

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 2017, 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.



The image shows a handwritten signature in blue ink over a circular blue stamp. The stamp contains the text 'V J M & ASSOCIATES' at the top, 'DELHI' in the center, and 'Chartered Accountants' at the bottom, flanked by two stars.

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 2017 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 and proper returns adequate for the purposes of our have been received from the branches not visited by us.
 - (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 accounts and with the returns received from the branches not visited by us.




- (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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 as on 31st March 2017 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.
 - iv. The company has provide requisite disclosures in its financial statements – refer note no.36 as relating to holding and dealing in Specified Bank Notes (SBN's) during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company.

**For VJ M & Associates
Chartered Accountants
FRN:027535N**



**CA. Kavir Vijay
Partner
Membership No. 517014**

**Date: 29th May, 2017
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, 2017, 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 Lakh, pending before CIT (Appeals) related to AY 2013-14.
 - ii. Aggregate Income Tax of Rs.63.33 Lakh, pending before CIT (Appeals) related to AY 2014-15.
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. However the Company has issue fully paid 1714000 number equity share as Bonus Share to its member in the ratio of 1:5 (Record date for issue of bonus share 11th August 2016)
 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 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
FRN.:027535N



CA. Kavita Vijay
Partner
Membership No. 517014

Date: 29th May, 2017
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 2017 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 Company 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 Company 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.

Other Deficiencies identified

The company has provide requisite disclosures in its financial statements – refer note 36 as relating to holding and dealing in Specified Bank Notes (SBN's) during the period from 8th November 2016 to 30th December 2016, whereas the company does not have denomination of the currency in Specified Bank Notes (SBN's) deposit in bank account during the period 8th November 2016 to 30th December 2016.



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 2017, 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
FRN:027535N




CA. Kavita Vijay
Partner
Membership No. 517014

Date: 29th May, 2017
Place: Delhi

Standalone Financial Statements

Sanco Industries Limited			
Balance Sheet as at 31st March 2017			
			₹ in Lakh
Particular	Note	As at 31st March 2017	As at 31st March 2016
I EQUITY AND LIABILITIES			
(1) Shareholders' funds	3	1,028.40	857.00
(a) Share Capital	4	<u>1,984.07</u>	<u>1,849.68</u>
(b) Reserves and Surplus		3,012.47	2,706.68
(2) Non-current liabilities			
(a) Long-Term Borrowings	5	432.29	246.57
(b) Trade Payables	6	-	-
(c) Long-Term Provisions	7	<u>16.64</u>	<u>12.51</u>
		448.93	259.08
(3) Current liabilities			
(a) Short-Term Borrowings	8	3,556.72	3,028.77
(b) Trade Payables	9	2,251.62	1,975.57
(c) Other Current Liabilities	10	374.94	160.85
(d) Short-Term Provisions	11	<u>125.22</u>	<u>112.19</u>
		6,308.50	5,277.38
Total		<u>9,769.90</u>	<u>8,243.14</u>
II ASSETS			
(1) Non-Current assets			
(a) Fixed Assets	12		
(i) Tangible Assets		363.24	434.69
(ii) Intangible Assets		0.03	0.09
(iii) Capital Work-in-Progress		2.99	2.99
(b) Non-Current Investments	13	398.77	518.28
(c) Deferred Tax Assets (Net)	14	17.10	4.95
(d) Long - Term Loans and Advances	15	0.10	-
(e) Trade Receivables	16	446.06	786.09
(f) Other Non- Current Assets	17	<u>249.12</u>	<u>152.02</u>
		1,477.41	1,899.11
(2) Current assets			
(a) Inventories	18	2,217.63	1,313.18
(b) Trade Receivables	19	5,324.07	4,689.22
(c) Cash and Bank balances	20	180.76	139.23
(d) Short - Term Loans and Advances	21	568.79	201.39
(e) Other Current Assets	22	<u>1.24</u>	<u>1.01</u>
		8,292.49	6,344.03
Total		<u>9,769.90</u>	<u>8,243.14</u>

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 : 29th May 2017



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 on 31st March 2017

		₹ in Lakh	
Particular		31st March 2017	31st March 2016
I	Income		
	Revenue from operations (Gross)	11,076.74	13,999.23
	Less: Excise Duty	293.70	-
		10,783.04	13,999.23
II	Other income	22.15	8.06
III	Total income (I + II)	10,805.19	14,007.29
IV	Expenses		
	Cost of materials consumed	3,037.67	3,854.17
	Purchases of stock-in-trade	6,503.22	8,530.73
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(291.15)	94.93
	Employee benefits expense	202.41	179.86
	Other expenses	329.57	317.33
	Total	9,781.72	12,977.02
V	Profit before Interest, Tax, Depreciation & Amortisation (III-IV)	1,023.47	1,030.27
	Finance costs	637.57	596.06
	Depreciation	74.09	92.07
	Amortisation of Expenses	24.69	24.69
VI	Profit/(Loss) Before Exceptional, Prior Period items and Tax	287.12	317.45
	Exceptional Items	131.38	(4.50)
VII	Profit/(Loss) Before Prior Period items and Tax	418.50	312.95
	Prior Period Items	-	10.03
VIII	Profit/(Loss) Before Tax	418.50	302.92
IX	Tax Expense		
	Current tax	118.84	107.99
	Taxes for earlier year	-	(5.51)
	Deferred tax	12.14	8.32
X	Profit/(Loss) for the year (VIII - IX)	311.80	192.12
	Earnings per equity share		
	Basic	3.03	1.87
	Diluted	3.03	1.87

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

Place : Delhi
Date : 29th May 2017



Managing Director

Non Executive Independent Director

For & on behalf of Board of Directors

Director

Company Secretary

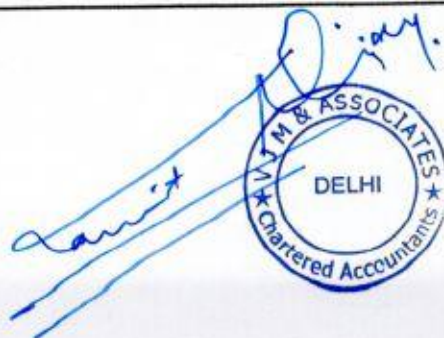
Chief Finance Office

Standalone Financial Statements

Sanco Industries Limited
Cash Flow Statement for the Year Ended on 31st March 2017

₹ in Lakh

Particular	31st March 2017	31st March 2016
A. Cash Flow From Operating Activities		
Net Profit Before Tax But After Exceptional / Extraordinary Items	418.50	302.92
Adjustments For Non-Cash Items:		
Depreciation and Amortization of Expenses	98.78	116.76
Interest and Finance Expense	637.57	596.06
Interest Income	(14.26)	(6.26)
Miscellaneous Income	0.03	(0.12)
Loss / (Profit) on Fixed Assets Sold / Discarded (Net)	(131.38)	-
Provision For Gratuity and Leave Encashment	6.30	13.51
Unrealized Foreign Exchange Loss / (Income)	6.18	1.37
Prior Period (Expenses) / Income (Net)	-	10.03
Operating Profit Before Working Capital Changes	1,021.72	1,034.27
Adjustments For Changes In Working Capital :		
(Increase)/Decrease In Trade Receivables	(301.49)	(1,803.08)
(Increase)/Decrease In Other Non Current	(121.78)	(22.26)
(Increase)/Decrease In Other Current Assets	(0.23)	13.22
(Increase)/Decrease In Long-Term Loans and Advances	(0.10)	0.50
(Increase)/Decrease In Short-Term Loans and Advances	(367.40)	421.27
(Increase)/Decrease In Inventories	(904.45)	0.81
Increase/(Decrease) In Trade Payables	276.52	425.97
Increase/(Decrease) In Other Current Liabilities	214.09	(54.86)
Cash Generated From/(Used In) Operations	(183.14)	15.84
Taxes (Paid) / Received (Net of Withholding Taxes TDS)	107.99	54.82
Prior Period (Expenses) / Income (Net)	-	10.03
Net Cash From/(Used In) Operating Activities	(291.13)	(49.01)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets		
Additions During the Year	(2.58)	(3.87)
Capital Work In Progress		
Deductions / (Additions) During the Year	-	(2.99)
Proceeds from Sale of Non Current Investments	440.14	10.11
Purchase of Non Current Investments	(195.28)	(92.32)
Interest Received (Revenue)	14.26	6.26
Net Cash From/(Used In) Investing Activities	256.56	(82.81)



Standalone Financial Statements

C. Cash Flow From Financing Activities		
Proceeds From Long-Term Borrowings	228.67	52.13
Repayment Of Long-Term Borrowings	(42.95)	(67.31)
Proceeds From Short Term Borrowings	906.91	873.42
Repayment Of Short-Term Borrowings	(378.96)	(91.09)
Interest and Finance Expense	(637.57)	(596.06)
Net Cash From/(Used In) Financing Activities	76.10	171.09
Net Increase/(Decrease) In Cash & Cash Equivalents	41.53	39.27
Cash & Cash Equivalents - Opening Balance	139.23	99.96
Cash & Cash Equivalents - Closing Balance	180.76	139.23
Net Increase / (Decrease) In Cash & Cash Equivalents	41.53	39.27

NOTES:

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

	31st March 2017	31st March 2016
Cash, cheques & drafts (in hand) and remittances in transit	13.89	29.07
Balance with banks	8.56	18.69
Current account	158.31	91.47
Deposit account	180.76	139.23

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



For & on behalf of Board of Directors

Managing Director

Director

Non Executive Independent Director Company Secretary

Chief Finance Officer

Place : Delhi
Date : 29th May 2017

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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 2017

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 2017

- 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 2j 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.


A circular blue stamp of a Chartered Accountant firm. The text inside the stamp reads "M & ASSOCIATES" at the top, "DELHI" in the center, and "Chartered Accountants" at the bottom. There are two stars on either side of the word "Chartered".

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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



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Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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.

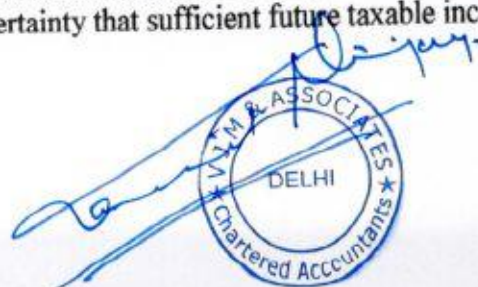
n. Income and deferred taxes

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



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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.

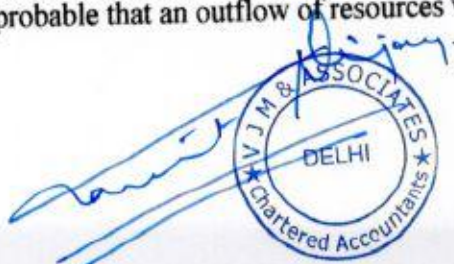
p. Earnings per share

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



A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "V J M & ASSOCIATES" at the top, "DELHI" in the center, and "Chartered Accountants" at the bottom, flanked by two stars.

Standalone Financial Statements


Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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.

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "M & ASSOCIATES" at the top, "DELHI" in the center, and "Chartered Accountants" at the bottom, flanked by two stars.

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

EQUITY AND LAIBILITIES

Shareholders' funds

3. Share capital

Authorised

14000000 (2016: 14000000) Equity shares of ₹ 10/- each

31st March 2017
(Rupees)

1,400.00

31st March 2016
(Rupees)

1,400.00

Issued, subscribed and fully paid up

10284000 (2016: 8570000) Equity shares of ₹ 10/- each

1,028.40

857.00

1,028.40

857.00

a. Reconciliation of the shares outstanding

Equity Shares

Authorised

Opening balance

Add Addition During the Year

Closing balance

31st March 2017

Number

Rupees

31st March 2016

Number

Rupees

14000000

1,400.00

14000000

1,400.00

-

-

-

-

14000000

1,400.00

14000000

1,400.00

Issued, Subscribed and Fully Paid Up

Opening balance

Shares issued / Bonus shares issued

Shares bought back

Other movements - Forfeited shares

Closing balance

8570000

857.00

8570000

857.00

1714000

171.40

-

-

-

-

-

-

-

-

-

-

10284000

1,028.40

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 the Equity shares Holder

31st March 2017

31st March 2016

No. of Shares

% Shares

No. of Shares

% Shares

Mr. Sanjay Gupta

2142160

20.83%

833700

9.73%

Mrs. Rita Gupta

692160

6.73%

156800

1.83%

Ms. Shakuntla Gupta

602400

5.86%

502000

5.86%

Ms. Sidhant Gupta

528120

5.14%

30100

0.35%

Mr. Anurag Gupta

471260

4.58%

699800

8.17%

M/s Sanjay Gupta HUF

1109360

10.79%

3362800

39.24%

M/s Shri Parasram Holdings Private Limited

250

0.00%

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 2017

₹ in Lakh

4. Reserves and surplus

Securities premium account

Opening balance

Add: Addition during the year

Less: Utilized during the year

Closing balance

General reserve

Opening balance

Add: Additions during the year (Depreciation Written Back)

Less: Utilized during the year

Closing Balance

Investment Revaluation Reserve

Opening balance

Add: Addition during the year

Less: Utilized during the year

Closing balance

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

Opening balance

Add: Net profit after tax transferred from statement of profit & loss

Amount available for appropriation

Less: Appropriations

Proposed dividend equity shares

Interim dividend equity shares

For Fixed Assets/Investments revaluation

Total appropriations

Closing balance

TOTAL RESERVES AND SURPLUS

NON-CURRENT LIABILITIES

5. Long term borrowings

Term loans

Secured

From Banks

- Vehicle Loan

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

From Financial Institutions

(The loan was secured against Personal guarantee, Collateral money ₹6,04,400 In Previous Year (₹ 4,44,400))

From LIC

(The loan was secured against Key Management Personal Policy)

Non - current
31st March 2017 31st March 2016

Current
31st March 2017 31st March 2016

	5.50	8.98	3.41	2.65
	12.10	23.43	43.07	38.41
	95.68	123.82	-	-
	113.28	156.23	46.48	41.06

Sanjay
M & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

	₹ in Lakh			
	Non - current		Current	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Unsecured				
From Financial Institutions & Directors	319.01	90.34	149.28	13.87
	<u>319.01</u>	<u>90.34</u>	<u>149.28</u>	<u>13.87</u>
Total Borrowings	<u>432.29</u>	<u>246.57</u>	<u>195.76</u>	<u>54.93</u>

There is no continuing default in repayment of loans and interest as on 31st March 2017.

6. Trade Payables

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

	31st March 2017	31st March 2016
	-	-
	-	-
	<u>-</u>	<u>-</u>

7. Provisions Long Term

Provision for Employees' Benefits

Provision for Gratuity
Provision for Leave Encashment

	31st March 2017	31st March 2016
	15.63	11.96
	1.01	0.55
	<u>16.64</u>	<u>12.51</u>

CURRENT LIABILITIES

8. Short term borrowings

Secured

From banks
(Union Bank of India & South Indian Bank Cash Credit Limits - Secured against Hypothecation of Stock & Book Debts)

From Other
(Aditya Birla Finance Pvt Ltd under Channel Financing Scheme secured against mortgage of residential flat in the name of Director)

	31st March 2017	31st March 2016
	2,706.92	1,801.85
	152.62	151.38

Sub Total A 2,859.54 1,953.23

Unsecured

From Bank
(Axis Bank Ltd. & Yes Bank Ltd. under Channel Financing Scheme)

528.01 624.80

From Other
(from Aditya Birla Finance Pvt Ltd under Channel Financing Scheme)

163.37 347.09

Bank Overdraft

5.80 5.20

From Other
(from NSIC under Raw Material Assistance Scheme)
(Against Bank Guarantee)

- 98.45

Sub Total B 697.18 1,075.54

Total 3,556.72 3,028.77

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

	₹ in Lakh	
	31st March 2017	31st March 2016
9. Trade Payables		
Micro, Small and Medium Enterprises (refer note 41)	-	-
Others	2,251.62	1,975.57
	2,251.62	1,975.57
10. Other Current Liabilities		
Current maturities of long term borrowings (refer note 5)	195.76	54.93
Payables for expenses	115.60	47.23
Advance from customers	21.73	37.69
Duties and taxes	41.85	21.00
	374.94	160.85
11. Provisions Short Term		
Provision for Employees' Benefits		
Provision for Gratuity	0.53	0.48
Provision for Leave Encashment	0.04	0.02
Provision for Bonus	5.81	3.70
	6.38	4.20
Others		
Provision for tax	118.84	107.99
	118.84	107.99
	125.22	112.19
13. Non-current investments		
Non Trade Investments, Unquoted		
Investment in Equity Instruments		
Investment in Subsidiaries		
M/s Sanjita Polymet Limited (Hong Kong.)	291.77	102.52
M/s Superlink Polyfeb Limited	-	302.76
Other Investment		
Deposit with LIC	107.00	113.00
	398.77	518.28

Non Trade Investments

M/s Sanjita Polymet Limited (Hong Kong.)

31 March 2017: 450000 (31 March 2016: 155000) number of equity shares of US \$ 1 each fully paid-up.

M/s Superlink Polyfeb Limited

31 March 2017: Nil Equity Share (31 March 2016: 4152596) number of equity shares of ₹ 10 each fully paid-up.



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

ASSETS

NON-CURRENT ASSETS

12. Fixed assets

Particulars	Original cost			As at 31.03.2017	Depreciation/Amortization				Net book value		
	As at 01.04.2016	Additions during the year	Adjustment during the year		For the year	Adjustments during the year	Deductions during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016	
Tangible assets											
Land - Freehold	6.62	-	-	6.62	-	-	-	-	-	-	6.62
Land - Leasehold	7.55	-	-	7.55	-	-	-	-	-	-	7.55
Factory Building	155.47	-	-	155.47	7.90	-	-	79.99	-	-	75.48
Plant & Machinery	597.83	-	-	597.83	60.33	-	-	337.81	-	-	260.02
Furniture & fittings	0.55	-	-	0.55	0.02	-	-	0.46	-	-	0.09
Vehicles	64.09	-	-	64.09	3.88	-	-	54.26	-	-	9.83
Office Equipment	7.68	0.15	-	7.83	1.10	-	-	6.52	-	-	1.31
Computer	4.85	2.43	-	7.28	0.80	-	-	4.94	-	-	2.34
	844.64	2.58	-	847.22	74.03	-	-	483.98	-	-	363.24
Intangible assets											
Computer software	0.14	-	-	0.14	0.06	-	-	0.11	-	-	0.03
	0.14	-	-	0.14	0.06	-	-	0.11	-	-	0.03
Capital Work-in-Process											
Software	2.99	-	-	2.99	-	-	-	-	-	-	2.99
	2.99	-	-	2.99	-	-	-	-	-	-	2.99
Total (A+B)	844.78	2.58	-	847.36	74.09	-	-	484.09	-	-	363.27
Previous Year	825.36	3.87	15.54	844.77	92.07	15.48	150.83	409.98	434.78	434.78	
Capital Work-in-Process	2.99										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 2017

	₹ in Lakh	
	31st March 2017	31st March 2016
14. Deferred Tax Asset (net)		
Deferred tax asset		
Opening Balance	4.95	13.27
Fixed assets: Impact of difference between tax depreciation and accounting depreciation/ amortization	3.84	(16.84)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	2.21	2.23
Other Timing Difference	6.10	6.29
Net Deferred Tax Asset	17.10	4.95
15. Long Term Loans and Advances		
Security deposits		
Secured, considered good	0.10	-
Unsecured, considered good	-	-
Doubtful	-	-
	0.10	-
Less :Provision for bad and doubtful advances	-	-
	0.10	-
16. Trade Receivables		
Outstanding for period exceeding one year from the due date of payment		
Secured, considered good	-	-
Unsecured, considered good	446.06	786.09
Doubtful	-	-
	446.06	786.09
Less :Provision for doubtful receivables	-	-
	446.06	786.09
	446.06	786.09
(In Previous year Out of total Non Current Debtors of ₹ 786.09 outstanding for the period more than 1 year is ₹ 390.55 only, where in Current year ₹ 446.06 is more than 1 year.		
17. Other Non- Current Assets		
Deposits with Bank original maturity of more than 12 months @	1.94	51.79
(@ Bank deposits held as first charge on Letter of Credit and Bank Guarantees ₹ 1.94 (In P.Y ₹ 51.79)		
Unamortized expenditure		
Unamortized Capital Expenditure	19.74	44.43
Others		
MAT Credit Entitlement	11.05	55.80
Other Assets	216.39	-
Total	249.12	152.02



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

18. Inventories	₹ in Lakh	
	31st March 2017	31st March 2016
Raw Materials and components	1,118.33	505.03
Finished goods	496.71	552.23
Stock in trade	602.59	255.92
	<u>2,217.63</u>	<u>1,313.18</u>

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

19. Trade Receivables

Outstanding for period Less than 1 years from the due date of payment		
Secured, considered good	-	-
Unsecured, considered good*	5,324.07	4,689.22
Doubtful	-	-
	<u>5,324.07</u>	<u>4,689.22</u>
Less :Provision for doubtful receivables	-	-
	<u>5,324.07</u>	<u>4,689.22</u>

* Current trade receivable consider for outstanding for more than 6 months ₹ 772.56 as on 31st March 2017 (₹ 395.54, 31 March 16) is outstanding for the period more than 6 months.

20. Cash and Bank Balances

Cash and cash equivalents		
Balances with banks		
- In current accounts	8.56	18.69
Cash on hand	13.89	29.07
Deposits with original maturity of less than 3 months #	29.29	-
Deposits with original maturity of more than 3 months but less than 12 months #	129.02	91.47
	<u>180.76</u>	<u>139.23</u>

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

# Bank deposit held as security against the loan outstanding with Intec Capital Ltd.	6.04	-
# Bank deposits held as first charge on Letter of Credit and Bank Guarantees	96.37	91.47
# Bank deposits held as first charge on Channel Finance with Yes Bank	55.75	-
# Bank deposits held as security with Sales Tax Deptt. Himachal Pradesh	0.15	-

21. Short Term Loans and Advances

Security Deposits

Secured, considered good	-	-
Unsecured, considered good *	2.06	7.93
Doubtful	-	-
	<u>2.06</u>	<u>7.93</u>
Less :Provision for bad and doubtful advances	-	-
	<u>2.06</u>	<u>7.93</u>

(* security deposit Nil on 31 March 2017 (₹ 4.44 on 31 March 2016) is secured against the loan outstanding with Intec Capital Ltd.)

Advances Recoverable in Cash or Kind

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

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

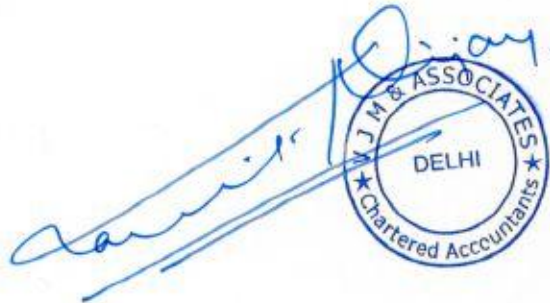
₹ in Lakh
31st March 2017 31st March 2016

Other Loans & Advances

Advance to employees	1.96	2.03
Advance to Suppliers	444.24	154.93
Additional Custom Duty recoverable	9.34	3.90
VAT & CST recoverable	48.69	8.06
Service tax recoverable	0.32	2.54
TDS Receivable	1.40	-
Excise duty Refundable	58.82	-
Other Recoverable	1.96	-
	<u>566.73</u>	<u>171.46</u>
Total	<u>568.79</u>	<u>201.39</u>

22. Other Current Assets

Interest Accrued	0.14	-
Prepaid expenses	1.10	1.01
Total	<u>1.24</u>	<u>1.01</u>



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

23. Revenue from operations

Sale of products

- A. - Finished goods (Gross)
B. - Traded goods

Less: Excise Duty on Finish Goods

Revenue from operations (A+B)

Details of products sold

Finished Goods :-

- PVC Wires & Cables
PVC Pipes, Accessories & Allied Goods
Other

Traded Goods :-

- Copper Wire Rod
PVC Resin
Calcium Carbonate
LED Lights & Panels
PVC Insulated Tapes
Others

24. Other income

Interest income

- Fixed deposits
Miscellaneous income
Net Gain on Foreign Currency Transactions

25. 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 2017	31st March 2016
A. - Finished goods (Gross)	4893.69	4,958.06
B. - Traded goods	6,183.05	9,041.17
	11,076.74	13,999.23
Less: Excise Duty on Finish Goods	293.70	-
Revenue from operations (A+B)	10,783.04	13,999.23
Details of products sold		
Finished Goods :-		
PVC Wires & Cables	1,617.75	3,192.67
PVC Pipes, Accessories & Allied Goods	2,937.37	1,710.77
Other	44.87	54.62
	4,599.99	4,958.06
Traded Goods :-		
Copper Wire Rod	6,013.02	8,292.74
PVC Resin	48.33	673.75
Calcium Carbonate	14.96	25.21
LED Lights & Panels	62.01	9.62
PVC Insulated Tapes	21.59	17.31
Others	23.14	22.54
	6,183.05	9,041.17
	10,783.04	13,999.23
24. Other income		
Interest income		
- Fixed deposits	14.26	6.26
Miscellaneous income	1.71	1.80
Net Gain on Foreign Currency Transactions	6.18	-
	22.15	8.06
25. Cost of Raw Materials Consumed		
Inventory opening balance	505.03	410.91
Add : Purchases	3,650.97	3,948.29
	4,156.00	4,359.20
Less : Inventory closing balance	1,118.33	505.03
Cost of Raw Materials Consumed	3,037.67	3,854.17
Details of Raw Materials and Components Consumed		
PVC Resin	2,151.91	2,020.85
Others	885.76	1,833.32
	3,037.67	3,854.17
Details of Closing Inventory		
Raw materials and components		
PVC Resin	25.02	273.10
Others	1093.31	231.93
	1118.33	505.03

Ravi J. J. J.


Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

	31st March 2017	31st March 2016
26. Changes in inventories		
Inventory opening balance		
Finished goods	552.23	281.55
Traded goods	255.92	621.53
Inventory closing balance		
Finished goods	496.71	552.23
Traded goods	602.59	255.92
Increase/Decrease in inventories	(291.15)	94.93
Details of inventory		
Traded goods		
Copper Wire Rod	495.11	119.97
Copper Wire	39.62	-
Calcium Carbonate	-	19.35
LED Lights & Panels	35.21	73.64
PVC Insulated Tapes	30.71	39.35
Others	1.94	3.24
	602.59	255.55
Finished goods		
PVC Wires & Cables	341.92	21.96
PVC Pipes,Accessories & Allied Goods	154.40	507.52
Other	0.39	22.75
	496.71	552.23
27. Employee benefits expense		
Salaries and wages	137.63	119.10
Director Remuneration	16.80	16.80
Contribution to provident and other funds	12.36	9.54
Bonus	5.96	6.18
Gratuity	5.08	2.24
Leave Encashment	0.60	0.59
Staff welfare expense	8.08	9.51
Keyman Insurance Premium	15.90	15.90
	202.41	179.86



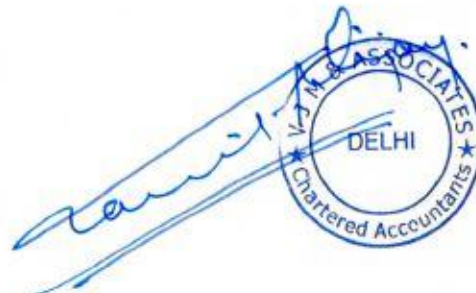

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

	31st March 2017	31st March 2016
28. Other expenses		
Manufacturing Expenses:		
Power and Fuel	81.28	83.75
Freight and forwarding charges	83.59	69.50
Repairs and Maintenance		
- Plant and machinery	8.44	8.42
	173.31	161.67
Administrative and Other Expenses:		
Electricity & water charges	2.06	2.26
Communication costs	3.91	3.78
Rent	14.64	12.20
Rates and taxes	2.12	6.97
Insurance	3.67	3.65
Repairs and maintenance		
- Computer	0.88	0.53
- Vehicle	0.76	1.51
Auditors' remuneration	1.50	1.72
Printing and stationery	2.25	3.33
Legal and Professional fees	30.32	23.66
Local Conveyance	5.70	7.81
Foreign exchange differences (net)	-	1.37
Membership & Subscription Fee	0.13	1.61
Miscellaneous expenses	15.14	7.82
	83.08	78.22
Selling & Distribution Expenses		
Advertising and Sales promotion	16.30	3.35
Commission & brokerage	4.18	3.75
Discount Charges	-	21.42
Travelling and conveyance	13.16	15.85
Vehicle running & maintenance	26.68	33.07
Selling expenses	12.86	-
	73.18	77.44
	329.57	317.33
29. Finance costs		
Bank charges	60.74	54.10
Interest Expenses		
- Paid to Bank	408.68	360.25
- Paid to Other	159.60	174.42
Processing charges and Other Cost	8.55	7.29
	637.57	596.06



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

	31st March 2017	31st March 2016
30. Exceptional Item		
Excess Provision written Back	-	(4.50)
Profit On sale of Investments	131.38	-
	131.38	(4.50)
31. Prior period items		
Prior Period Expenses	-	10.03
	-	10.03
32. Earnings per share		
Profit/(loss) after tax	311.80	192.12
Less : Dividends on convertible preference shares & tax thereon	-	-
Net profit/(loss) for calculation of basic EPS	311.80	192.12
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	311.80	192.12
Weighted average number of equity shares in calculating basic EPS	10,284,000	10,284,000
Effect of dilution:		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
Bonus Share Issued During the year	1,714,000	1,714,000
Weighted average number of equity shares in calculating diluted EPS	10,284,000	10,284,000
Basic earnings per share	3.03	1.87
Diluted earnings per share	3.03	1.87

Sanjay



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

33. Related party disclosures

Subsidiary company

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

Key Management Personnel and their Relative

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

Entities controlled by key management or their relatives

- Sanco Enterprises Private Limited
- Superlink Polyfeb Limited

(a) Summary of related party transactions

Particulars	Subsidiary company(ies)		Entities controlled by Directors or their Relatives		Key Management Personnel or their Relatives		₹ In Lakh
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016	
	Transactions						
Investment	291.77	102.52	-	-	-	-	-
Sale of Investment	-	-	335.13	-	-	-	-
Unsecured Loan Received	-	-	-	-	490.00	-	-
Unsecured Loan Repaid	-	-	-	-	250.00	-	-
Purchase of services	-	70.89	-	-	-	-	-
Remuneration	-	-	-	-	16.80	16.80	16.80
Reimbursement of expenses	-	-	-	-	105.27	45.26	45.26
Rent paid	-	-	-	-	9.00	9.00	9.00
Balance outstanding							
Receivable	-	-	216.39	-	-	-	-
Payables	29.18	40.16	-	-	264.29	20.01	20.01



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

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

₹ In Lakh

Particulars	31st March 2017	31st March 2016
Investment in Equity shares		
- Sanjita Polymat Limited *	291.77	102.52
<i>(on 31st March 2017 Value of Investment is decrease by ₹ 6.03 Lakh, due to revaluation of Investment as per AS-11)</i>		
Sale of Investment		
- Sanco Enterprises Private Limited	335.13	-
Unsecured Loan Received		
- Sanjay Gupta	250.00	-
- Anurag Gupta	240.00	-
Unsecured Loan Repaid		
- Sanjay Gupta	250.00	-
Purchase of Goods		
- Sanjita Polymat Limited	-	70.89
Remuneration		
- Sanjay Gupta	6.00	6.00
- Sidhant Gupta	4.80	4.80
- Rita Gupta	6.00	6.00
Reimbursement of expenses		
- Sanjay Gupta	105.27	45.26
Rent		
- Shakuntla Gupta	4.50	4.50
- Rita Gupta	4.50	4.50
Outstanding Receivable		
- Sanco Enterprises Private Limited	216.39	-
Outstanding payables		
- Sanjay Gupta (for reimbursement of expenses)	24.29	20.01
- Anurag Gupta	240.00	-
- Sanjita Polymat Limited	29.18	40.16

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

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Standalone Financial Statements**Sanco Industries Limited**

Notes to financial statements for the year ended 31st March 2017

34. 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

Reportable Segments				₹ in Lakh
	Manufacturing	Trading	Unallocable	Total
Revenue				
Gross Sale	4,893.69	6,183.05	-	11,076.74
Less: Excise Duty	293.70	-	-	293.70
Net Sale	4,599.99	6,183.05	-	10,783.04
Other Operative Income	-	-	-	-
Total revenue	4,599.99	6,183.05	-	10,783.04
Results				
Segment results (PBIT)	1,101.39	(45.32)	-	1,056.07
Operating profit	1,101.39	(45.32)	-	1,056.07
Finance costs	-	-	637.57	637.57
Profit before tax	1,101.39	(45.32)	(637.57)	418.50
Income taxes	-	-	106.70	106.70
Net profit as at 31st March 2017	1,101.39	(45.32)	(744.27)	311.80
Segment Assets	6,723.92	3,045.98	-	9,769.90
Total Assets	6,723.92	3,045.98	-	9,769.90
Segment Liabilities	2,036.91	1,243.70	3,476.82	6,757.43
Total Liabilities	2,036.91	1,243.70	3,476.82	6,757.43
Other segment information				
Capital Expenditure:	-	-	7,197.25	7,197.25
Tangible Assets	363.24	-	-	363.24
Intangible Assets	0.03	-	-	0.03
Depreciation	74.09	-	-	74.09
Amortization	24.69	-	-	24.69

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

Ranjit

V J M & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

35. 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 ₹ 8.72 Lakh (Previous year ₹ 6.64 Lakh) 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 increase 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 7.42 % 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 2017 (Rupees)	31st March 2016 (Rupees)	31st March 2017 (Rupees)	31st March 2016 (Rupees)
Discount Rate (Per Annum)	7.42%	7.70%	7.42%	7.70%
Future Salary Increase	7.00%	7.00%	7.00%	7.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%	0.00%	0.00%
In Service Mortality	IALM (2006-08) UIT	IALM (2006-08) UIT	IALM (2006-08) UIT	IALM (2006-08) UIT
Retirement Age	58 years	58 years	58 years	58 years
Employee Turnover / Attrition Rate				
18 to 30 Years	5%	5%	5%	5%
30 to 45 Years	3%	3%	3%	3%
Above 45 Years	1%	1%	1%	1%



Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

1. Expenses Recognised in Profit and Loss Account				
Current service cost	2.58	2.36	0.26	0.45
Interest cost	0.92	0.88	0.04	0.04
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain) / Loss recognised in the year	0.22	(0.99)	0.17	0.09
Total expenses	3.72	2.24	0.47	0.58
2. Amount Recognised in Balance Sheet				
Present value of defined benefit obligation at the end of the Period	16.16	12.44	1.05	0.57
Fair value of Plan Assets	-	-	-	-
Funded status [surplus/(deficit)]	(16.16)	(12.44)	(1.05)	(0.57)
Net Asset / (Liability) as at the end of the year	(16.16)	(12.44)	(1.05)	(0.57)
3. Change in the present value of obligation during the year				
Present value of obligation as at the beginning of the year	12.44	11.44	0.57	0.54
Interest cost	0.92	0.88	0.04	0.04
Current service cost	2.58	2.36	0.26	0.45
Benefits paid	-	(1.24)	-	(0.56)
Actuarial (Gains)/Losses on obligation	0.22	(0.99)	0.17	0.09
Present value of obligation as at the end of the year	16.16	12.44	1.05	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	-	-	-	-

36. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

(Amount in absolute Rupees)

Particular	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8th Nov 2016	24,658,000	445,023	25,103,023
Add: Collection during 8th Nov 2016 to 30th Dec 2016(Permitted receipts)	-	234,067	234,067
Less: Payment during 8th Nov 2016 to 30th Dec 2016(Permitted payments)	-	449,720	449,720
Add: Withdraw from Bank 8th Nov 2016 to 30th Dec 2016(Permitted receipts)	-	379,000	379,000
Less: Amount deposited in Banks during 8th Nov 2016 to 30th Dec 2016	24,658,000	-	24,658,000
Closing cash in hand as on 30th Dec 2016	-	608,370	608,370

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 Chartered Accountants
 DELHI

Standalone Financial Statements**Sanco Industries Limited**

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

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

Name of the Company Investment Name	Amount	Purpose
- Sanjita Polymat Limited (Foreign Subsidiary)	291.77	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)

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 2017	31st March 2016
Not later than one year	14.64	9.66
Later than one year and not later than five years	-	-

39. Capital and other commitments

- (a) At 31st March 2017, the company has commitments of Nil (31st March 2016: ₹ 1.20/-) relating to the Software Purchase.
- (b) At 31 March 2017, the company has capital commitments of US\$ 0.45 Lac (31st March 2015: US\$ 2.95 Lac) relating to further investment in subsidiary Sanjita Polymat Limited (Hong Kong).
- (c) At 31st March 2017, the company has commitments of ₹ 5.25 Lakh/- (31st March 2016: ₹ Nil/-) relating to the Purchase of Machinery .

40. Contingent liabilities not provided for in respect of :

	31st March 2017	31st March 2016
(a) Income tax demand *	72.27	8.94
(b) Guarantees issued by the bank on behalf of the Company	4.46	104.46
(c) Corporate Guarantees issued for facility taken by foreign Subsidiary Company #	20.00	20.00

* Details are as follow:

- (i) Income tax demand comprises demand from the Indian tax authorities on additional Income of ₹19.95 Lakh/- upon completion of their tax review for the financial years 2012-13 (AY 2013-14). The matter is pending before the Commissioner of Income tax (Appeals).
- (ii) Income tax demand comprises demand from the Indian tax authorities on additional Income of ₹144.60 Lakh/- upon completion of their tax review for the financial years 2013-14 (AY 2014-15). 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 US\$)

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 2017 as per the terms of the contract as at 31st March, 2017.

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DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited

Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

42. Value of imports calculated on CIF basis

	31st March 2017	31st March 2016
Purchase of Trading Goods	198.15	133.75
Purchase of Raw Material	134.22	-

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

	31st March 2017	31st March 2016
(a) Income in Foreign Currency	Nil	Nil
(b) Expenditure in Foreign Currency		
- Purchase of Trading Goods	76.85	133.75

44. Imported and indigenous Raw Materials Consumed

	31st March 2017		31st March 2016	
	% of total consumption	Value (Rupees)	% of total consumption	Value (Rupees)
Raw materials				
Imported #	0%	-	0%	-
Indigenous	100%	3,037.67	100%	3,854.17

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, 2017.

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 2017	31st March 2016
Export Debtors	Nil	Nil
Import Creditor	Nil	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.


J.M. & ASSOCIATES
DELHI
Chartered Accountants

Standalone Financial Statements

Sanco Industries Limited
Notes to financial statements for the year ended 31st March 2017

₹ in Lakh

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 : 29th May 2017

For & on behalf of Board of Directors

Managing Director

Director

Non Executive Independent Director

Company Secretary

Chief Finance Office