,521,728	561,437	271,072	-	832,509	689,219	891,891
Business Rights	36,120,535	-	36,120,535	-	6,797,006	12,062,149	18,859,155	-	-	29,323,529
<b>Total</b>	<b>37,573,863</b>	<b>68,400</b>	<b>36,120,535</b>	<b>1,521,728</b>	<b>7,358,443</b>	<b>12,333,221</b>	<b>18,859,155</b>	<b>832,509</b>	<b>689,219</b>	<b>30,215,420</b>
<b>Total</b>	<b>58,153,398</b>	<b>499,941</b>	<b>36,120,535</b>	<b>22,532,805</b>	<b>17,890,298</b>	<b>15,088,451</b>	<b>18,859,155</b>	<b>14,119,594</b>	<b>8,413,210</b>	<b>40,263,100</b>
<b>CWIP</b>	<b>10,385,206</b>	<b>-</b>	<b>-</b>	<b>10,385,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,385,206</b>	<b>10,385,206</b>

## 25. SIGNIFICANT ACCOUNTING POLICIES:

### a) Company Overview

Sanghvi Brands Limited (formerly known as Sanghvi Brands Private Limited) is a public company, domiciled in India. It was incorporated on 16th February 2010 under the provisions of Companies Act, 1956. The Company is in the business of branding of national and international brands, dealing in goods and services of such brands and providing spa services. The Company has its registered office at Shivajinagar, Pune.

The Company is listed with BSE Limited on SME platform from November 22, 2017.

**b) Basis of preparation of financial statements**

The Consolidated financial statements of Sanghvi Brands Promoters Private Limited (the Parent Company) and its subsidiaries (collectively referred to as 'the Group') have been prepared to in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, (as amended). These consolidated financial statements have been prepared by the Company in compliance with requirement of Accounting standard 25-Interim financial Reporting.

**c) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

**d) Basis of Consolidation**

These Consolidated financial statements include the financial statements of Sanghvi Brands Ltd and its subsidiaries. The subsidiaries considered in the Consolidated Financial Statements are summarized below:

Name	Country of Incorporation	Percentage (%) of Shareholding	
		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Sanghvi Beauty & Salon Private Limited	India	99.99%	99.99%
Sanghvi Fitness Private Limited	India	97.50%	97.50%
Sanghvi Brand US Holding Inc.	US	100%	100%
Sanghvi Brands SL Private Limited	Srilanka	100%	100%
Sanghvi Brands Beauty and Spa LLC	UAE	100%	100%

The shares in Sanghvi Fitness Pvt Ltd (2.5% of the Share Capital) minority are held by a third party Shed Design Ltd (U.K). Sanghvi Brands US Holding Inc was incorporated on dated 23<sup>rd</sup> April 2015 and is in the business of branding of national and international lifestyle and wellness brands and dealing in goods and services of such brands.

Sanghvi Brands S L Private Limited was incorporated on dated 13<sup>rd</sup> September 2016 and is in the business of branding of national and international lifestyle and wellness brands and dealing in goods and services of such brands.

Sanghvi Brands Beauty and Spa LLC was incorporated on dated 10<sup>th</sup> June 2018 and is in the business of branding of national and international lifestyle and wellness brands and dealing in goods and services of such brands.

The Consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard 21-" Consolidated Financial Statements". The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealized profits in full.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

The Minority share of the net losses of consolidated subsidiary for the period ended 31<sup>st</sup> March 2020 is identified. The losses applicable to minority have been adjusted to the extent of their share in the equity, remaining losses have been adjusted against the majority interest. Minority share of net assets of consolidated subsidiary is identified in the Balance Sheet separate from liabilities and the equity of the shareholders of the Company.

**e) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Service income is recognized net of duties & taxes.

Revenue in respect of Management & Technical fees and Royalty is recognised as and when the related services are performed.

Interest income is accounted on an accrual / time proportionate basis at contractual rates.

**f) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation until the date of the balance sheet and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such costs include taxes, duties, freight and incidental expenses relating to the acquisition and installation of fixed assets. Cost also includes the interest paid/ payable during the period of construction in respect of borrowed funds pertaining to construction/ acquisition of qualifying fixed assets.

**g) Depreciation and Amortization**

Depreciation on tangible assets is provided on the Straight-line Method (SLM) over the useful lives of assets as prescribed in Schedule –II of the Companies Act 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized on SLM basis over their estimated useful life.

**h) Employee benefit**

- i. Contribution to Provident fund- Company's contribution paid/payable during the year to provident fund is recognized in the statement of profit and loss.
- ii. Gratuity – The company accounts for liability of future gratuity benefits based on an independent actuarial valuation on projected unit credit method carried out for assessing liability as at the year end. Actuarial gains/losses are immediately taken into account.
- iii. Leave Encashment- The provision for compensated absences is accounted for based on actuarial valuation at the year end.

**i) Current Assets, loans & advances**

Current Assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.

**j) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**k) Income Tax**

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at 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.

**l) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**m) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**26. Auditor's Remuneration**

Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
Statutory Audit Fees	15,75,489	8,81,564
Tax Audit Fees	30,000	30,000

<b>Total</b>	<b>16,05,489</b>	<b>9,11,564</b>
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## 27. Earnings per Share

Sr. No.	Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
a.	Profit /(Loss) for the year	(9,11,74,324)	(1,40,31,394)
b.	Weighted Average no. of Equity Shares	1,04,15,880	1,04,15,880
c.	<b>Basic EPS (a/b)</b>	<b>(8.74)</b>	<b>(1.34)</b>
d.	<b>Diluted EPS</b>	<b>(8.74)</b>	<b>(1.34)</b>

28. Trade receivables and trade payables are subject to confirmation from and reconciliation with counterparties. Management does not expect any impact of such procedures on stated balances as at the year-end.

## 29. RELATED PARTY DISCLOSURE: -

Names of related party and nature of relationship

Relationship	Name of the Party
Key Managerial Personnel	Mr. Darpan Sanghvi
Relative of Key Managerial Personnel	Mr. Narendra R Sanghvi & Mrs. Disha Sanghvi
Companies in which influence of directors	Sanghvi Beauty & Technologies Pvt Ltd. Sanghvi Lifestyle Products Pvt Ltd.

## Transaction with related parties

Particulars	Nature of Transaction	31.03.2020 (Rs.)	31.03.2019 (Rs.)
1. Mr. Darpan Sanghvi	Reimbursements	-	12,70,000
	Remuneration	29,76,000	66,00,000
2. Mr. Narendra R Sanghvi	Rent of Pune Office	2,40,000	3,24,000
3. Miss. Disha N Sanghvi	Rent	6,75,000	2,02,500
4. Sanghvi Beauty & Technologies Pvt Ltd	Managements Fees Income	-	5,75,051
	Reimbursement of Expenses	4,01,200	-
	Receipt for sales/Mang Fees		(35,000)
5. Sanghvi Lifestyle Products Pvt Ltd	Sale of Goods	9,05,630	11,47,710

## Closing Balances with Related Parties [Receivable/ (Payable)]

Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
1. Mr. Darpan Sanghvi	-	-
2.Sanghvi Beauty & Technologies Pvt Ltd	4,01,200	(3,40,172)
3.Sanghvi Lifestyle Products Pvt Ltd	9,50,125	12,57,585

## 30. Statement of Net Assets and Profit or Loss Attributable to Owners and Minority Interest

	Share in Profit or Loss		Net Assets	
	Amounts	As a % of consolidated Profit	Amounts	As % of consolidated net assets
<b>Parent</b>	<b>(48,718,310)</b>	<b>53.43 %</b>	<b>19,72,79,682</b>	<b>139.65%</b>
<b>Subsidiaries</b>				
Sanghvi Beauty & Salon Pvt Ltd	(20,684,838)	22.69%	(36,750,964)	(30%)
Sanghvi Fitness Pvt Ltd	(5,407,954)	5.93%	(6,065,399)	(5%)
Sanghvi Brands US Holding INC	(13,524,401)	14.83%	(19,045,494)	(16%)

Sanghvi Brands S L Private limited	(1,843,571)	2.02%	(3,883,442)	(3%)
Sanghvi Brands Beauty and Spa LLC	(860,262)	0.94%	(1,975,283)	(2%)
Associate	(134,989)	0.15%	-	-
Less:- Minority Interest	-	-	-	-
Less: - inter-company Elimination	-	-	(83,90,437)	7%
<b>Total</b>	<b>(91,174,324)</b>	<b>100%</b>	<b>12,11,68,663</b>	<b>100%</b>

31. These consolidated financial statements include the financial statements of three overseas subsidiaries located at USA, UAE and Sri Lanka. These three overseas subsidiaries were incurring operational losses in the past years and operations of these companies were completely shut down from March 20 due to Covid-19 impact. Consequent to this, the major revenue source of these entities has stopped, and the Holding Company does not see any other business opportunity in USA. Accordingly, the management of the company has decided to stop the business operations of the Subsidiary in USA. Also, they have decided to close down the operations of the subsidiaries at UAE and Sri Lanka.

32. In view of the pandemic relating to COVID -19, the operations at Company's spa centres located at various locations across India were disrupted. Further, Overseas business operations were also temporarily disrupted with many of the territories/States experiencing partial or complete lockdown in the last week of March 2020. Consequently, revenue for the month of March 20 was significantly impacted. The lockdown and restrictions imposed on various activities due to Covid 19 pandemic resulted in shutting down its centres in entirety and these unprecedented situations have posed challenges to all the business activities carried out by the Company and its subsidiaries. All Spa and Salon treatment centres were shut down entirely during lock down phase.

The revenues of the company dropped significantly towards the end on Q4 of F.Y. 2019-20 (INR 3008.07 lakhs). The Company has considered internal and external information and analysing the impact based on current estimates in assessing the sales projections, liquidity, manpower, availability of spa and salon treatment material, inventory, recoverability of receivables, unbilled receivables, intangible assets and other financial assets and liabilities.

Adjustment to balances have been carried out in respect of inventories, intangible assets and receivables to reflect impact of Covid 19 pandemic on their realizability. There is no material impact expected on any other financial statement line items. Company's operations are likely to remain severely affected for the first two quarters of F.Y. 2020-21. The management has made detailed estimate of expected cash-flows with no/insignificant operations and further tested them for stress. Based on such assessment as of the date of adoption of these financial statements, the Company is confident of continuing as going concern for foreseeable period. In respect of its existing contracts and agreements where the non-fulfilment of obligations by any party would lead to any material financial claim by or against the Company as most of the contracts/agreements have force majeure clause in place.

The management will continue to closely monitor any material changes to future economic conditions.

33. The company has invested Rs 12,50,000/- in the equity share capital of an associate – Anayan Software Consultancy Pvt Ltd. The share of profit / loss of the Group from the same associate was considered based on the unaudited financial information of the Associate for the period up to September 30, 2019. The group did not have access to the information after that date, but considering the size and operations, the management is of the view that this would not have a material impact on the consolidated financial results for the year.

#### 34. Utilization of IPO Proceeds

Particulars	Amount (Rs. in Lakhs)		
	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2020	Pending for utilization
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	771.70	155.84	235.01
b. Acquisitions and development of new brands		380.85	
Marketing and sales promotion of the brands in our portfolio	500.00	432.43	67.57
Strategic Investments for business growth	100.00	71.42	28.58
General Corporate Purpose	284.42	281.89	2.53
Issue Expenses	240.00	225.55	14.45
<b>Total</b>	<b>1896.12</b>	<b>1547.98</b>	<b>348.14</b>



35. Previous year figures are regrouped/reclassified wherever necessary to make them those comparable.

As per our attached report on even date

For B K Khare and Co.

Chartered Accountants

Firm Registration Number - 105102W

For and on behalf of Board of Directors

Sanghvi Brands Limited

(Formerly Known as SANGHVI BRANDS PRIVATE LIMITED)

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Shirish Rahalkar	Darpan Sanghvi	Narendra Sanghvi	Kruti H. Shah	Dr Rajesh Bail	Laxmi Rathi
Partner	Director	Director	Company Secretary	CEO	CFO
M.No. 111212	DIN: 02912102	DIN: 02912085	Place: Mumbai	Place: Mumbai	Place: Mumbai
Place: Mumbai	Place: Mumbai	Place: Mumbai	Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020
Date: 29th July 2020	Date: 29th July 2020	Date: 29th July 2020			



## SANGHVI BRANDS LIMITED

- 📍 Registered Office Address : Sanghvi House, 105/2,  
Shivaji Nagar, Pune - 411 005
- 📄 CIN: U74999PN2010PLC135586
- 🌐 [www.sanghvibrands.com](http://www.sanghvibrands.com)