

INDEPENDENT AUDITOR'S REPORT

**To the Members of
M/s Sanco Industries Limited**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **M/s Sanco Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The 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 and presentation of these standalone 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its Profit and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. 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 purpose 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in the agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone 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 the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is



disqualified as on 31st March, 2016 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'; and
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the 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 Company has disclosed the impact of pending litigations on its financial position in its Financial Statement- - Refer Note 40 (A) to the Financial Statement.
 - 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 Provident Fund by the Company.

**For VJ M & Associates
Chartered Accountants
Firm's Regn. No.:027535N**



**CA. Kavita Vijay
Partner
Membership No. 517015**

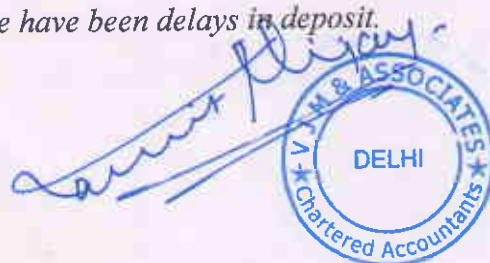
**Date: 30th May, 2016
Place: Delhi**

ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date of M/s Sanco Industries Limited ("the Company"), for the year ended on 31st March, 2016, we report that:

1. In respect of Fixed Asset of the Company:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such physical verification;
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immoveable properties are held in the name of the company.
2. The inventory has been physically verified during the year by the management, at reasonable intervals and the discrepancies noticed on such physical verification of inventory, as compared to book records were not significant and were properly dealt with in the books of account.
 3. The Company has not granted any loan, secured or unsecured to the companies or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) of the order are not applicable to the company.
 4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the guarantees and investments made.
 5. The Company has not accepted any deposits, under the provisions of Sections 73 to 76 or any other relevant provisions of the Act, and the rules framed there under during the year under report.
 6. We have broadly reviewed the cost records maintained by the Company under Section 148(1) of the Act, and are of the opinion that *prima-facie* the prescribed records have been made and maintained.
 7. In respect of Statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employee's State Insurance, and Income Tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, and other applicable statutory dues have been generally deposited regularly with the appropriate authorities *except in certain cases where Provident Fund, Employee's State Insurance, Tax deducted at source, Sales Tax and Service tax where there have been delays in deposit.*



- b) According to the information and explanation given to us, there are no dues of custom duty, sales tax and service tax which have not been deposited on account of any dispute. However, following amount are involved (Gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues:
- i. Aggregate Income Tax of Rs. 8.94 lacs, pending before CIT (Appeals).
8. Based on the audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institutions, banks or dues to debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. In our opinion, the company is not required to be The Company is not required to



be registered under Section 45-IA of the Reserve Bank of India Act 1934.
Accordingly, paragraph 3(xvi) of the Order is not applicable.

For VJ M & Associates
Chartered Accountants
Firm's Regn. No.:027535N



CA. Kavit Vijay
Partner
Membership No. 517015

Date: 30th May, 2016
Place: Delhi

Annexure-B to the Independent Auditors' Report

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 M/s Sanco Industries Limited ('the Company') as of 31st March 2016 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 ('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 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.

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 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 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 were 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 auditors' 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 the 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 VJ M & Associates
Chartered Accountants
Firm's Regn. No.:027535N**



**CA. Kavir Vijay
Partner
Membership No. 517015**

**Date: 30th May, 2016
Place: Delhi**

Standalone Financial Statements
Sanco Industries Limited
Balance Sheet as at 31st March 2016
₹ in Lacs

Particular	Note	As at 31st March 2016	As at 31st March 2015
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	857.00	857.00
(b) Reserves and Surplus	4	1,849.68	1,804.32
		2,706.68	2,661.32
(2) Non-current liabilities			
(a) Long-Term Borrowings	5	246.57	261.75
(b) Deferred Tax Liabilities(net)	6	-	-
(c) Trade Payables	7	-	-
(d) Other Long-Term Liabilities		-	-
(e) Long-Term Provisions	8	12.51	7.48
		259.08	269.23
(3) Current liabilities			
(a) Short-Term Borrowings	9	3,028.77	2,246.44
(b) Trade Payables	10	1,975.57	1,549.60
(c) Other Current Liabilities	11	160.85	215.71
(d) Short-Term Provisions	12	112.19	54.82
		5,277.38	4,066.57
Total		8,243.14	6,997.11
II ASSETS			
(1) Non-Current assets			
(a) Fixed Assets	13		
(i) Tangible Assets		434.69	673.83
(ii) Intangible Assets		0.09	-
(iii) Capital Work-in-Progress		2.99	-
(b) Non-Current Investments	14	518.28	431.99
(c) Deferred Tax Assets (Net)	15	4.95	13.27
(d) Long - Term Loans and Advances	16	-	0.50
(e) Trade Receivables	17	786.09	468.27
(f) Other Non- Current Assets	18	152.02	154.45
		1,899.11	1,742.31
(2) Current assets			
(a) Current Investments		-	-
(b) Inventories	19	1,313.18	1,313.99
(c) Trade Receivables	20	4,689.22	3,203.96
(d) Cash and Bank balances	21	139.23	99.96
(e) Short - Term Loans and Advances	22	201.39	622.66
(f) Other Current Assets	23	1.01	14.23
		6,344.03	5,254.80
Total		8,243.14	6,997.11

Corporate information & Significant accounting policies 1 & 2
The notes referred to above are an integral part of the financial statements
"As per our Report of even date attached"
For & on behalf of
V J M & Associates
Chartered Accountants
FRN : 027535N
Kavit Vijay
Partner
M. No. : 517014
Place : Delhi
Date : 30TH May 2016
For & on behalf of Board of Directors
Managing Director
Non Executive Independent Director
Director
Company Secretary
Chief Finance Office

Standalone Financial Statements

Sanco Industries Limited				
Statement of profit and loss account for the year ended 31st March 2016				
		₹ in Lacs		
Particular	Note	31st March 2016	31st	March 2015
I Income				
Revenue from operations	24	13,999.23		10,541.48
II Other income	25	8.06		29.39
III Total income (I + II)		14,007.29		10,570.87
IV Expenses				
Cost of materials consumed	26	3,854.17		3,220.94
Purchases of stock-in-trade		8,530.73		6,412.51
Changes in inventories of finished goods, work-in -progress and stock-in-trade	27	94.93		(418.90)
Employee benefits expense	28	179.86		162.83
Other expenses	29	317.33		363.58
Total		12,977.02		9,740.96
V Profit before Interest, Tax, Depreciation & Amortisation (III-IV)		1,030.27		829.91
Finance costs	30	596.06		477.88
Depreciation	13	92.07		63.69
Amortisation of Expenses		24.69		24.69
VI Profit/(Loss) Before Exceptional, Prior Period items and Tax		317.45		263.65
Exceptional Items	31	4.50		(10.41)
VII Profit/(Loss) Before Prior Period items and Tax		312.95		274.06
Prior Period Items	32	10.03		-
VIII Profit/(Loss) Before Tax		302.92		274.06
IX Tax Expense				
Current tax		107.99		54.82
Taxes for earlier year		(5.51)		-
Deferred tax		8.32		(17.38)
X Profit/(Loss) for the year (VIII - IX)		192.12		236.62
Earnings per equity share	33			
Basic		2.24		2.76
Diluted		2.24		2.76

Corporate information & Significant accounting policies
1 & 2

The notes referred above are an integral part of the financial statements

"As per our Report of even date attached"

For & on behalf of
V J M & Associates
Chartered Accountants
FRN : 027535N

Kavit Vijay
Partner
M. No. : 517014



Managing Director

Non Executive Independent Director

For & on behalf of Board of Directors

Company Secretary

Chief Finance Office

Place : Delhi
Date : 30TH May 2016

Standalone Financial Statements

Sanco Industries Limited		
Cash flow statement for the year ended 31st March 2016		
	₹ in Lacs	
Particular	31st March 2016	31st March 2015
A. Cash Flow From Operating Activities		
Net Profit Before Tax But After Exceptional / Extraordinary Items	302.92	274.06
Adjustments For Non-Cash Items:		
Depreciation / Amortization	116.76	88.38
Interest & Finance Expense	596.06	477.88
Interest Income	(6.26)	(10.62)
Miscellaneous income	(0.12)	-
Loss / (Profit) On Fixed Assets Sold/ Discarded (Net)	-	(2.77)
Provision For Gratuity & Leave Encashment	13.51	(10.41)
Unrealized Foreign Exchange Loss	1.37	-
Prior Period (Expenses) / Income (Net)	10.03	-
Operating Profit Before Working Capital Changes	1,034.27	816.52
Adjustments For Changes In Working Capital:		
(Increase)/Decrease In Trade Receivables	(1,803.08)	(727.70)
(Increase)/Decrease In Other Non Current	(22.26)	-
(Increase)/Decrease In Other Current Assets	13.22	(1.80)
(Increase)/Decrease In Long-Term Loans & Advances	0.50	-
(Increase)/Decrease In Short-Term Loans & Advances	421.27	(293.49)
(Increase)/Decrease In Inventories	0.81	(261.93)
Increase/(Decrease) In Trade Payables	425.97	590.82
Increase /(Decrease) In Other Current Liabilities	(54.86)	(75.52)
Cash Generated From/(Used In) Operations	15.84	46.90
Taxes (Paid) / Received (Net of Withholding Taxes TDS)	54.82	41.66
Prior Period (Expenses) / Income (Net)	10.03	-
Net Cash From/(Used In) Operating Activities	(49.01)	5.24
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets		
Additions During the Year	(3.87)	(337.05)
Capital Work In Progress		
Deductions / (Additions) During the Year	(2.99)	30.37
Proceeds from Sale of Fixed Assets	-	15.25
Proceeds from Sale of Non Current Investments	10.11	-
Purchase of Non Current Investments	(92.32)	(9.87)
Interest Received (Revenue)	6.26	10.62
Net Cash From/(Used In) Investing Activities	(82.81)	(290.68)
C. Cash Flow From Financing Activities		
Proceeds From Long-Term Borrowings	52.13	26.14
Repayment Of Long-Term Borrowings	(67.31)	(104.69)
Proceeds From Short Term Borrowings	873.42	1,671.34
Repayment Of Short-Term Borrowings	(91.09)	(870.83)
IPO Expenses	-	(8.25)
Interest & Finance Charges Paid	(596.06)	(477.88)
Net Cash From/(Used In) Financing Activities	171.09	235.83
Net Increase/(Decrease) In Cash & Cash Equivalents	39.27	(49.61)
Cash & Cash Equivalents - Opening Balance	99.96	149.57
Cash & Cash Equivalents - Closing Balance	139.23	99.96
Net Increase / (Decrease) In Cash & Cash Equivalents	39.27	(49.61)



NOTES:

- 1 The above cash flow statement has been prepared under the "Indirect method" as set out in the Accounting standard 3 on cash flow statements.
- 2 Cash and cash equivalents at the end of the year consist of cash in hand and balance with banks as follows:

	31st March 2016	31st March 2015
Cash, cheques & drafts (in hand) and remittances in transit	29.07	9.63
Balance with banks	18.69	14.63
Current account	91.47	75.70
Deposit account	139.23	99.96

This is the cash flow statement referred to in our report of even date

For & on behalf of
V J M & Associates
Chartered Accountants
FRN : 027535N

Kavit Vijay
Partner
M. No. : 517014



Managing Director

Non Executive Independent Director

For & on behalf of Board of Directors

Director

Company Secretary

Chief Finance Office

Place : Delhi
Date : 30TH May 2016

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

1. Corporate information

Sanco Industries Limited (the "Company") is a Public listed company domiciled in India and incorporated under the Provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing and trading of PVC Resin, PVC Compound, PVC Pipe & Profiles and Wire & Cables, LED Lights, Chemical etc. Registered office of the Company is in the state of Delhi. The Company has manufacturing facilities in the State of Himachal Pradesh. The Product of the Company caters domestic markets.

2. Significant accounting policies

a. Basis of preparation of financial statements

The Financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, on accrual basis except fee paid to Ministry of Corporate Affairs on payment basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. 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 and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition or construction, or at revalued amounts, net of impairment loss if any, less accumulated depreciation/amortisation. The Company capitalizes all costs including costs of duties & taxes attributable to acquisition or construction of fixed assets, upto the date the assets are put to use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognized.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

d. Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses if any.

e. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f. Depreciation

Depreciation is provided on tangible fixed assets from the date of installation/acquisition on a pro-rata basis. Depreciation on assets is provided on the written down value method as per the rates specified in Schedule II of the Companies Act, 2013. Assets individually costing Rs.5,000/- or less are depreciated fully in the year when they are put to use.

Intangible fixed assets are amortized on straight line basis over their estimated useful economic life. The Company is amortizing its software over a period of 3 years.

g. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to assess whether 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. In assessing value in use, the Company measures it on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

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

h. 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. Specifically,



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

- i) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. Sales are net of trade discounts & rebates and sales taxes as applicable and sales returns.
- ii) Service income is recognized on accrual basis as and when services are provided and invoices raised during the year. Service income excludes service tax.
- iii) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividend income from investments is recognized when the Company's right to receive payment is established.

i. Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

For exchange differences arising on certain long term foreign currency monetary items, refer to note 2c on tangible fixed assets and 2k on forward exchange contracts to hedge foreign currency risks.

All other exchange differences are recognized as income or as expenses in the period in which they arise.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

j. Forward exchange contracts to hedge foreign currency risks

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences arising on such contracts, except the contracts which are long term foreign currency monetary items, are recognized in the statement of profit & loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is also recognized as income or expense for the period. Any gain/loss arising on forward contracts which are long term foreign currency monetary items is recognized as follows:

- a. If related to acquisition of fixed asset, exchange differences are capitalized and depreciated over the remaining useful life of the asset.
- b. Other exchange differences are accumulated in the "Foreign currency monetary item translation difference account" and amortized over the remaining life of the monetary items.

k. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments or short term investments. All other investments are classified as long-term investments. Current investments are valued at lower of cost and fair value determined on an individual investment basis. Changes in the carrying amount of current investments are recognized in the statement of profit and loss account. Long term investments are valued at cost. However, provision for diminution in value is made to recognize a decline that is other than temporary in the value of investments, wherever considered necessary. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

Investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and impairment losses if any.

The cost of investment property comprises purchase price net of trade discounts and rebates, borrowing costs and directly attributable costs upto the date the asset is put to use.

l. Inventories

Raw materials, components, stores and spares are valued at the lower of cost and net realizable value. Cost is determined on FIFO basis. However materials and other items held for use in the production of inventories are not written down



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work in progress and finished goods are valued at lower of cost and net realizable value.

Cost includes direct material, labour and proportion of manufacturing overheads. Cost of finished goods includes excise duty and is determined on weighted average basis.

m. Retirement benefits

The different types of retirement and employee benefits are accounted for as follows:

- i) All employees are covered under contributory provident fund benefit of a contribution of 12% of salary and certain allowances. It is a defined contribution scheme and the contribution is charged to the statement of profit and loss account of the year when the contribution to the respective fund is due. There is no obligation other than the contribution payable to the respective fund.
- ii) Provision for Employees' Gratuity is based on actuarial valuation as on the date of balance sheet. All actuarial gains/losses arising during the accounting year are recognized immediately in the statement of profit and loss account as income or expense.
- iii) Accrual for leave encashment benefit is based on actuarial valuation as on the date of the balance sheet in pursuance of the Company's leave rules.

n. Income and deferred taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred income taxes reflects 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 assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available

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Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

against which such deferred tax assets can be realized. Deferred tax asset on unabsorbed depreciation and carry forward losses is recognized only to the extent that there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes it down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period and utilize the MAT Credit Entitlement.

o. Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and cash/cheques in hand and short term deposits with Banks with an original maturity of three months or less reduced by short term advances from Banks.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares is adjusted for events such as bonus issue and shares split that have changed the number of equity shares outstanding without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares if any.

q. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their 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.

r. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will be required to settle the obligations. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Sanjay Kojary
S. K. & ASSOCIATES
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Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

EQUITY AND LAIBILITIES

Shareholders' funds

3. Share capital

Authorised

14000000 (2015: 14000000) Equity shares of ₹ 10/- each

31st March 2016
(Rupees)

1,400.00

31st March 2015
(Rupees)

1,400.00

Issued, subscribed and fully paid up

8570000 (2015: 8570000) Equity shares of ₹ 10/- each

857.00

857.00

857.00

857.00

a. Reconciliation of the shares outstanding

Equity Shares

31st March 2016

Number

Rupees

31st March 2015

Number

Rupees

Authorised

Opening balance

14000000

1,400.00

14000000

1,400.00

Add Addition During the Year

-

-

-

-

Closing balance

14000000

1,400.00

14000000

1,400.00

Issued, subscribed and fully paid up

Opening balance

8570000

857.00

8570000

857.00

Shares issued / Bonus shares issued

-

-

-

-

Shares bought back

-

-

-

-

Other movements - Forfeited shares

-

-

-

-

Closing balance

8570000

857.00

8570000

857.00

b. Rights, Preferences and restrictions attaching to each class of shares

Equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by each shareholder holding more than 5% shares

Name of shareholder

31st March 2016

No. of Shares

% Shares

31st March 2015

No. of Shares

% Shares

Name of the Share Holder Equity shares Holder

Mr. Sanjay Gupta

833700

9.73%

833700

9.73%

M/s Sanjay Gupta HUF

3362800

39.24%

3362800

39.24%

Ms. Shakuntla Gupta

502000

5.86%

502000

5.86%

Mr. Anurag Gupta

699800

8.17%

699800

8.17%

M/s. Shri Parasram Holiday Private Limited

520000

6.07%

520000

6.07%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

4. Reserves and surplus

31st March 2016 31st March 2015

Securities premium account

Opening balance	226.00	226.00
Add: Addition during the year	-	-
Less: Utilized during the year	-	-
Closing balance	226.00	226.00

General reserve

Opening balance	133.19	-
Add: Additions during the year (Depreciation Written Back)	-	133.19
Less: Utilized during the year	133.19	-
Closing Balance	-	133.19

Investment Revaluation Reserve

Opening balance	-	-
Add: Addition during the year	4.07	-
Less: Utilized during the year	-	-
Closing balance	4.07	-

Surplus / (Deficit) in the statement of profit & loss

Opening balance	1,445.13	1,208.51
Add: Net profit after tax transferred from statement of profit & loss	192.12	236.62
	1,637.25	1,445.13
Amount available for appropriation		
Less: Appropriations		
Proposed dividend equity shares	-	-
Interim dividend equity shares	-	-
For Fixed Assets revaluation	17.64	-
Total appropriations	17.64	-
Closing balance	1,619.61	1,445.13
TOTAL RESERVES AND SURPLUS	1,849.68	1,804.32

NON-CURRENT LIABILITIES

5. Long term borrowings

Non - current Current
31st March 2016 31st March 2015 31st March 2016 31st March 2015

Term loans

Secured

From Banks

- Term Loan from SIDBI

(The loan was secured against Hypothecation of Plant and Machinery)

-	25.24	-	-
8.98	11.44	2.65	3.33

- Vehicle Loan

(The loan was secured against Hypothecation of Cars and Vehicle)

From Financial Institutions

23.43	63.04	38.41	19.66
-------	-------	-------	-------

(The loan was secured against Personal guarantee, Collateral money ₹ 4,44,400)

From LIC

123.82	101.81	-	-
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(The loan was secured against Key Management Personal Policy)

156.23	201.53	41.06	22.99
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Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

	Non - current		Current	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Unsecured				
From Financial Institutions	90.34	60.22	13.87	102.82
	<u>90.34</u>	<u>60.22</u>	<u>13.87</u>	<u>102.82</u>
Total Borrowings	246.57	261.75	54.93	125.81

There is no continuing default in repayment of loans and interest as on 31st March 2016.

	31st March 2016	31st March 2015
6. Deferred Tax Liabilities (net)		
Deferred Tax Liabilities (net)	-	-
Depreciation	-	4.12
Last year Balance	-	-
Add: Addition during the year	-	-
Less: Deduction during the year	-	4.12
	<u>-</u>	<u>-</u>

7. Trade Payables

Micro, Small and Medium Enterprises
(refer note 41)
Other Trade Payables

	-	-
	-	-
	<u>-</u>	<u>-</u>

8. Provisions Long Term

Provision for Employees' Benefits

Provision for Gratuity	11.96	7.48
Provision for Leave Encashment	0.55	-
Provision for Bonus	-	-
	<u>12.51</u>	<u>7.48</u>

CURRENT LIABILITIES

9. Short term borrowings

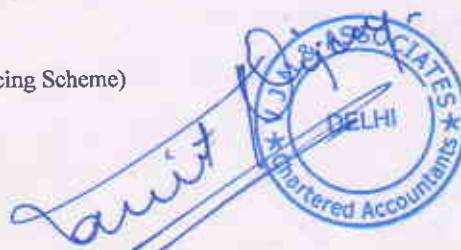
Secured

From banks	1,801.85	1,364.97
(Union Bank of India Cash Credit Limited - Secured against Hypothecation of Stock -in-Trade and book Debts)		
From Other	151.38	151.49
(Aditya Birla Finance Pvt Ltd under Channel Financing Scheme secured against mortgage of residential flat in the name of Director)		

Sub Total A 1,953.23 1,516.46

Unsecured

From Bank	624.80	301.57
(Axis Bank Ltd. & Yes Bank Ltd. under Channel Financing Scheme)		
From Other	347.09	238.08
(from Aditya Birla Finance Pvt Ltd under Channel Financing Scheme)		



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

	31st March 2016	31st March 2015
Bank Overdraft	5.20	0.90
From Other (from NSIG under Raw Material Assistance Scheme) (Against Bank Guarantee)	98.45	189.43
Sub Total B	<u>1,075.54</u>	<u>729.98</u>
Total	<u>3,028.77</u>	<u>2,246.44</u>
10. Trade Payables		
Micro, Small and Medium Enterprises (refer note 41)		
	1,975.57	1,549.60
	<u>1,975.57</u>	<u>1,549.60</u>
11. Other Current Liabilities		
Current maturities of long term borrowings (refer note 5)	54.93	125.81
Payables for expenses	47.23	34.47
Advance from customers	37.69	37.80
Duties and taxes	21.00	17.63
	<u>160.85</u>	<u>215.71</u>
12. Provisions Short Term		
Provision for Employees' Benefits		
Provision for Gratuity	0.48	-
Provision for Leave Encashment	0.02	-
Provision for Bonus	3.70	-
	<u>4.20</u>	<u>-</u>
Others		
Provision for tax	107.99	54.82
	<u>107.99</u>	<u>54.82</u>
	<u>112.19</u>	<u>54.82</u>
14. Non-current investments		
Non Trade Investments, Unquoted		
Investment in Equity Instruments		
Investment in Subsidiaries		
M/s Sanjita Polymet Limited (Hong Kong,)	102.52	6.12
M/s Superlink Polyfeb Limited	302.76	302.76
Other Investment		
Deposit with LIC	113.00	123.11
	<u>518.28</u>	<u>431.99</u>



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

ASSETS

NON-CURRENT ASSETS

13. Fixed assets

₹ in Lacs

Particulars	Original cost			Depreciation/Amortization					Net book value		
	As at 01.04.2015	Additions during the year	Adjustment during the year	As at 31.03.2016	Upto 01.04.2015	For the year	Adjustments during the year	Deductions during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible assets											
Land - Freehold	6.61	-	-	6.61	-	-	-	-	-	6.61	6.61
Land - Leasehold	7.54	-	-	7.54	-	-	-	-	-	7.54	7.54
Factory Building	155.47	-	-	155.47	31.53	8.73	-	31.82	72.08	83.39	123.94
Plant & Machinery	578.07	-	19.76	597.83	87.64	74.72	20.16	94.95	277.47	320.36	490.43
Furniture & fittings	0.55	-	-	0.55	0.28	0.05	(0.01)	0.12	0.44	0.11	0.27
Vehicles	63.51	0.58	-	64.09	25.18	5.87	-	19.33	50.38	13.71	38.32
Office Equipment	9.00	2.90	(4.22)	7.68	4.62	1.87	(2.35)	1.29	5.43	2.25	4.38
Computer	4.60	0.25	-	4.85	2.36	0.78	(2.32)	3.32	4.14	0.71	2.24
	825.35	3.73	15.54	844.62	151.62	92.02	15.48	150.83	409.94	434.69	673.74
Intangible assets											
Computer software	-	0.14	-	0.14	-	0.05	-	-	0.05	0.09	-
	-	0.14	-	0.14	-	0.05	-	-	0.05	0.09	-
	-	-	-	-	-	-	-	-	-	-	-
Total	825.35	3.87	15.54	844.76	151.62	92.07	15.48	150.83	409.98	434.78	673.74
Previous Year	513.06	337.05	24.75	825.36	233.30	63.69	-	145.46	151.53	673.83	-
Capital Work-in-Process										2.99	

Note: Tangible and Intangible assets are revalued according to useful lives as prescribed under Part C of Schedule II of the Companies Act 2013 and as provided by management.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

31st March 2016 31st March 2015

Non Trade Investments

M/s Sanjita Polymet Limited (Hong Kong,)

[155000 (31 March 2015: 10000) number of equity shares of USD 1 each fully paid-up.

M/s Superlink Polyfeb Limited

[4152596 (31 March 2015: 4152596) number of equity shares of ₹ 10 each fully paid-up.

15. Deferred Tax Asset (net)

Deferred tax asset

Opening Balance

13.27

Fixed assets: Impact of difference between tax depreciation and accounting depreciation/ amortization

(16.84)

13.27

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

2.23

Other Timing Difference

6.29

Net Deferred Tax Asset

4.95

13.27

16. Long Term Loans and Advances

Security deposits

Secured, considered good

-

-

Unsecured, considered good

-

0.50

Doubtful

-

-

-

0.50

Less :Provision for bad and doubtful advances

-

-

-

0.50

17. Trade Receivables

Outstanding for period exceeding six months from the due date of payment

Secured, considered good

-

-

Unsecured, considered good *

786.09

468.27

Doubtful

-

-

786.09

468.27

Less :Provision for doubtful receivables

-

-

786.09

468.27

* Non Current trade receivable consider for outstanding for motre than 6 months out of which ₹ 390.55 is outstanding for the period more than 1 year.

18. Other Non- Current Assets

Deposits with Bank original maturity of more than 12 months @

51.79

(@ Bank deposits held as first charge on Letter of Credit and Bank Guarantees ₹ 51.79)

Unamortized expenditure

Unamortized Capital Expenditure

44.43

69.12

Others

MAT Credit Entitlement

55.80

52.48

Margin Money Deposit with Banks

-

0.99

Other Assets

-

31.86

Total

152.02

154.45

Sanjay Kumar

 VJ & ASSOCIATES
 Chartered Accountants
 DELHI

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

19. Inventories

	31st March 2016	31st March 2015
Raw Materials and components	505.03	410.91
Finished goods	552.23	281.55
Stock in trade	255.92	621.53
	<u>1,313.18</u>	<u>1,313.99</u>

All inventories are valued at lower of cost and net realizable value.

20. Trade Receivables

Outstanding for period exceeding six months from the due date of payment		
Secured, considered good		
Unsecured, considered good	4,689.22	3,203.96
Doubtful		
	<u>4,689.22</u>	<u>3,203.96</u>
Less :Provision for doubtful receivables	-	-
	<u>4,689.22</u>	<u>3,203.96</u>

21. Cash and Bank Balances

Cash and cash equivalents		
Balances with banks		
- In current accounts	18.69	14.63
Cash on hand	29.07	9.63
Deposits with original maturity of more than 12 months	-	75.70
Deposits with original maturity of more than 3 months but less than 12 months #	91.47	-
	<u>139.23</u>	<u>99.96</u>

Balance held by banks as security against borrowings, guarantees or other commitments:

# Bank deposits held as first charge on Letter of Credit and Bank Guarantees	91.47	75.70
--	-------	-------

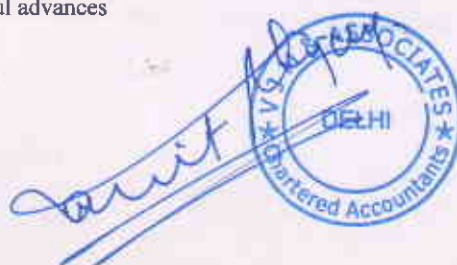
22. Short Term Loans and Advances

Security Deposits		
Secured, considered good	-	-
Unsecured, considered good *	7.93	4.55
Doubtful	-	-
	<u>7.93</u>	<u>4.55</u>
Less :Provision for bad and doubtful advances	-	-
	<u>7.93</u>	<u>4.55</u>

(* security deposit ₹ 444000 is secured agt the loan outstanding with Intec Capital)

Advances Recoverable in Cash or Kind

Secured, considered good	-	-
Unsecured, considered good	22.00	-
Doubtful	-	-
	<u>22.00</u>	<u>-</u>
Less :Provision for bad and doubtful advances	-	-
	<u>22.00</u>	<u>-</u>



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

Other Loans & Advances

	31st March 2016	31st March 2015
Advance to employees	2.03	-
Advance to Suppliers	154.93	588.79
Additional Custom Duty recoverable	3.90	-
Vat recoverable	8.06	27.43
Service tax recoverable	2.54	1.89
	<u>171.46</u>	<u>618.11</u>
Total	<u>201.39</u>	<u>622.66</u>

23. Other Non Current Assets

Interest Accrued	-	0.77
Prepaid expenses	1.01	2.47
Other Assets	-	10.99
Total	<u>1.01</u>	<u>14.23</u>

Sanit Nigam

DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

24. Revenue from operations

Sale of products

- Finished goods

- Traded goods

Revenue from operations

Details of products sold

Finished Goods :-

PVC Wires & Cables

PVC Pipes

Other

Traded Goods :-

Copper Wire Rod

PVC Resin

Calcium Carbonate

LED Lights & Panels

PVC Insulated Tapes

Others

25. Other income

Interest income

- Fixed deposits

Non Operative Income

Miscellaneous income

Net Gain on Foreign Currency Transactions

26. Cost of Raw Materials Consumed

Inventory opening balance

Add : Purchases

Less : Inventory closing balance

Cost of Raw Materials Consumed

Details of Raw Materials and Components Consumed

PVC Resin

Others

Details of Closing Inventory

Raw materials and components

PVC Resin

Others

	31st March 2016	31st March 2015
Revenue from operations		
Sale of products		
- Finished goods	4,958.06	4,606.81
- Traded goods	9,041.17	5,934.67
Revenue from operations	13,999.23	10,541.48
Details of products sold		
Finished Goods :-		
PVC Wires & Cables	3,192.67	2,635.03
PVC Pipes	1,710.77	1,959.01
Other	54.62	12.77
	4,958.06	4,606.81
Traded Goods :-		
Copper Wire Rod	8,292.74	5,624.55
PVC Resin	673.75	227.95
Calcium Carbonate	25.21	18.50
LED Lights & Panels	9.62	5.38
PVC Insulated Tapes	17.31	-
Others	22.54	58.29
	9,041.17	5,934.67
	13,999.23	10,541.48
25. Other income		
Interest income		
- Fixed deposits	6.26	10.62
Non Operative Income	-	3.61
Miscellaneous income	1.80	2.28
Net Gain on Foreign Currency Transactions	-	12.88
	8.06	29.39
26. Cost of Raw Materials Consumed		
Inventory opening balance	410.91	567.88
Add : Purchases	3,948.29	3,063.97
	4,359.20	3,631.85
Less : Inventory closing balance	505.03	410.91
Cost of Raw Materials Consumed	3,854.17	3,220.94
Details of Raw Materials and Components Consumed		
PVC Resin	2,020.85	2,225.14
Others	1,833.32	995.80
	3,854.17	3,220.94
Details of Closing Inventory		
Raw materials and components		
PVC Resin	273.10	9.43
Others	231.93	401.48
	505.03	410.91

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DELHI

Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

27. Changes in inventories

31st March 2016 31st March 2015

Inventory opening balance		
Finished goods	281.55	448.49
Traded goods	621.53	35.69
Inventory closing balance		
Finished goods	552.23	281.55
Traded goods	255.92	621.53
Increase/Decrease in inventories	94.93	(418.90)

Details of inventory

Traded goods

Copper Wire Rod	119.97	612.30
PVC Resin	0.37	-
Calcium Carbonate	19.35	-
LED Lights & Panels	73.64	9.23
PVC Insulated Tapes	39.35	-
Others	3.24	-
	255.92	621.53

Finished goods

PVC Wires & Cables	21.96	88.12
PVC Pipes	507.52	192.34
Other	22.75	1.09
	552.23	281.55

28. Employee benefits expense

Salaries and wages	119.10	114.78
Director Remuneration	16.80	14.05
Contribution to provident and other funds	9.54	10.55
Bonus	6.18	-
Gratuity	2.24	-
Leave Encashment	0.59	-
Staff welfare expense	9.51	6.88
Key Person Insurance Premium	15.90	16.57
	179.86	162.83



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

	31st March 2016	31st March 2015
29. Other expenses		
Manufacturing Expenses:		
Power and Fuel	83.75	88.37
Freight and forwarding charges	69.50	54.43
Repairs and Maintenance		
- Plant and machinery	8.42	4.12
	161.67	146.92
Administrative and Other Expenses:		
Electricity & water charges	2.26	2.04
Communication costs	3.78	2.76
Rent	12.20	7.02
Rates and taxes	6.97	24.07
Insurance	3.65	2.96
Repairs and maintenance		
- Computer	0.53	0.73
- Vehicle	1.51	9.42
Auditors' remuneration (refer details below)	1.72	1.25
Printing and stationery	3.33	3.04
Legal and Professional fees	23.66	10.16
Local Conveyance	7.81	5.58
Foreign exchange differences (net)	1.37	-
Membership & Subscription Fee	1.61	0.65
Miscellaneous expenses	7.82	11.38
	78.22	81.06
Selling & Distribution Expenses		
Advertising and Sales promotion	3.35	53.69
Commission & brokerage	3.75	6.11
Discount Charges	21.42	34.17
Travelling and conveyance	15.85	14.87
Vehicle running & maintenance	33.07	26.69
Balance written off	-	0.07
	77.44	135.60
	317.33	363.58
Auditors' Remuneration		
As auditor		
Audit Fee	1.15	1.12
Other services	0.57	0.13
	1.72	1.25
30. Finance costs		
Bank charges	54.10	50.91
Interest Expenses		
- Paid to Bank	360.25	196.39
- Paid to Other	174.42	224.77
Processing charges and Other Cost	7.29	5.81
	596.06	477.88

Savitri Dhillon
S. D. HILL & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements**Sanco Industries Limited****Notes to financial statements for the year ended 31st March 2016****₹ in Lacs**

	31st March 2016	31st March 2015
31. Exceptional Item		
Excess Provision written Back	4.50	(10.41)
	<u>4.50</u>	<u>(10.41)</u>
32. Prior period items		
Prior Period Expenses	10.03	-
	<u>10.03</u>	<u>-</u>
33. Earnings per share		
Profit/(loss) after tax	192.12	236.62
Less : Dividends on convertible preference shares & tax thereon	-	-
Net profit/(loss) for calculation of basic EPS	<u>192.12</u>	<u>236.62</u>
Add : Dividends on convertible Preference Shares & Tax thereon	-	-
Add : Interest on bonds convertible into equity shares (net of tax)	-	-
Net profit/(loss) for calculation of diluted EPS	<u>192.12</u>	<u>236.62</u>
Weighted average number of equity shares in calculating basic EPS	85,70,000	85,70,000
Effect of dilution:		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
Weighted average number of equity shares in calculating diluted EPS	85,70,000	85,70,000
Basic earnings per share	2.24	2.76
Diluted earnings per share	2.24	2.76

Sanjay Dhillon
S.D. & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

34. Related party disclosures

Subsidiary company (ies)

- Superlink Polyteb Limited
- Sanjita Polymat Limited (Hong Kong, 100% Subsidiary Company)

Key Management Personnel and their Relative

- Sanjay Gupta
- Sidhant Gupta
- Rita Gupta
- Shakuntla Gupta

Entities controlled by key management or their relatives

- Sanco Enterprises Private Limited

- Shakuntla Gupta

(a) Summary of related party transactions

₹ in Lacs

Particulars	Subsidiary company(ies)		Entities controlled by Directors or their Relatives		Key Management Personnel or their Relatives	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Transactions						
Investment	102.52	6.12	-	-	-	-
Purchase of services	70.89	-	-	-	-	-
Remuneration	-	-	-	-	16.80	14.05
Reimbursement of expenses	-	-	-	-	45.26	26.43
Rent paid	-	-	-	-	9.00	6.00
Balance outstanding						
Payables	40.16	-	-	-	20.01	12.60



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

b) The Company has entered into transactions with parties listed above during the year under consideration.

₹ in Lacs

Particulars	31st March 2016	31st March 2015
Investment in Equity shares		
- Sanjita Polymat Limited *	102.52	6.12
(on 31st March 2016 Value of Investment is increased by ₹ 4.07 Lacs, due to revaluation of Investment as per AS-11)		
Purchase of Goods		
- Sanjita Polymat Limited	70.89	-
Remuneration		
- Sanjay Gupta	6.00	6.00
- Sidhant Gupta	4.80	4.05
- Rita Gupta	6.00	-
- Shakuntla Gupta	-	4.00
Reimbursement of expenses		
- Sanjay Gupta	45.26	26.43
Rent		
- Shakuntla Gupta	4.50	4.50
- Rita Gupta	4.50	1.50
Outstanding payables		
- Sanjay Gupta (for reimbursement of expenses)	20.01	12.60
- Sanjita Polymat Limited	40.16	-

Note : The above said figures are based on the records as maintained by the Company and as certified by the management.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

35. Segment information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

As part of Secondary reporting, the company has no geographical segment by location.

Information about Business Segment - Primary

	₹ in Lacs			
Reportable Segments	Manufacturing	Trading	Unallocable	Total
Revenue				
Gross Sale	4,958.06	9,041.17	-	13,999.23
Other Operative Income	-	-	-	-
Total revenue	4,958.06	9,041.17	-	13,999.23
Results				
Segment results (PBIT)	698.75	138.85	-	837.60
Operating profit	698.75	138.85	-	837.60
Finance costs	-	-	534.67	534.67
Profit before tax	698.75	138.85	(534.67)	302.92
Income taxes	-	-	110.80	110.80
Net profit as at 31st March 2016	698.75	138.85	(645.47)	192.13
Segment Assets	4,902.23	3,321.42	19.49	8,243.14
Total Assets	4,902.23	3,321.42	19.49	8,243.14
Segment Liabilities	829.91	2,380.04	2,326.51	5,536.46
Total Liabilities	829.91	2,380.04	2,326.51	5,536.46
Other segment information				
Capital Expenditure:	-	-	6,032.87	6,032.87
Tangible Assets	434.69	-	-	434.69
Intangible Assets	0.09	-	-	0.09
Depreciation	92.07	-	-	92.07
Amortization	24.69	-	-	24.69

Secondary Segment Reporting (by Geographic Segments) - Business Segments and Geographical segments are same.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

36. Employees retirement benefits

The Company has classified the various benefits provided to employees as under:-

(a) Defined contribution plan, which relates to the company's provident fund under which an amount of ₹ 6.64 Lac- (Previous year ₹ 6.97 Lac) of employers' contribution to provident fund has been recognized in the statement of profit and loss account during the year.

(b) Defined benefit plans

i) Contribution to Gratuity Funds

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

ii) Compensated absences – Earned Leave

An actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:

Economic assumptions

The discount rate and salary growth rate are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & salary growth rate. For the current valuation a discount rate of 7.70 % p.a. has been used in consultation with the employer.

Salary Growth Rate

The salary growth rate usually consists of at least three components, viz. seniority, regular increments & promotional increases and price inflation. For Current valuation salary escalation rate of 7.00% p.a. used. The assumptions used are summarised in the following table.

Particular	Gratuity	Compensated Absences Earned Leave
	(Unfunded)	(Unfunded)
	31st March 2016	31st March 2016
	(Rupees)	(Rupees)
Discount Rate (Per Annum)	7.70%	7.70%
Future Salary Increase	7.00%	7.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
In Service Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Retirement Age	58 years	58 years
Withdrawal Rates	5% at Younger Ages and 4% at Older Ages According to Graduated Scale	5% at Younger Ages and 4% at Older Ages According to Graduated Scale



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

1. Expenses Recognised in Profit and Loss Account		
Current service cost	2.36	0.45
Interest cost	0.88	0.04
Expected return on plan assets	-	-
Net Actuarial (Gain) / Loss recognised in the year	(0.99)	0.09
Total expenses	2.25	0.58
2. Amount Recognised in Balance Sheet		
Present value of defined benefit obligation at the end of the Period	12.44	0.57
Fair value of Plan Assets	-	-
Funded status [surplus/(deficit)]	(12.44)	(0.57)
Net Asset / (Liability) as at the end of the year	(12.44)	(0.57)
3. Change in the present value of obligation during the year		
Present value of obligation as at the beginning of the year	11.44	0.54
Interest cost	0.88	0.04
Current service cost	2.36	0.45
Benefits paid	(1.24)	(0.56)
Actuarial (gains)/losses on obligation	(0.99)	0.09
Present value of obligation as at the end of the year	12.44	0.56
4. Changes in fair value of plan assets representing reconciliation of the opening and closing balances thereof as follows:		
Fair value of plan assets as at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gains)/losses	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-
(*Previous Year Comparative figure are not available since in previous year Contribution to Gratuity Funds and Provision for Leave encashment are made on the estimated basis and charged to Profit and Loss Account. As the management has decided to make such payment out of own funds basic on the assumption that such benefits are payable to its employees at the end of each accounting year.)		

37. Information under section 186(4) of the Companies Act, 2013 in respect of Loans givens, Investments made or Guarantees given or Security Provided:

Name of the Company	Amount	Purpose
Investment Name		
- Sanjita Polymat Limited (Foreign Subsidiary)	102.52	General Investment in Equity Share Capital
- Superlink Polyfeb Limited	302.76	General Investment in Equity Share Capital
Corporate Guarantees Given		
- Sanjita Polymat Limited *	20.00	For Working Capital and Trade Finance requirement

* Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD)



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

38. Leases

Operating lease

The Company has entered into commercial leases agreement for office building. These leases have an average life of less than 11 months with renewal option included in the contracts. Future minimum lease payments payable by the Company in respect of non-cancellable operating leases are as follows:

	31st March 2016	31st March 2015
Not later than one year	9.66	11.03
Later than one year and not later than five years	-	-

39. Capital and other commitments

(a) At 31st March 2016, the company has commitments of ₹ 1.20 Lacs/- (31 March 2015: ₹ Nil/-) relating to the Software Purchase.

(b) At 31 March 2016, the company has capital commitments of USD 2.95 (31 March 2015: USD Nil/-) relating to further investment in subsidiary Sanjita Polymat Limited (Hong Kong).

40. Contingent liabilities not provided for in respect of :

	31st March 2016	31st March 2015
(a) Income tax demand *	8.94	-
(b) Guarantees issued by the bank on behalf of the Company	104.46	200.00
(c) Corporate Guarantees issued for facility taken by foreign Subsidiary Company #	20.00	-

* Income tax demand comprises demand from the Indian tax authorities on additional Income of ₹19.95 Lacs/- upon completion of their tax review for the financial years 2012-13. The matter is pending before the Commissioner of Income tax (Appeals). The company is contesting the demands and the management, including its tax advisors, believe that its position is likely to be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD)

41. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

Based on the information available with the Company regarding the status of suppliers as define under MSMED Act, 2006, there was no principal amount overdue and on interest was payable to the Micro, Small and Medium Enterprises as on 31st March 2016 as per the terms of the contract as at 31st March, 2016.

42. Value of imports calculated on CIF basis

	31st March 2016	31st March 2015
Purchase of Trading Goods	246.04	133.75

43. Income and Expenditure in foreign currency (accrual basis)

	31st March 2016	31st March 2015
(a) Income in Foreign Currency	Nil	Nil
(b) Expenditure in Foreign Currency		
- Purchase of Trading Goods	246.04	133.75

Sanjit Digny
SANJIT DIGNY & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

44. Imported and indigenous Raw Materials Consumed

	31st March 2016		31st March 2015	
	% of total consumption	Value (Rupees)	% of total consumption	Value (Rupees)
Raw materials				
Imported #	0%	-	0%	-
Indigenous	100%	3,854.17	100%	3,063.97

during the year company doesn't import any imported raw material for consumption.

45. Confirmation of debit & credit balances

Debit and credit balances of sundry creditors, sundry debtors, loans and advances to the extent not confirmed are subject to confirmation and reconciliation with the parties as at March 31, 2016.

46. Value of current assets loans and advances

In the opinion of the management, current assets, loans and advances have a value on realization in the normal course of business not less than the value at which they are stated in the Balance Sheet.

47. Unhedged Foreign Currency Exposure

	31st March 2016	31st March 2015
Export Debtors	Nil	Nil
Import Creditor	40.16	Nil

48. Adjustment of Tax deducted at source and MAT Credit from provision for Current Tax will be made after preparing the income tax return.

49. Depreciation on tangible assets is provided on the reducing balance method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during the period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a reducing balance method, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the other fixed assets as follows:-

Assets Type	Life
Buildings	30 years
Plant and Machinery #	10-15 years
Office Equipment #	3-5 years
Computer	3 years
Furniture and Fixtures	10 years
Vehicles	8-10 years

For these class of assets, based on internal assessment and the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

Hence the Useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2016

₹ in Lacs

50. Store & Space consumption has been grouped under Material consumption.

51. Previous year's figures

Previous Years figures have been recasted / regrouped / reclassified, whenever considered necessary.

"As per our Report of even date attached"

For & on behalf of
V J M & Associates
Chartered Accountants
FRN : 027535N

Kavit Vijay
Partner
M. No. : 517014



Place : Delhi
Date : 30TH May 2016

For & on behalf of Board of Directors

Managing Director

Director

Non Executive Independent Director Company Secretary

Chief Finance Office