



# ANNUAL REPORT

## 2018-19

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## BOARD OF DIRECTORS

**MR. SANJAY GUPTA**

Chairman & Managing Director

R/o. C-56, Suraj Mal Vihar,  
Delhi-110092.

**DIN : 00726005**

**MRS. RITA GUPTA**

WTD and Non Independent Director

R/o. C-56, Suraj Mal Vihar, Delhi-110092.

**DIN : 00725963**

**MR. SIDHANT GUPTA**

WTD and Non Independent Director

R/o. C-56, Suraj Mal Vihar, Delhi-110092.

**DIN : 02676750**

**MR. SURENDRA KUMAR GUPTA**

Non-Executive Independent Director

D-85, Surajmal Vihar, Delhi-110092

**DIN : 07613952**

**MR. SAURABH GUPTA**

Non-Executive Independent Director

R/o. 3/25, Vishnupuri,  
Kanpur-208002 (U.P.)

**DIN : 03093901**

**MR. SANJEEV KR. JAIN**

Non-Executive Independent Director

R/o. 131, AJ and K Pocket,  
Dilshad Garden, Delhi-95

**DIN : 03121505**

**MRS. SONU KUMARI**

Non-Executive Independent Director

R/o. 441B, Gali No. 29,  
C1-Block, Khajoori Khas, Delhi-110094

**DIN : 07911978**

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| <p><b>Chief Financial Officer</b><br/>Ms. Madhvi Gaur</p> <p><b>Company Secretary</b><br/>Ms. Akriti Mahajan</p> <p><b>Auditors:</b><br/>VJM &amp; Associates<br/>Chartered Accountants<br/>403, 4th Floor, Raja House,<br/>Nehru Place, New Delhi-19</p> <p><b>Registered Office:</b><br/>D-161, Surajmal Vihar<br/>Delhi-110092</p> <p><b>Website</b><br/><a href="http://www.sancopipes.com">www.sancopipes.com</a></p> <p><b>E-mail</b><br/><a href="mailto:sanco86@sancopipes.com">sanco86@sancopipes.com</a></p> <p><b>Registrar &amp; Share Transfer Agents</b><br/>Beetal Financial &amp; Computer Services (P) Ltd<br/>Beetal House, 3<sup>rd</sup> Floor,<br/>Madangir, New Delhi-110062</p> | <p><b>Banks</b><br/>Union Bank of India<br/>South Indian Bank</p> <p><b>CONTENTS</b></p> <p>Chairman's Message.....</p> <p>Notice.....</p> <p>Directors Report.....</p> <p>Annexure to Director Report (MGT-9).....</p> <p>Secretarial Audit Report.....</p> <p>Management Discussion &amp; Analysis.....</p> <p>Corporate Governance.....</p> <p>Balance Sheet.....</p> <p>Profit &amp; Loss Account.....</p> <p>Cash Flow Statement.....</p> <p>Notes to Financial Statements.....</p> |
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# *Chairman's Message*

**Dear Shareholders & Investors,**

*I am pleased to present before you the 2018-19 Annual Report and the overall performance of the Company during the year. This year there is plunge in income of the Company, which is due to various economic factors affecting the sale of Company.*

*We are expecting to grow this year as the economy is also expecting a stimulus with government being back for 5 years.*

*Further, the announcement of schemes like Pradhan Mantri Awas Yojana- Housing for All, Smart Cities Mission etc will also be contributing towards the higher sales and growth of the Company.*

*We are moving ahead with a strong positive outlook to pick up growth momentum by making optimum use of various above mentioned economic, political and other factors. Sanco will also be focusing on maintaining the manufacturing of the best quality products, which is Company's USP and adopting best possible marketing strategies to explore new markets/client in India & abroad to accelerate growth.*

*On behalf of the Board, I would like to thank all our stakeholders including shareholders, investors, bankers, creditors and employees for their continued trust, confidence and support to the Company.*

**Sd/-**

*Sanjay Gupta  
Chairman and Managing Director*

## NOTICE

NOTICE is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of **Sanco Industries Limited** will be held on Wednesday 18<sup>th</sup> September, 2019 at Shikshak Sadan, Surajmal Vihar, Delhi - 110092 at 11:30 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

1. **To receive, consider and adopt:**
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Sidhant Gupta (DIN 02676750), who retires by rotation and, being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

3. **APPOINTMENT OF M/S RASOOL SINGHAL & CO, CHARTERED ACCOUNTANTS IN PLACE OF EXISTING AUDITOR M/S VJM & ASSOCIATES, CHARTERED ACCOUNTANTS**

**“RESOLVED THAT** pursuant to the provisions of Section 139(8) and all other applicable provisions of the Companies Act, 2013 (the “Act”) read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby given for the appointment of auditor M/s Rasool Singhal & Co, Chartered Accountants (New Auditor), Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s V.J.M & Associates Chartered Accountants (old Auditor) , to hold office from the conclusion of the upcoming Annual General Meeting until the conclusion of the ensuing Annual General Meeting on such remuneration as may be determined by the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

4. **INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY**

**“RESOLVED THAT** pursuant to Section 61 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 along with the rules provided in Chapter IV & pursuant to Articles of Association of the Company, the consent of the members be and is hereby given to increase the existing Authorized Share Capital from Rs. 14,00,00,000/- (Rupees Fourteen Crore Only) divided into 1,40,00,000 (One Crore Forty Lac) equity shares of Rs. 10 /-(Rupees Ten only) each to Rs 21,00,00,000/- (Rupees Twenty One Crore ) divided into 2,10,00,000 (Two Crore Ten Lacs) equity shares of Rs. 10 /-(Rupees Ten only) each ranking pari passu with the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which may be deemed fit in the interest of the Company."

5. **ALTERATION OF CAPITAL CLAUSE**

**"RESOLVED THAT** pursuant to Section 61 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 along with the rules provided in Chapter IV & pursuant to Articles of Association of the Company, the consent of the members be and is hereby given to alter Clause V of the Memorandum of Association of the company and to be read as follows:

**Clause V**

**The Authorized Share Capital of the Company is 21,00,00,000/- (Rupees Twenty One Crore Only) divided into 2,10,00,000 (Two Crore Ten Lac) equity shares of Rs. 10/-(Rupees Ten only) each.**

**RESOLVED FURTHER THAT** that Directors of the company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which may be deemed fit in the interest of the Company."

6. **SALE OF INVESTMENT IN WHOLLY OWNED SUBSIDIARY SANJIYA PLOMET LIMITED**

**"RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, Regulation 24 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations and other applicable notifications, clarifications, circulars, rules and regulations issued by the Government of India, the Reserve Bank of India or other governmental or statutory authorities and other necessary approvals, consents, as may be required, the consent of the members of the Company be and is hereby accorded for the divestment by way of sale, transfer, disposal, either in whole or part of its 100% investments/shareholding in Company's wholly owned overseas subsidiary i.e. Sanjita Polymet Limited ("SPL") to Ms.Rita Gupta, on mutually agreeable terms and conditions as may be agreed by the Boards of Directors, in their absolute discretion.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee of directors constituted by the Board) be and is hereby authorised to do all such acts, deeds, matters and things, including without limitation negotiation and execution of any document that may be required to give effect to the above authorisation, as the Board in its absolute discretion deem fit."

7. **FUND RAISING BY ISSUE OF WARRANTS ON PREFERENTIAL BASIS**

**"RESOLVED THAT** pursuant to: (i) the provisions of Sections 42 and 62, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (collectively, the "CA 2013"); and in accordance with the provisions of the Memorandum and

Articles of Association of the Company (ii) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018(ICDR Regulations), as amended ("ICDR Regulations"); iii) and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation 2015(SEBI LODR Regulations), (iv) any other rules / regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India, stock exchange and/or any other statutory / regulatory authority; (v) the Listing Agreement entered into by the Company with the stock exchange, and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the, appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the members of the Company be and hereby accord their consent to create, offer, issue and allot 1,00,00,000 (One Crore) Warrants("Warrants")of Rs.17.20/- (Seventeen Rupees and Twenty Paise) each including premium of Rs. 7.20/- (Rs. Seven Rupees and Twenty Paise) as on Relevant Date(19.08.2019) in accordance with the SEBI (ICDR) Regulations, 2018 per share each aggregating to Rs. 17,20,00,000 (Rupees Seventeen Crore and Twenty Lacs Only) on preferential basis under private placement in one or more tranches and on such further terms and conditions as may be approved or finalized by the Board to the proposed allottees as mentioned in the explanatory statement convertible at an option of warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into equal number of Equity Shares of face value of Rs.10/- each of the Company on a preferential basis to persons as mentioned in the Explanatory Statement, for cash and in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem appropriate, in accordance with the ICDR Regulations and other applicable laws and regulations provided however, that the price arrived as stated above is not less than the price arrived at as per the provisions of C ICDR Regulations

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of Warrants shall be subject to the following terms and conditions apart from others as prescribed under applicable laws:

1. An amount equivalent to 25 percent of the Warrant Issue Price shall be payable at the time of subscription and allotment of each warrant and the balance 75 percent of the Warrant Issue Price shall be payable by the warrant holder(s) on or before the exercise of the entitlement attached to Warrant(s) to subscribe for Equity Share(s).
2. In accordance with the provisions of Regulation 164 of Chapter V of (ICDR) Regulations, the "Relevant Date" for the purpose of calculating the price of the Equity Shares to be issued upon exercise of Warrants in terms hereof shall be 19.08.2019, being the date 30 days prior to this Annual General Meeting.
3. The Warrant holders shall, subject to ICDR Regulations, the Takeover Regulations and other applicable rules, regulations and laws, be entitled to exercise the Warrants in one or more tranches within a period of eighteen months from the date of the allotment of the Warrants by issuing a written notice to the Company specifying the number of Warrants proposed to be exercised. The Company shall accordingly, issue and allot the corresponding number of Equity Shares of Rs.10/- each to the Warrant holders. The Equity Shares to be allotted on exercise of the warrants shall be in dematerialized form only and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The issue of the warrants as well as Equity Shares arising from the conversion of the warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof.

4. The Warrants shall be exercised in a manner that is in compliance with the minimum public shareholding norms prescribed for the Company under the SEBI LODR Regulations and the ICDR Regulations.
5. In the event, the Warrant holders do not exercise the Warrants within a period of eighteen months from the date of allotment, the Warrants shall lapse and the amount paid by the Warrant holder(s) on such Warrants shall stand forfeited by the Company.
6. Warrants by itself until converted into Equity Shares, does not give any voting rights in the Company to the warrant holder(s).
7. That the Warrants offered and issued shall be allotted within a period of Fifteen (15) days from the date of passing of this resolution, provided that if any requisite approvals from the appropriate authorities for allotment of Equity Shares is pending, the period of Fifteen (15) days shall be counted from the date of such requisite approvals.
8. The Company shall ensure that the listing and trading approvals for Equity Shares to be issued and allotted to the Warrant holder(s) upon exercise of Warrants are received from the relevant stock exchanges in accordance with the ICDR Regulations and SEBI LODR Regulations.
9. The Equity Shares to be so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the existing Equity Shares of the Company.
10. The Warrants and the Equity Shares issued pursuant to the exercise of the Warrants shall be locked-in as prescribed under Chapter V of the ICDR Regulations from time to time.
11. In the event that the Company completes any form of capital restructuring prior to the exercising of the Warrants, then, the number of Equity Shares that are issued against the exercise of each Warrant and the price payable for such Equity Shares, shall be appropriately adjusted.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the Warrants including reduction of the size of the issue(s), as it may deem expedient, in its discretion.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, to issue and allot Equity Shares upon exercise of the entitlement attached to Warrants, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue), in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and utilisation of proceeds of the Warrants, accept modifications and amendments if any as may be prescribed by the Authorities and, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive in all respects and further that all acts, deeds and things as would have been done or may be done pursuant to and in terms of Board authorization, including inviting advance subscription/ exercise money towards issue of Warrants.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors, any other Director(s) or officer(s) of the Company or any other person(s) as may be necessary to give effect to the aforesaid resolution.

8. **REMUNERATION OF COST AUDITOR**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), pursuant to recommendation of Audit Committee and as approved by the Board, the members hereby ratify to pay remuneration of Rs. 45,000/- plus GST exclusive of reimbursement of travelling and other incidental expenses, to M/s Rahul Jain & Associates, appointed as the Cost Auditor to conduct the audit of cost records of the Company for FY ending 31.03.2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

**By Order of the Board of Directors  
For Sanco Industries Limited**

**Sd/-  
Sanjay Gupta  
Managing Director  
DIN - 00726005  
R/o C-56, Block-C, Surajmal Vihar,  
Delhi - 110092**

**Date: 19.08.2019  
Place: New Delhi**

## Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 3 to 8 of the Notice, is annexed hereto.
2. **MEMBERS ENTITLED TO ATTEND AND VOTE ARE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**  
**PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013 A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS.**  
**A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.**  
A Proxy Form is attached at the end of this Annual Report.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.
4. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. The Register of Members and Share Transfer Books of the Company remained closed from Thursday, 12<sup>th</sup> September, 2019 to Wednesday, 18<sup>th</sup> September, 2019 (both days inclusive).
7. M/s Beetal Financial Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi - 110062, is Registrar and Share Transfer Agent of the Company for electronic mode and transfer of shares held in physical form.
8. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website [www.sancopipes.com](http://www.sancopipes.com) (under 'Investors' section). Members are requested to submit the said details to their depository participants ("DPs") in case

the shares are held by them in electronic form and to M/s Beetal Financial Computer Services Pvt. Ltd.(Beetal) in case the shares are held by them in physical form.

9. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with M/s Beetal in case the shares are held by them in physical form.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, M/s Beetal in case the shares are held by them in physical form.
11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Beetal for assistance in this regard.
12. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
13. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number on the Attendance Slip for attending the Meeting.
14. Members desiring information / clarification on the accounts are requested to write to the Company at its Registered Office at least seven days before the date of the Annual general Meeting so that the same may be responded well in advance.
15. Members are requested to intimate their email address in order to reduce the consumption of paper for copies of Balance Sheet and Auditors Report, to the members of the company. As required under Companies Act, 2013, Balance Sheet and Auditors report have now been allowed to be served through electronic mode as per the new initiatives of Ministry of corporate affairs for corporate governance.
16. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company during the office hours on all the working days except Saturdays and holidays, up to the date of Annual General Meeting.

**The instructions for shareholders voting electronically are as under:**

- A. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

- B. The Board of Directors has appointed Ms. Shazan Ali (Membership No. FCS 8748) and failing her Mr. Astik Tripathi (Membership No. FCS 8670) of SAS & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner
- C. The facility for voting, either through electronic voting system or poll paper, shall also be made available at the AGM and the Members attending the AGM, who have not already cast their vote by remote e-voting, may exercise their right to vote at the AGM.
- D. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- E. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
- F. The voting period begins on 15/09/2019 at 9:00 AM and ends on 17/09/2019 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <15/09/2018> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- G. The details of the process and manner for remote e-voting are explained herein below:
1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  2. Click on Shareholders.
  3. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  4. Next enter the Image Verification as displayed and Click on Login.
  5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  6. If you are a first time user follow the steps given below:

|   | <b>For Members holding shares in Demat Form and Physical Form</b>   |
|---|---|
| PAN   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details<br>OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>  |

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
16. If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
18. **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
19. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**By Order of the Board of Directors  
For Sanco Industries Limited**

**Sd/-  
Sanjay Gupta  
Managing Director  
DIN - 00726005  
R/o C-56, Block-C, Surajmal Vihar,  
Delhi - 110092**

**Date: 19.08.2019  
Place: New Delhi**

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM NO. 3**

**TO CONSIDER THE APPOINTMENT OF M/S RASOOL SINGHAL & CO, CHARTERED ACCOUNTANTS IN PLACE OF EXISTING AUDITOR M/S VJM & ASSOCIATES, CHARTERED ACCOUNTANTS**

Existing auditor M/S VJM & Associates, Chartered Accountants has resigned as the Statutory Auditor of the Company. Accordingly, new Statutory Auditor is to be appointed in his place. M/s Rasool Singhal & Co, Chartered Accountants being eligible is proposed to be appointed as the new Statutory Auditor. Such change in auditor requires shareholders' approval.

Hence, Directors commend the resolution for approval as a Special Resolution.

None of the other Directors, key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

**ITEM NO. 4 AND 5 - INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY AND ALTERATION OF CAPITAL CLAUSE**

Presently, the Authorised Share Capital of the Company stands at Rs. 14,00,00,000 (Rupees Fourteen Crore Only) divided into 1,40,00,000 (One Crore Forty Lac) equity shares of Rs. 10 /- (Rupees Ten only). In order to meet its business objectives and to augment the funding requirements, it is proposed to increase the Authorised Share Capital of the Company from Rs. 14,00,00,000 (Rupees Fourteen Crore Only) divided into 1,40,00,000 (One Crore Forty Lac) equity shares of Rs. 10 /-(Rupees Ten only) to Rs 21,00,00,000/- (Rupees Twenty One Crore ) divided into 2,10,00,000 (Two Crore Ten Lacs) equity shares of Rs. 10 /-(Rupees Ten only) each ranking pari passu with the existing Equity Shares of the Company.

Such increase in authorized capital of the Company requires approval from the members of the Company.

Hence, Directors recommend the passing of the resolutions at Item No. 4 and 5, as Special Resolutions.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolutions

**ITEM NO.6****SALE OF INVESTMENT IN WHOLLY OWNED SUBSIDIARY SANJIYA PLOMET LIMITED**

The Company is undergoing a financial crunch and to fulfill its requirement of funds, the Company is intending to sale its investment in its wholly owned subsidiary i.e. Sanjita Polymet Limited.

Hence, Directors commend the resolution for approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives(except Ms. Rita Gupta) are, in any way, concerned or interested, financially or otherwise, in the said resolutions

**ITEM NO. 7****ISSUE OF WARRANTS ON PREFERENTIAL ALLOTMENT BASIS**

The Company proposes to make a preferential allotment of 1,00,00,000 convertible warrants on private placement basis to allottees as per Point No.13.

In respect of the same the following disclosures for the issue of equity shares on preferential basis are made in accordance with the provisions of Section 42 read with Section 62 of the Companies Act, 2013 and and Regulation 163(1) of ICDR Regulations:

**1. Date of passing the Board Resolution**

19<sup>th</sup> August, 2019

**2. The objects of the issue**

To fulfill the requirement of working capital of the Company.

3. The total number of shares or other securities to be issued  
1,00,00,000 Warrants convertible into equal number of equity shares
4. The price or price band at/within which the allotment is proposed  
At a price of Rs. 17.20 each (comprising of face value of Rs. 10 each and a premium of Rs. 7.20 each). The price of Rs. 17.20 is not lower than the price determined in accordance with the Chapter V of the ICDR Regulations.
5. Basis on which the price (including premium, if any) has been arrived at along with report of the registered valuer  
The price has been calculated as per Regulation 164 of ICDR Regulations by M/s Gretex Corporate Services Private Limited Office No 13, 1st floor, (New Bansilal Building), 9-15, Homi Modi Street, Fort, Near BSE, Mumbai-400001.
6. Relevant date with reference to which the price has been arrived at  
19<sup>th</sup> August, 2019
7. The class or classes of persons to whom the allotment is proposed to be made  
Non-Promoters
8. Intention of promoters, directors or key managerial personnel to subscribe to the offer  
Not Applicable as promoters, directors or key managerial personnel are not subscribing to this issue.
9. The proposed time within which the allotment shall be completed  
As required under the ICDR Regulations, the preferential issue of Warrants shall be completed within a period of 15 days from the date of passing of the special resolution by the Shareholders. Provided that where the allotment is pending on account of any approval from any Regulatory Authority/ Body the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

10. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price

NIL

11. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer

Not Applicable

12. The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer

Not Applicable as promoters, directors or key managerial personnel are not subscribing to this issue.

13. The Identity of the natural persons who are the ultimate beneficial owners of the shares/Warrants proposed to be allotted and/ or who ultimately control the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them.

| S. No | Name/Identity of Proposed allottees | Category of the Proposed Allottee | Natural Persons who are the ultimate beneficial owners | Pre Issue share holding | No of Warrants to be allotted | Post Issue shareholding on exercise of Warrants* |
|-------|-------------------------------------|-----------------------------------|--|-------------------------|-------------------------------|--|
| 1     | Bhakti Hemal Mehta                  | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 2     | Kamal Parekh HUF                    | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 3     | Navinchandra Ramji Chauhan          | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 4     | Bharti Navin Chauhan                | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 5     | Abhishek Vipul Chauhan              | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 6     | Jigna Manish Chauhan                | Non Promoter                      | N.A  | -                       | 250000                        | 250000<br>(1.23%)                                |
| 7     | Bakul Jayantilal Parmar             | Non Promoter                      | N.A  | -                       | 225000                        | 225000<br>(1.11%)                                |
| 8     | Jayantilal Dharamshi Parmar         | Non Promoter                      | N.A  | -                       | 225000                        | 225000<br>(1.11%)                                |
| 9     | Niddhi Nitesh Parmar                | Non Promoter                      | N.A  | -                       | 225000                        | 225000<br>(1.11%)                                |
| 10    | Nitesh Jayantilal Parmar            | Non Promoter                      | N.A  | -                       | 225000                        | 225000<br>(1.11%)                                |

|    |                                 |              |     |   |        |                   |
|----|---------------------------------|--------------|-----|---|--------|-------------------|
| 11 | Rina Bakul Parmar               | Non Promoter | N.A | - | 225000 | 225000<br>(1.11%) |
| 12 | Sarita Kuvar Ram Singh          | Non Promoter | N.A | - | 200000 | 200000<br>(0.99%) |
| 13 | Jaival Kaushal Shah             | Non Promoter | N.A | - | 200000 | 200000<br>(0.99%) |
| 14 | Vrunda Kaushal Shah             | Non Promoter | N.A | - | 200000 | 200000<br>(0.99%) |
| 15 | Kajal P Jain                    | Non Promoter | N.A | - | 200000 | 200000<br>(0.99%) |
| 16 | Pravinkumar Dilip Jain          | Non Promoter | N.A | - | 200000 | 200000<br>(0.99%) |
| 17 | Avinashchandra Yadav            | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 18 | Vrujlal Kanjibhai Vaishnani     | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 19 | Chandrakant Kanjibhai Vaishnani | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 20 | Neela Vrujlal Vaishnani         | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 21 | Toral Dhiren Shah               | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 22 | Chandrika Amrutlal Shah         | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 23 | Rachita Dhiren Shah             | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 24 | Dhiren Amritlal Shah            | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 25 | Sandipkumar R Doshi             | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 26 | Babaji Dhaku Sawant             | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 27 | Mayank Kanayalal Doshi          | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 28 | Kartik Parshottam Badiani       | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 29 | Bhavesh Doshi                   | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 30 | Dhiraj Babaji Sawant            | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 31 | Digesh Rasik Lal Doshi          | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 32 | Dipika S Doshi                  | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 33 | Nirmalaben Rasiklal Doshi       | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 34 | Parshwa Sandipkumar Doshi       | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 35 | Parshvi Sandipkumar Doshi       | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |

|    |                             |              |     |   |        |                   |
|----|-----------------------------|--------------|-----|---|--------|-------------------|
| 36 | Rasiklal Chhhotalal Doshi   | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 37 | Sonalben Digesh Doshi       | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 38 | Harshad Babaji Swant        | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 39 | Keval Pravinkumar Gandhi    | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 40 | Zinal Naresh Shah           | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 41 | Smita Nilesh Dhakan         | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 42 | Nilesh Himatlal Dhakan      | Non Promoter | N.A | - | 150000 | 150000<br>(0.74%) |
| 43 | Neelam Yadav                | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 44 | Rakesh Kumar Mishra         | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 45 | Ravindra Nath Mishra        | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 46 | Akhileshchandra Yadav       | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 47 | Kiran Mukesh Jha            | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 48 | Mukesh Udaykant Jha         | Non Promoter | N.A | - | 125000 | 125000<br>(0.62%) |
| 49 | Manishkumar Ramanlal Shah   | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 50 | Monaben Manishkumar Shah    | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 51 | Malvikaben Hetalkumar Shah  | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 52 | Sweta Agrawal               | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 53 | Kavya Mayank Doshi          | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 54 | Muktagauri Kanaiyalal Doshi | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 55 | Neepa Bhavesh Doshi         | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 56 | Neepa Mayank Doshi          | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 57 | Mitali Mehul Patel          | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 58 | Smruti Rahul Damania        | Non Promoter | N.A | - | 100000 | 100000<br>(0.49%) |
| 59 | Satyam Singh                | Non Promoter | N.A | - | 75000  | 75000<br>(0.37%)  |
| 60 | Kriti Sahgal                | Non Promoter | N.A | - | 75000  | 75000<br>(0.37%)  |

|    |                                |              |                 |   |                 |                              |
|----|--------------------------------|--------------|-----------------|---|-----------------|------------------------------|
| 61 | Sagar Jayesh Damania           | Non Promoter | N.A             | - | 75000           | 75000<br>(0.37%)             |
| 62 | Dhaval B Sanghavi              | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 63 | Bhupennda Harkishndas Sanghavi | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 64 | Darshana Bhupendra Sanghavi    | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 65 | Vinaykumar Farele              | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 66 | Artee Bhardwaj                 | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 67 | Kapil Agrawal                  | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 68 | Anoop Hiralal Golani           | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 69 | Kashish Anoop Golani           | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 70 | Jasumati Sashikant Joshi       | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
| 71 | Ajit Bhagwan Das Dawda         | Non Promoter | N.A             | - | 50000           | 50000<br>(0.25%)             |
|    | <b>TOTAL</b>                   |              | <b>10000000</b> |   | <b>10000000</b> | <b>10000000<br/>(49.29%)</b> |

**\*Assuming full conversion of warrants.**

**14. The change in control, if any, in the company that would occur consequent to the preferential offer**

As a result of the proposed preferential issue of Warrants and Equity Share, and upon conversion of the Warrants, there will be no change in the control or management of the Company. However, voting rights will change in tandem with the shareholding pattern.

**15. Auditor's Certificate**

The Statutory Auditors' certificate certifying that the above issue of Warrants is being made in accordance with the ICDR Regulations, shall be placed before the Shareholders of the Company at the Annual General Meeting of the Company and shall also be available for inspection by the members. The Auditor's Certificate will also be displayed on the website of the Company.

**16. Lock in period**

The Warrants and Equity Shares to be allotted on exercise thereof shall be subject to lock-in as per the ICDR Regulations.

**17. Amount which the company intends to raise by way of such securities**

Rs. 17,20,00,000

**18. Undertaking**

As required under the ICDR Regulations the Company hereby undertakes that,

(a) It shall re-compute the price of the Warrants or Equity Shares to be issued on conversion of Warrants in terms of the ICDR Regulations, where it is required to do so.

(b) If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the underlying Warrants/ Equity Shares shall continue to be locked-in till the time such amount is paid by the proposed allottees.

Further, the Company shall at all times comply with the minimum public shareholding requirements prescribed as per SEBI Regulations

19. Shareholding pattern of the issuer before and after the preferential issue:

| S. No      | Category  | Pre Issue Shareholding |                             | Post Issue Shareholding* |                             |
|------------|---|------------------------|-----------------------------|--------------------------|-----------------------------|
|            |   | No. of Equity Shares   | Percentage of Shareholdings | No. of Equity Shares     | Percentage of Shareholdings |
| <b>A.</b>  | Shareholding of Promoter & Promoter Group                   |                        |                             |                          |                             |
| <b>1</b>   | <b>Indian</b>   |                        |                             |                          |                             |
| <b>a</b>   | <b>Individual/HUF</b>                                       | 4674725                | 45.46                       | 4674725                  | 23.05                       |
| <b>b</b>   | Bodies Corporate  | 32040                  | 0.31                        | 32040                    | 0.16                        |
|            | <b>Sub-Total (A1)</b>                                       | <b>4706765</b>         | <b>45.77</b>                | <b>4706765</b>           | <b>23.21</b>                |
| <b>2</b>   | Foreign   |                        |                             |                          |                             |
| <b>a</b>   | Individuals (Non-Resident Individuals)                      | -                      | -                           | -                        | -                           |
| <b>b</b>   | Foreign Portfolio Investors                                 | -                      | -                           | -                        | -                           |
| <b>c</b>   | <b>Sub-Total (A2)</b>                                       | <b>-</b>               | <b>-</b>                    | <b>-</b>                 | <b>-</b>                    |
|            | <b>Shareholding of Promoters Promoter Group (A)=(A1+A2)</b> | <b>4706765</b>         | <b>45.77</b>                | <b>4706765</b>           | <b>23.21</b>                |
| <b>B</b>   | Public Shareholding   |                        |                             |                          |                             |
| <b>1</b>   | Institutions:   | -                      | -                           | -                        | -                           |
| <b>i</b>   | Mutual Funds  | -                      | -                           | -                        | -                           |
| <b>ii</b>  | Foreign Portfolio Investors                                 | -                      | -                           | -                        | -                           |
| <b>iii</b> | Financial Institutions/Banks                                | -                      | -                           | -                        | -                           |
| <b>iv</b>  | Insurance   | -                      | -                           | -                        | -                           |
| <b>v</b>   | Companies   | -                      | -                           | -                        | -                           |
|            | <b>Sub-Total (B1)</b>                                       | <b>-</b>               | <b>-</b>                    | <b>-</b>                 | <b>-</b>                    |
| <b>2</b>   | Non-Institutions  |                        |                             |                          |                             |
| <b>a</b>   | Individuals   | 3484403                | 33.88                       | 13234403                 | 65.25                       |
|            | NBFCs registered with RBI                                   | -                      | -                           | -                        | -                           |
| <b>b</b>   | Any Other:  |                        |                             |                          |                             |
| <b>i</b>   | Corporate Body  | 1288677                | 12.53                       | 1288677                  | 6.35                        |
| <b>ii</b>  | Foreign Venture Capital Fund                                | -                      | -                           | -                        | -                           |
| <b>iii</b> | Foreign Nationals   | -                      | -                           | -                        | -                           |
| <b>iv</b>  | NRI   | 29087                  | 0.28                        | 29087                    | 0.14                        |
| <b>v</b>   | Trust   | -                      | -                           | -                        | -                           |
| <b>vi</b>  | Clearing Member   | 16034                  | 0.16                        | 16034                    | 0.08                        |

|            |   |                 |              |                 |              |
|------------|---|-----------------|--------------|-----------------|--------------|
| <b>vii</b> | Individuals HUF   | 759034          | 7.38         | 1009034         | 4.97         |
|            | <b>Sub-Total (B2)</b>   | <b>5577235</b>  | <b>54.23</b> | <b>15577235</b> | <b>76.79</b> |
|            | <b>Total Public Shareholding (B)=(B1+B2)</b>  |                 |              |                 |              |
| <b>C</b>   | <b>Shares Held by custodians and Against which Depository Receipts have been issued</b> | <b>-</b>        | <b>-</b>     | <b>-</b>        | <b>-</b>     |
|            | <b>GRAND TOTAL (A)+(B)+(C)</b>  | <b>10284000</b> | <b>100</b>   | <b>20284000</b> | <b>100</b>   |

*\* The above post-issue shareholding is prepared assuming the conversion of fully convertible warrants issued*

The members' consent is sought to authorize the Board to make preferential allotment of warrants on private placement basis to the persons in the manner set out in the resolution.

Your Directors commend the resolution for approval as a Special Resolution.

None of the other Directors, key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

#### **IETM NO. 7 - REMUNERATION OF COST AUDITOR**

The Board had approved the appointment and remuneration of M/s. Rahul Jain & Associates, Cost Accountants as the Cost Auditors on 28<sup>th</sup> May, 2019 on the recommendation of the Audit Committee to conduct the audit of the Cost records for the Financial Year 2019-20. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2019-20 by way of an Special Resolution is being sought from the Members as set out at Item No.5 of the Notice.

Your Directors commend the resolution for approval as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise in passing of the said resolution.

**By Order of the Board of Directors**

**For Sanco Industries Limited**

**Sd/-**

**Sanjay Gupta**

**Managing Director**

**DIN - 00726005**

**R/o C-56, Block-C,**

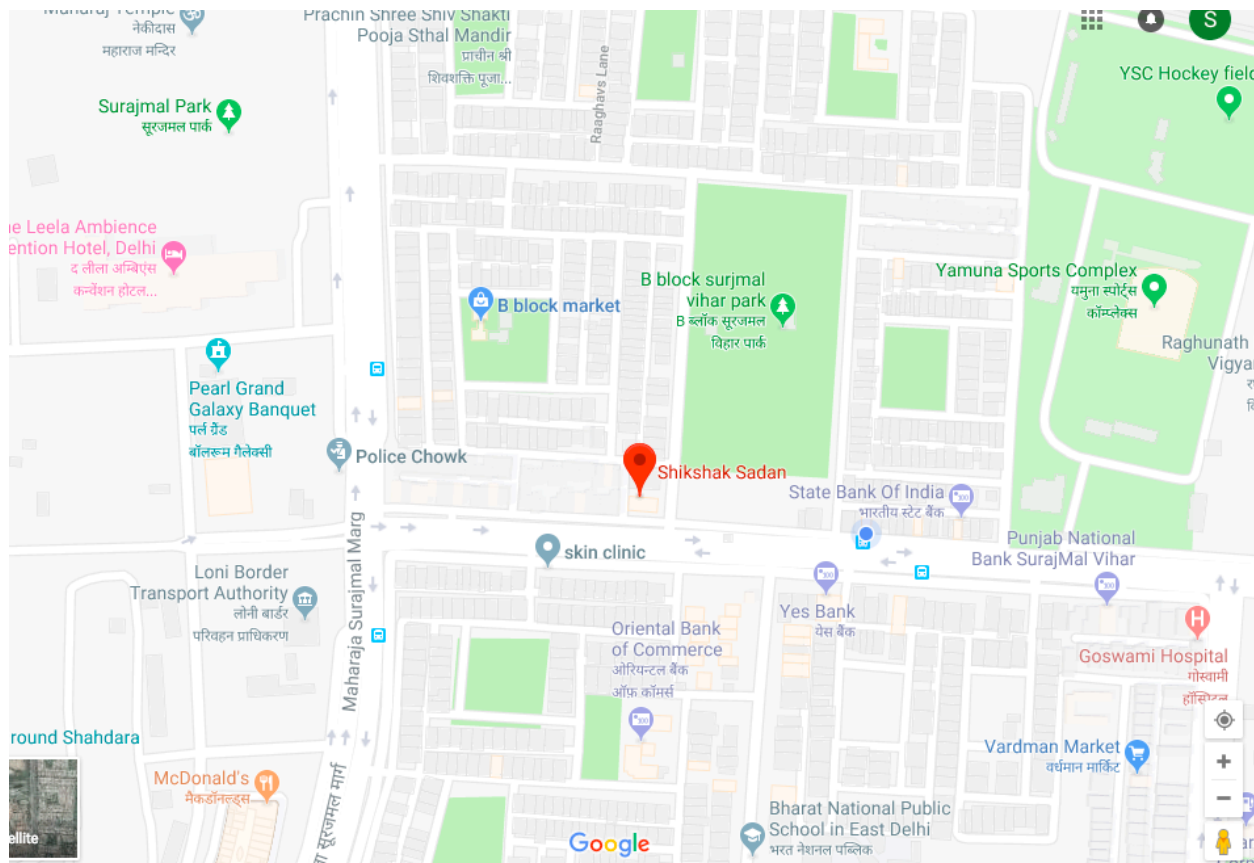
**Surajmal Vihar, Delhi - 110092**

**Date: 19.08.2019**

**Place: New Delhi**

## MAP OF AGM VENUE

(Shikshak Sadan, Surajmal Vihar, Delhi - 110092)



**DIRECTORS' REPORT**

To,  
The Members,

On Behalf of the Board of Director of your Company, it is our privilege to present the 29<sup>th</sup> Annual Report on the business and operations of the company together with the audited statement of accounts for the financial year ended March 31, 2019 and Auditor's Report thereon.

**1. FINANCIAL HIGHLIGHTS**

The financial performance of your Company are as under:

| Particulars   | Standalone<br>(Rupees in Lacs) |           |
|---|--------------------------------|-----------|
|   | 2018-19                        | 2017-18   |
| Turnover  | 11,195.59                      | 17,212.27 |
| Less: Total Expenses  | 11,059.73                      | 16,622.66 |
| Profit before Exceptional Items, Prior Period Items and Tax                     | 135.86                         | 589.61    |
| Add: Exceptional Items  | -                              | -         |
| Less: Prior Period Items  | -                              | -         |
| Net Profit before Taxation (PBT)  | 135.86                         | 589.61    |
| Tax Expense   | 42.89                          | 183.99    |
| Profit/(Loss) after Taxation (PAT)  | 92.97                          | 405.62    |
| Provision for proposed Dividend   | -                              | -         |
| Dividend tax  | -                              | -         |
| Transfer to General Reserve (Profit for the year and depreciation written back) | 92.97                          | 405.62    |

**2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK**

The Company has earned a profit of Rs. 92.97 lacs as on 31.03.2019. The same has been ploughed back for further growth and expnaison of the Company.

**3. CHANGE(S) IN THE NATURE OF BUSINESS**

During this period there is no change in business of the Company or in the subsidiaries' business or in the nature of business carried on by them.

**4. DIVIDEND**

Keeping in view the Company's need for capital and its growth plans, the Directors do not recommend any dividend for the year ended March 31, 2019.

**5. TRANSFER TO RESERVES**

The amount to be transferred to reserves during the year is Rs. 92.97 Lacs.

**6. CHANGES IN SHARE CAPITAL**

There is no change in the Share capital of the company during this financial year.

**7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Following are the directors and KMPs of the company as on date:

**1. Mr. Sanjay Gupta (Managing Director)**

|   |  |
|---|--|
| <b>Brief Description</b>                                | Promoter, Graduation from DU, MBA  |
| <b>Expertise</b>  | Marketing and Finance  |
| <b>Name of other Companies where holds directorship</b> | <ul style="list-style-type: none"> <li>Superlink Polyfab Ltd.</li> <li>Sanco Enterprises Pvt Ltd.</li> </ul> |

**2. Mr. Sidhant Gupta (Director)**

|   |   |
|---|---|
| <b>Brief Description</b>                                | Promoter, B.B.A. from Dibrugarh University, Commercial Pilot from Eagle Flight Academy, New Zealand   |
| <b>Expertise</b>  | Strategic Planning & Business Development and Overseas Operations.  |
| <b>Name of other Companies where holds directorship</b> | <ul style="list-style-type: none"> <li>Superlink Polyfab Ltd.</li> <li>Sanco Enterprises Pvt Ltd.</li> <li>Sanjita Polymet Limited</li> </ul> |

**3. Mr. Saurabh Gupta (Independent Director)**

|   |                    |
|---|--------------------|
| <b>Brief Description</b>                                | B.com, CA, DISA    |
| <b>Expertise</b>  | Audit and Taxation |
| <b>Name of other Companies where holds directorship</b> | NA                 |

**4. Mr. Sanjeev Kumar Jain (Independent Director)**

|   |                              |
|---|------------------------------|
| <b>Brief Description</b>                                | Graduation from DU,CA        |
| <b>Expertise</b>  | Audit, Commerce and Taxation |
| <b>Name of other Companies where holds directorship</b> | NA                           |

**5. Mr. Sonu Kumari (Independent Director)**

|   |             |
|---|-------------|
| <b>Brief Description</b>                                | B.A from DU |
| <b>Expertise</b>  | Marketing   |
| <b>Name of other Companies where holds directorship</b> | NA          |

**6. Ms. Akriti Mahajan Gupta (Company Secretary)**

|   |   |
|---|---|
| <b>Brief Description</b>                                | B.Com from DU, Member of ICSI, Law Graduate from DU |
| <b>Expertise</b>  | Corporate & Listing Compliances Matters.            |
| <b>Name of other Companies where holds directorship</b> | NA  |

**7. Ms. Madhvi Gaur (Chief Finance Officer)**

|   |   |
|---|---|
| <b>Brief Description</b>                                | MBA in Finance from SMU and pursuing Company Secretaryship from Institute of Company Secretaries of India |
| <b>Expertise</b>  | Finance, Accounts and Taxation  |
| <b>Name of other Companies where holds directorship</b> | NA  |

**8. Surender Kumar Gupta (Independent Director)**

|   |  |
|---|--|
| <b>Brief Description</b>                                | B.A from DU, M.Com from CCS University and CAIIB from IIBF |
| <b>Expertise</b>  | Finance and Audit  |
| <b>Name of other Companies where holds directorship</b> | NA   |

**8. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**9. NUMBER OF MEETINGS OF BOARD OF DIRECTORS**

The Board of Directors met Seven times as on 06.04.2018, 07.05.2018, 24.05.2018, 14.08.2018, 19.09.2018, 14.11.2018 and 13.02.2019 during the Financial Year ended March 31, 2018 and the maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

**10. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act, SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors. The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the

basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The performance of all the directors during the year was satisfactory and towards the growth prospects.

Personnel relations with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the devoted services of all employees of the Company.

#### **11. DETAILS OF SUBSIDIARY**

The Company has only one subsidiary, M/s Sanjita Polymet Ltd. (Company incorporated in Hong Kong).

M/s Sanjita Polymet Ltd. was incorporated in August, 2013 in Hong Kong to promote trading of PVC Raw Materials and Metal Products in International market. However, the Company has made investment of Rupees 291.77 Lacs in the paid up share capital of M/s Sanjita Polymet Ltd. during the year.

During the year the performance of M/s Sanjita Polymet Ltd. is satisfactory.

#### **12. STATUTORY AUDITORS**

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, V.J.M.& Associates, Chartered Accountants (Firm Registration No. 027535N/N00093), were appointed as statutory auditors from the conclusion of the 25th AGM held on 30th September, 2015 till the conclusion of the 30th AGM of the Company in 2020, subject to the ratification of their appointment at every AGM, if required under law.

However, existing auditor M/s VJM & Associates, Chartered Accountants has resigned as the Statutory Auditor of the Company. Accordingly, new Statutory Auditor is to be appointed in his place

M/s Rasool Singhal & Co, Chartered Accountants being eligible is proposed to be appointed as the new Statutory Auditor. Such change in auditor requires shareholders' approval. Accordingly, necessary resolution for appointment of auditors is included in the Notice for this AGM.

**13. COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014, M/s Rahul Jain & Associates has been appointed as Cost Auditors for the year 2019-20.

**14. SECRETARIAL AUDIT REPORT**

There were no qualifications, reservations or adverse remarks or disclaimer given by the company secretary in practice in the secretarial audit report. Secretarial audit report is attached to this report.

**15. RESPONSE TO AUDITOR'S REMARKS**

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

**16. DISCLOSURE ON EMPLOYEE STOCK OPTION/PURCHASE SCHEME**

The Company has not provided any Employee Stock Option Scheme or Purchase Scheme to the employees.

**17. AUDIT COMMITTEE**

The details pertaining to the composition of the audit committee are included in the Corporate Governance Report, which is a part of this report.

**18. VIGIL MECHANISM**

As per the provisions of Companies Act, 2013 there is a mandatory requirement to establish a mechanism called 'Vigil Mechanism' for the directors and employees of the Company to report concern about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.

**19. NOMINATION AND REMUNERATION COMMITTEE**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report.

**20. STAKEHOLDERS RELATIONSHIP COMMITTEE**

Pursuant to the provisions of Section 178(5) of the Companies Act, 2013 a Stakeholders Relationship Committee be constituted the details of the same has been the Corporate Governance Report, which is a part of this report.

**21. RISK MANAGEMENT POLICY**

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors.

**22. EXTRACT OF THE ANNUAL RETURN**

The extract of Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2019 is annexed hereto as Annexure A and forms part of this report.

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

There is no material changes occurred subsequent to the close of the financial year ended 31.03.2019 affecting the financial position of the Company.

**24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS /TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE**

No such order passed by any regulatory authority Courts or Tribunals impacting the going concern status and company's operations in future during the period under review.

**25. STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

**26. DEPOSITS**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

There were no loans made by the Company under Section 186 of the Companies Act, 2013 during the year under review. However, the Company has the following investments as on 31.03.2019:

| S. No. | Name of investee    | Nature of Investment        | Equity Shares | Amount<br>(in Rs.Lacs) |
|--------|---------------------|-----------------------------|---------------|------------------------|
| 1      | Sanjita Polymet Ltd | Wholly owned Subsidiary Co. | 450000        | 291.77                 |

Further, the Company has given Corporate Gaurantee to its wholly owned subsidiary Sanjita Polymet Limited of Rs. 20 lacs USD on 29.10.2015. However, the limit(loan) for which this guarantee was given stands NIL as on date. Accordingly, the guarantee stands revoked.

## **28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company has entered into related party transactions as per Section 188 of the Act as detailed in AOC 2 attached as Annexure B, which are within the limits approved by the Board, Audit Committee and Members.

## **29. CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. The Company adheres to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Report on Corporate Governance for the year ended March 31, 2018 forms part of the Annual Report. The requisite certificate from the SAS & Associates (Practicing Company Secretaries) confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## **30. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Statement on the Company's performance, industry trends and other material changes with respect to the Company is presented in a separate section forming part of annual Report.

**31.DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143**

During the year, the company has reported no frauds.

**32.DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

During the Period no cases has been reported under Sexual Harassment of Women at Workplace.

**33.CORPORATE SOCIAL RESPONSIBILITY(CSR) AND ITS TERMS OF REFERENCE**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

**34.CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**A. CONSERVATION OF ENERGY**

**I.Energy conservation measures taken**

Conservation of energy is given top priority by the Company. During the year, the Company has taken following measures towards energy conservation:

Organizing the operating procedures in such a way that energy losses are minimized by eliminating idle running. This has helped in reducing Energy per unit.

Optimization of electrical load by matching motor power capacity to the exact operational requirements.

**II.Additional Investment and proposals, if any, being implied for reduction of consumption energy.**

At present the company has no proposal for additional investment for reduction of consumption of energy.

### III.Impact of measures at (I), (II) above for reduction of energy consumption impacting the cost of production of goods.

The measures adopted by the company for energy conservation have been instrumental in bringing down the cost of energy per unit of production in addition to improving quality.

### B.TECHNOLOGY ABSORPTION

Effects made in technology absorption in prescribed form-B Research & Development (R & D)

The company is carrying research & development in routine manufacturing activities. There is no specific expenditure in research & development.

### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The company has already absorbed technology fully.

### C. FOREIGN EXCHANGE EARNING & OUTGO (In Rs. Lacs)

Foreign Exchange Out goes: 596.07

Foreign Exchange earning Nil

### 35.REMUNERATION

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| S. No | Name                     | Designation                            | Ratio to median remuneration |
|-------|--------------------------|--|------------------------------|
| 1     | Mr. Sanjay Gupta         | Managing Director                      | 1:6                          |
| 2     | Ms. Rita Gupta           | Whole Time Director                    | 1:6                          |
| 3     | Mr. Sidhant Gupta        | Whole Time Director                    | 1:5                          |
| 4     | Mr. Saurabh Gupta        | Non-Executive and Independent Director | NIL                          |
| 5     | Mr. Sanjeev Kumar Jain   | Non-Executive and Independent Director | NIL                          |
| 6     | Mr. Surender Kumar Gupta | Non-Executive and Independent Director | NIL                          |
| 7     | Ms. Sonu Kumari          | Non-Executive and Independent Director | NIL                          |
| 8     | Mr. Vipul Singhal        | Chief Financial Officer                | 1:3                          |
| 9     | Ms. Akriti Mahajan       | Company Secretary                      | 1:4                          |
| 10    | Ms. Madhvi Gaur          | Chief Financial Officer                | 1:1                          |

Further, there are 127 permanent employees on the rolls of company:

- Work Place – 105
- Corporate Office – 22

### **36. PARTICULARS OF EMPLOYEES**

Employees was drawing in excess of the limits by the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, which needs to be disclosed in the directors' report.

**Deatils of Top 10 Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

| S. N | Name               | Designation              | Salary(p.a.)(in Rs.)                |
|------|--------------------|--------------------------|-------------------------------------|
| 1    | Mr. Sanjay Gupta   | Managing Director        | 6,00,000                            |
| 2    | Ms. Rita Gupta     | Whole Time Director      | 6,00,000                            |
| 3    | Mr. Sidhant Gupta  | Whole Time Director      | 4,80,000                            |
| 4    | Mr. Vipul Singhal  | Chief Financial Officer  | 3,50,000<br>(01.04.2018-31.01.2019) |
| 5    | Ms. Madhvi Gaur    | Chief Financial Officer  | 50,000<br>(01.02.2019-31.03.2019)   |
| 6    | Ms. Akriti Mahajan | Company Secretary        | 2,40,000                            |
| 7    | Mr. Rahul Mittal   | Assisstant Director      | 3,96,000                            |
| 8    | Mr. Sunil Kaushik  | Manager Accounts         | 4,20,000                            |
| 9    | Mr. Mansi Gupta    | Associate Director       | 3,00,000                            |
| 10   | Mr. Anurag Gupta   | General Manager Works    | 6,00,000                            |
| 11   | Mr. Deepak Gupta   | General Manager Purchase | 3,00,000                            |

### **37. DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis; and
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

### **38. ACKNOWLEDGEMENTS**

Your Directors would like to express their sincere appreciation for significant contribution made by the Company's executives, staff and workers through their deep sense of dedication, hard work and commitment, and the trust reposed on us by our customers, in the overall growth and prosperity of the Company.

We also acknowledge the support and wise counsel extended to us by the analysts, financial institutions, bankers, Government authorities, customers, vendor, shareholders, investors and members at large. We look forward to having the same support in our future endeavours.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

**For Sanco Industries Limited**

**Sd/-**  
**Sanjay Gupta**  
**Managing Director**  
**DIN - 00726005**  
**R/o C-56, Block-C,**  
**Surajmal Vihar, Delhi - 110092**

**Sd/-**  
**Sidhant Gupta**  
**Whole Time Director**  
**DIN - 02676750**  
**R/o C-56, Block-C,**  
**Surajmal Vihar, Delhi - 110092**

**Place: Delhi**

**Date: 28.05.2019**

**ANNEXURE A - FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 2019****Form No. MGT-9**

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

**I. Registration and other details:**

- i. CIN:**L47899DL1989PLC035549**
- ii. Registration Date: **17/03/1989**
- iii. Name of the Company: **Sanco Industries Limited**
- iv. Category/ Sub-Category of the Company: **Company Limited by Shares/ Indian Non-Government Company**
- v. Address of the Registered office and contact details: **D-161, Suarjmal Vihar, Delhi-110092**
- vi. Whether listed company: **Yes**
- vii. Name, Address and Contact details of Registrar and Transfer Agent: **"Beetal Financial & Computer Services (P) Ltd."** Beetal House 3<sup>rd</sup> floor, 99 Madangir, BH- Local Shopping Complex near Dada Harsukhdas Mandir, New Delhi-110062.  
Ph. no: 29961281, 29961282, 29961283, Fax - 011-29961284

**II. Principal business activities of the company**

All the Business activities contributing 10 % or more of the total turnover of the company are:-

| S.No | Name and Description of main products/services | NIC code of the Product / Service | % to total turnover of the company |
|------|--|-----------------------------------|------------------------------------|
| 1    | PVC Pipes, Accessories & Allied Goods          | 22207                             | 15.11                              |
| 2    | PVC Wires & Cables                             | 27320                             | 26.51                              |
| 3    | Copper Wire                                    | 2732                              | 58.38                              |

**III. Particulars of holding, subsidiary and associates companies**

| <b>S. No</b> | <b>Name Address of Company</b>                      | <b>CIN/GLN</b>        | <b>Holding/Subsidiary/Associate</b> |
|--------------|---|-----------------------|-------------------------------------|
| <b>1.</b>    | Sanco Enterprises Private Ltd                       | U00000DL1990PTC040854 | Associate                           |
| <b>2.</b>    | Superlink Polyfeb Ltd.                              | U25209DL2002PLC115859 | Associate                           |
| <b>3.</b>    | Sanjita Polymet Ltd.<br>(incorporated in Hong Kong) | 1951307               | Wholly Owned Subsidiary             |

**IV. Shareholding pattern (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Category-wise Shareholding**

| Category of Shareholders                                    | No. of Shares held at the beginning of the year |          |                |                   | No. of Shares held at the end of the year |          |                |                   | %Change during the |
|---|---|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------|
|   | Demat   | Physical | Total          | % of Total Shares | Demat                                     | Physical | Total          | % of Total Shares |                    |
| <b>A. Promoters</b>   |   |          |                |                   |   |          |                |                   |                    |
| <b>(1) Indian</b>   |   |          |                |                   |   |          |                |                   |                    |
| a) Individual/HUF   | 4509655   | 0        | 4509655        | 43.85             | 5023725                                   | 0        | 5023725        | 48.85             | 5.00               |
| b) Central Govt.  | 0   | 0        | 0              | 0                 | 0   | 0        | 0              | 0                 | 0                  |
| c) State Govt.(s)   | 0   | 0        |                | 0                 | 0   | 0        |                | 0                 | 0                  |
| d) Bodies Corp.   | 32040   | 0        | 32040          | 0.311             | 32040                                     | 0        | 32040          | 0.311             | 0                  |
| e) Banks/FI   | 0   | 0        |                | 0                 | 0   | 0        |                | 0                 | 0                  |
| <b>Sub-total(A)(1)</b>                                      | <b>4541695</b>                                  | <b>0</b> | <b>4541695</b> | <b>44.16</b>      | <b>5055765</b>                            | <b>0</b> | <b>5055765</b> | <b>49.16</b>      | <b>5</b>           |
| <b>(2) Foreign</b>  |   |          |                |                   |   |          |                |                   |                    |
| a) NRIs- Individuals  | 0   | 0        | 0.00           | 0.00              | 0   | 0        | 0.00           | 0.00              | 0                  |
| b) Other Individuals  | 0   | 0        | 0.00           | 0.00              | 0   | 0        | 0.00           | 0.00              | 0                  |
| c) Bodies Corp.   | 0   | 0        | 0.00           | 0.00              | 0   | 0        | 0.00           | 0.00              | 0                  |
| d) Banks/FI   | 0   | 0        | 0.00           | 0.00              | 0   | 0        | 0.00           | 0.00              | 0                  |
| e) Any Other  | 0   | 0        | 0.00           | 0.00              | 0   | 0        | 0.00           | 0.00              | 0                  |
| <b>Sub-total(A)(2)</b>                                      | <b>0</b>  | <b>0</b> | <b>0.00</b>    | <b>0.00</b>       | <b>0</b>                                  | <b>0</b> | <b>0.00</b>    | <b>0.00</b>       | <b>0</b>           |
| <b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b> | <b>4541695</b>                                  | <b>0</b> | <b>4541695</b> | <b>44.16</b>      | <b>5055765</b>                            | <b>0</b> | <b>5055765</b> | <b>49.16</b>      | <b>5</b>           |

|  |                |          |                |              |                |          |                |              |             |
|--|----------------|----------|----------------|--------------|----------------|----------|----------------|--------------|-------------|
| <b>B. Public Shareholding</b>  |                |          |                |              |                |          |                |              | 0           |
| <b>1. Institutions</b>   |                |          |                |              |                |          |                |              | 0           |
| a) Mutual Funds  | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| b) Banks/FI  | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| c) Central Govt.   | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| d) State Govt.(s)  | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| e) Venture Capital Funds   | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| f) Insurance Companies   | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| g) FIIs  | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| h) Foreign Venture Capital   | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| i) Others(specify)   | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| <b>Sub-total (B)(1)</b>  | 0              | 0        | 0.00           | 0.00         | 0              | 0        | 0.00           | 0.00         | 0           |
| <b>2. Non-Institutions</b>   |                |          |                |              |                |          |                |              | 0           |
| a) Bodies Corp.  | 944332         | 0        | 944332         | 9.18         | 455487         | 0        | 455487         | 4.43         | -4.75       |
| i. Indian  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            | 0           |
| ii. Overseas   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            | 0           |
| b) Individuals   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            | 0           |
| i. Individual shareholders holding nominal share capital up to Rs.1 lakh         | 2483668        | 0        | 2483668        | 24.15        | 2523591        | 0        | 2523591        | 24.54        | 0.39        |
| ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1283630        | 1        | 1283630        | 12.48        | 1410103        | 1        | 1410103        | 13.71        | 1.23        |
| c) Others(Specify)   | 1030674        | 0        | 1030674        | 10.02        | 839054         | 0        | 839054         | 8.16         | -1.86       |
| <b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                           | <b>5742304</b> | <b>1</b> | <b>5742305</b> | <b>55.83</b> | <b>5228235</b> | <b>1</b> | <b>5228235</b> | <b>50.84</b> | <b>5.00</b> |

|  |          |   |          |     |          |   |          |     |   |
|--|----------|---|----------|-----|----------|---|----------|-----|---|
| C. Shares held by<br>Custodian or GDRs &<br>ADRs | 0        | 0 | 0        | 0   | 0        | 0 | 0        | 0   | 0 |
| Grand Total = (A+B+C)                            | 10283999 | 1 | 10284000 | 100 | 10283999 | 1 | 10284000 | 100 | 0 |

**ii. Share-holding of Promoters**

| S. No. | Shareholder Name         | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  |          |
|--------|--------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|----------|
|        |                          | No. of Shares                             | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of Shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |          |
| 1      | M/s Sanjay Gupta HUF     | 1109360                                   | 10.79                            | 0  | 1252430                             | 12.18                            | 0  | 1.39     |
| 2      | Mr. Sanjay Gupta         | 1981550                                   | 19.27                            | 0  | 2328550                             | 22.64                            | 0  | 3.37     |
| 3      | M/s Sanco Enterprise Pvt | 32040                                     | 0.31                             | 0  | 32040                               | 0.31                             | 0  | 0        |
| 4      | Ms. Mansi Gupta          | 233980                                    | 2.28                             | 0  | 233980                              | 2.28                             | 0  | 0        |
| 5      | Mr. Sidhant Gupta        | 528120                                    | 5.14                             | 0  | 528120                              | 5.14                             | 0  | 0        |
| 6      | Ms. Rita Gupta           | 185385                                    | 1.80                             | 0  | 185385                              | 1.80                             | 0  | 0        |
| 7      | Mr. Anurag Gupta         | 471260                                    | 4.58                             | 0  | 495260                              | 4.82                             | 0  | 0.24     |
|        | <b>Total</b>             | <b>4541695</b>                            | <b>44.17</b>                     | <b>0</b>                                       | <b>5055765</b>                      | <b>49.16</b>                     | <b>0</b>                                       | <b>5</b> |

**iii. Change in Promoters' Shareholding**

| S.No | Name                  | Shareholding at the beginning of the year |                                  | Reason             | Date                     | Increase/Decrease in Shareholding (No. of Shares) | Shareholding at the end of the year |                                  |
|------|-----------------------|---|----------------------------------|--------------------|--------------------------|---|-------------------------------------|----------------------------------|
|      |                       | No. of Shares                             | % of total shares of the Company |                    |                          |   | No. of Shares                       | % of total shares of the Company |
| 1    | Mr. Sanjay Gupta      | 1981550                                   | 19.27                            | Purchase of Shares | 31.10.2018<br>19.02.2019 | 247000<br>100000                                  | 2328550                             | 22.64                            |
| 2    | M/S Sajnay Gupta(HUF) | 1109360                                   | 10.79                            | Purchase of Shares | 11.01.2019<br>19.02.2019 | 50000<br>93070                                    | 1252430                             | 12.18                            |
| 3    | Mr. Anurag Gupta      | 471260                                    | 4.58                             | Purchase of Shares | 20.02.2019               | 24000   | 495260                              | 4.82                             |

**iv. Shareholding pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and AD**

| S. No. | Shareholder Name                              | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |   | No. of Shares                             | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of Shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |   |
| 1      | Alice Blue Financial Services Private Limited | 0   | 0                                | 0  | 748594                              | 7.28                             | 0  | 7.278                                     |
| 2      | Raju Mehta HUF                                | 171400                                    | 1.67                             | 0  | 171400                              | 1.67                             | 0  | 0   |
| 3      | Jagat Singh Dudheria                          | 19200                                     | 0.19                             | 0  | 50200                               | 0.49                             | 0  | 0.30                                      |
| 4      | Gurshaan Singh Chadha                         | 0   | 0                                | 0  | 85944                               | 0.84                             | 0  | 0.84                                      |
| 5      | Sumpoorna Portfolio Limited                   | 525                                       | 0.0051                           | 0  | 53758                               | 0.52                             | 0  | 0.51                                      |
| 6      | Globe Capital Market Limited                  | 157579                                    | 1.53                             | 0  | 59744                               | 0.60                             | 0  | -0.93                                     |

|    |  |        |      |   |         |       |   |       |
|----|--|--------|------|---|---------|-------|---|-------|
| 7  | Anmol Kothari                          | 85000  | 0.83 | 0 | 100000  | 0.97  | 0 | 0.14  |
| 8  | Praveen Kumar HUF                      | 63305  | 0.62 | 0 | 64200   | 0.62  | 0 | 0     |
| 9  | MI Lifestyle Marketing Private Limited | 61555  | 0.60 | 0 | 61555   | 0.60  | 0 | 0     |
| 10 | Gunvanthi                              | 54000  | 0.53 | 0 | 54000   | 0.53  | 0 | 0     |
|    | Total                                  | 612564 | 5.98 | 0 | 1449395 | 14.12 | 0 | 8.138 |

**i. Shareholding of Directors and Key Managerial Personnel:**

| S. No | Name of Director & KMP | Shareholding at the beginning of the year |                                  | Reason             | Date                     | Increase/Decrease in Shareholding (No. of Shares) | Shareholding at the end of the year |                                  |
|-------|------------------------|---|----------------------------------|--------------------|--------------------------|---|-------------------------------------|----------------------------------|
|       |                        | No. of Shares                             | % of total shares of the Company |                    |                          |   | No. of Shares                       | % of total shares of the Company |
| 1     | Mr. Sanjay Gupta       | 1981550                                   | 19.27                            | Purchase of Shares | 31.10.2018<br>19.02.2019 | 247000<br>100000                                  | 2328550                             | 22.64                            |
| 2     | Mr. Sidhnat Gupta      | 528120                                    | 5.14                             | NA                 | NA                       | Nil   | 528120                              | 5.14                             |
| 3     | Ms. Rita Gupta         | 185385                                    | 1.80                             | NA                 | NA                       | Nil   | 185385                              | 1.80                             |

**I. Remuneration of Directors and Key Managerial Personnel**
**A. Remuneration to Managing Director**

| S. No. | Particulars of Remuneration   | Sanjay Gupta  |  |
|--------|---|---------------|--|
| 1.     | Gross salary  |               |  |
|        | (a) Salary as per Provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 6,00,000 p.a. |  |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0             |  |
|        | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961              | 0             |  |
| 2.     | Stock Option  | 0             |  |
| 3.     | Sweat Equity  | 0             |  |
| 4.     | Commission as % of profit Others, specify   | 0             |  |
| 5.     | Others, please specify  | 0             |  |
|        | Total (A)   | 6,00,000 p.a. |  |
|        | Ceiling as per the Act  |               |  |

**B. Remuneration to Whole Time Director**

| S. No. | Particulars of Remuneration   | Rita Gupta   |  |
|--------|---|--------------|--|
| 1.     | Gross salary  |              |  |
|        | (a) Salary as per Provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 6,00,00 p.a. |  |
|        | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961                             | 0            |  |

|    |  |               |  |
|----|--|---------------|--|
|    | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961 | 0             |  |
| 2. | Stock Option   | 0             |  |
| 3. | Sweat Equity   | 0             |  |
| 4. | Commission as % of profit<br>Others, specify                           | 0             |  |
| 5. | Others, please specify   | 0             |  |
|    | Total(A)   | 6,00,000 p.a. |  |
|    | Ceiling as per the Act   |               |  |

**C. Remuneration to Whole Time Director:**

| S. No. | Particulars of Remuneration   | Sidhant Gupta |  |
|--------|---|---------------|--|
|        | Gross salary  |               |  |
| 1.     | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 4,80,000 p.a. |  |
|        | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961                             | 0             |  |
|        | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961              | 0             |  |
| 2.     | Stock Option  | 0             |  |
| 3.     | Sweat Equity  | 0             |  |
| 4.     | Commission as % of profit<br>Others, specify  | 0             |  |
| 5.     | Others, please specify  | 0             |  |
|        | Total(A)  | 4,80,000 p.a. |  |
|        | Ceiling as per the Act  |               |  |

**D. Remuneration to other directors:**

| S. No. | Particulars of Remuneration   | Name of Directors |                      |                    |             | Total Amount |
|--------|---|-------------------|----------------------|--------------------|-------------|--------------|
|        |   | Saurabh Gupta     | Surender Kumar Gupta | Sanjeev Kumar Jain | Sonu Kumari |              |
|        | 1. Independent Directors Fee for attending board meeting/committee meetings<br>Commission<br>Others, please specify | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | <b>Total(1)</b>   | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | 2. Other Non-Executive Directors Fee for attending board/committee meetings<br>Commission<br>Others, please specify | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | <b>Total(2)</b>   | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | <b>Total(B)=(1+2)</b>   | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | <b>Total Managerial Remuneration</b>  | NIL               | NIL                  | NIL                | NIL         | NIL          |
|        | <b>Overall Ceiling as per the Act</b>   | NIL               | NIL                  | NIL                | NIL         | NIL          |

**E. Remuneration to Key Managerial Personnel other than MD/Manager/WTd**

| S. No. | Particulars of Remuneration  | Key Managerial Personnel |               |               |
|--------|--|--------------------------|---------------|---------------|
|        |  | <b>Company Secretary</b> | <b>CFO</b>    | <b>Total</b>  |
| 1.     | Gross salary<br>Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961<br>Value of perquisites u/s 17(2) Income-Tax Act, 1961<br><br>Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961 | 2,40,000 p.a.            | 4,00,000 p.a. | 6,60,000 p.a. |

|    |   |             |             |               |
|----|---|-------------|-------------|---------------|
| 2  | Stock Option                                | 0           | 0           | 0             |
| 3. | Sweat Equity                                | 0           | 0           | 0             |
| 4. | Commissionas % of profit<br>Others specify. | 0           | 0           | 0             |
| 5. | Others, please specify                      | 0           | 0           | 0             |
|    | <b>Total</b>                                | 2,40,000p.a | 4,00,000p.a | 6,40,000 p.a. |

## II. Penalties/Punishment/Compounding of offences

| Type                      | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority[RD/NCLT/COUR Authority [RD/NCLT/COURT] | Appeal made, if any (Give details) |
|---------------------------|------------------------------|-------------------|--|--|------------------------------------|
| Penalty                   | NIL                          |                   |  |  |                                    |
| Punishment                | NIL                          |                   |  |  |                                    |
| Compounding               | NIL                          |                   |  |  |                                    |
| Other officers in default |                              |                   |  |  |                                    |
| Penalty                   | NIL                          |                   |  |  |                                    |
| Punishment                | NIL                          |                   |  |  |                                    |
| Compounding               | NIL                          |                   |  |  |                                    |

**ANNEXURE B - FORM NO. AOC-2**

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

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

**1. Details of contracts or arrangements or transactions not at arm's length basis**

- (a) Name(s) of the related party and nature of relationship: NIL
- (b) Nature of contracts/arrangements/transactions: NIL
- (c) Duration of the contracts / arrangements/transactions: NIL
- (d) Salient terms of the contracts or arrangements or transactions including the value: NIL
- (e) Justification for entering into such contracts or arrangements or transactions: NIL
- (f) Date of approval by the Board: NIL
- (g) Amount paid as advances: NIL
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis.**

| <b>Name of Related Party</b> | <b>Nature of Relationship</b>                       | <b>Nature of Contract</b> | <b>Duration of Contract</b> | <b>Amount (in Rs.Lacs)</b> |
|------------------------------|---|---------------------------|-----------------------------|----------------------------|
| Ms. Shakuntla Gupta          | Key Managerial Personnel                            | Rent Agreement            | Ongoing                     | 3.38                       |
| Ms. Rita Gupta               | Key Managerial Personnel                            | Rent Agreement            | Ongoing                     | 3.38                       |
| M/s Superlink Polyfeb Ltd    | Entities controlled by Directors or their Relatives | Purchase of Goods         | Ongoing                     | 65.73                      |

Form No. MR - 3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

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

To,  
The Members,  
Sanco Industries Limited (CIN - L74899DL1989PLC035549)  
D-161, Surajmal Vihar, Delhi - 110092

Date of Incorporation: 17.03.1989  
Authorized Share Capital: 140,000,000.00  
Paid up Share Capital: 102,840,000.00

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **Sanco Industries Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;  
The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

We have also examined compliance with the applicable clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or as the case may be, as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period, no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For SAS & Associates  
Company Secretaries**

**Sd/-  
Shazan Ali (Partner)  
FCS-8748  
CP No.9354**

**Date: 28<sup>th</sup> May, 2019  
Place: New Delhi**

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

**Annexure to Secretarial Audit report**

To,  
The Members

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For SAS & Associates  
Company Secretaries**

Sd/-  
**Shazan Ali (Partner)**  
FCS-8748  
CP No.9354

**Date: 28<sup>th</sup> May, 2019**  
**Place: New Delhi**

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF OUR BUSINESS

We are into the manufacturing of wide range of products such as Rigid PVC pipes, PVC casing & capping, PVC Insulated Domestic and industrial Wires & Cables. The products are used in various electrical, cable and construction industries. Since FY 2010 our company started the trading operations of PVC Raw Materials along with various metal products.

Expanded into product segments that are complementary to the electrical wire and cable market i.e. LED lights and PVC insulation electrical tapes – this move has brought additional market reach at minimal cost expansion.

### QUALITY AND ISO CERTIFICATION

Our Company is an ISO 9001:2008 certified Company and sells its varied range of products under various brand names such as “SATYAM”, “MARSHALL”, “SUPERPLAST” and “SANCO”. We are among the first few companies in “North India” and in its category which got “IS-14927” certification for PVC Profiles for quality assurance since December’2004. We are also awarded by the Government of NCT Delhi, for its outstanding performance in 1997. The manufacturing facility of our Company is located in Himachal Pradesh.

### **Capacity Expansion**

During the year there is no capacity expansion in the company.

The total capacity that is actually being achieved in a given period is:

| Activities                     | Capacity After Expansion |
|--------------------------------|--------------------------|
| PVC Insulated Wires and Cables | 36000 KMPA               |
| PVC Pipes/Profiles             | 6000 MTPA                |

### ECONOMIC OVERVIEW

Indian economy grew at a rate of more than 6.8%. Financial Year 2019-20 has a lot of expectations as government is back again for next 5 years. Industry and economy envisages that government will take steps that will bounce the growth and development in all sectors.

Indian economy registered a growth rate of 6.8% in 2018-19. The pipe industry in India had witnessed a robust growth due to various initiatives taken by the Central and State Governments. Further, the boost in building & construction sector, hospitals building and infrastructure development of new cities.

### OPPORTUNITIES AND THREATS

The Government’s initiatives like Pradhan Mantri Awas Yojana- Housing for All, Smart Cities Mission etc are helping and contributing towards growth of piping industry

The rate of growth of the overall economy and plastic pipe industry can be a risk factor in the near future affecting the Company. However, the Board will be planning and taking steps so as to mitigate the risk associated.

### **BUSINESS OUTLOOK**

The Company is looking to grab towards the opportunities offered by new government initiatives to the maximum extent possible. The day by day increasing population also results in enhanced demand for the Company's products.

The Company enjoys the advantages of economies of scale. The Company negotiates price variation contracts with bulk buyers. The Company has been fair in dealing with its customers and accordingly enjoys customer confidence in pricing decisions.

### **RISKS AND CONCERNS**

Based on the operations of the Company, new risks, if any, are identified, and appropriate steps are taken to mitigate them. The surplus generated during the course of business is sometimes invested with banks/mutual funds

Further, the Board is in the process of devising and implementing the risk management policy for the Company.

### **INTERNAL CONTROL SYSTEMS**

The Company employs rigorous internal controls to ensure commitment to operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

These internal control procedures are proportionate to the nature of business and size of operations for the smooth conduct of business.

Internal audits are conducted at regular intervals at all the plants and cover key areas of operations. These audits are independent, objective and responsible for evaluating and improving the effectiveness of risk management, control and governance processes monitored by the Audit Committee of the Company.

### **HUMAN RESOURCES**

No organization can survive without a strong human resource. Being a hard believer of this fact, the Company provides the most suitable working environment to its manpower.

The Company keeps shuffling its manpower requirements as may be required from time to time.

The Company has in place a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee.

### Overview of Our Results of Operations

The following discussion of the financial condition and results of operations for the financial year ended March 31, 2018 & March 31, 2019.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

| Particulars   | For the Financial year       |                              |
|---|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
|   | (In Rs. Lacs)                | (In Rs. Lacs)                |
| Income  |                              |                              |
| Revenue from operations                                   | 11,185.10                    | 17,192.28                    |
| Other income  | 10.49                        | 19.99                        |
| <b>Total Income</b>                                       | <b>11,195.59</b>             | <b>17,212.27</b>             |
| Expenses  |                              |                              |
| Cost of raw material and components consumed              | 9,015.26                     | 12,116.83                    |
| Purchase of Stock in Trade                                | 1,117.15                     | 2,556.06                     |
| Changed in inventories of finished goods and traded goods | (246.14)                     | 629.84                       |
| Employee Benefits Expenses                                | 189.57                       | 216.31                       |
| Depreciation and Amortization Expenses                    | 65.82                        | 93.57                        |
| Finance Costs   | 654.82                       | 672.30                       |
| Other Expenses  | 263.25                       | 337.75                       |
| Exceptional Items   | -                            | -                            |
| Total Expenditure   | 11,059.73                    | 16,622.39                    |
| Profit Before Tax   | <b>135.86</b>                | <b>589.61</b>                |
| Less: Total Tax Expense                                   | 42.89                        | 183.99                       |
| Profit After Taxation                                     | <b>92.97</b>                 | <b>405.62</b>                |

### Comparison of FY 2019 with FY 2018:

#### Total Income

Total Income for FY 2019 is Rs. 11,195.59 lacs as compared to Rs 17,212.27 lacs in FY 2018. This decrease in

income is due to various economic factors affecting the sale of Company.

**Expenditure:**

Cost of Raw Materials consumed is Rs. 9,015.26 lacs in FY 2019 against Rs. 12,116.83 lacs in FY 2018. This change is due to various economic factors affecting the sale of Company.

Our employee benefits expense is Rs. 189.57 lacs in FY 2018 against Rs 216.31 lacs in FY 2018. This change is due to various economic factors affecting the sale of Company and accordingly the manpower requirements of the Company.

Other expense is Rs. 263.25 lacs in FY 2019 as compared to Rs. 337.75 lacs in FY 2018. This change is due to various economic factors affecting the sale and expenses of Company.

**Depreciation and Amortization expenses:**

Depreciation on fixed assets decreased to Rs. 65.25 lacs in FY 2019 from Rs. 93.57 lacs in FY 2018. This change is due to various economic factors affecting the sale and expenses of Company.

**Finance costs:**

Finance is Rs. 654.82 lacs in FY 2019 against Rs. Rs. 672.30 lacs in FY 2018. This change is due to various economic factors affecting the sale and expenses of Company.

**Profit after Tax**

PAT is Rs. 92.97 lacs in FY 2019 from Rs. 405.62 lacs in FY 2018. This decrease in income is due to various economic factors affecting the sale of Company.

**MANAGING DIRECTOR AND CFO CERTIFICATION**

To,  
The Board of Directors,  
Sanco Industries Ltd.

We, Sanjay Gupta, Managing Director and Madhvi Gaur, Chief Financial Officer of Sanco Industries Ltd., to the best of our knowledge and belief hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement of the Company for the year 31st March 2019 and that to the best to our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contains statement/statements that might be misleading;
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which is fraudulent, illegal or a violation of the company's code of conduct;
- C. We accept responsibility for the establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated whatever applicable, to the auditor and to the audit committee.
- i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
  - iv. Have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
  - v. All Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sd/-  
Sanjay Gupta  
(Managing Director)  
Date: 28.05.2019  
Place: Delhi

Sd/-  
Madhvi Gaur  
(Chief Financial Officer)

## **REPORT ON CORPORATE GOVERNANCE**

### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company aims at achieving transparency, accountability and equity across all facets of operation and in all interactions with stakeholders, while fulfilling the role of a responsible corporate representative committed to sound corporate practices. The Company adheres to good corporate practices that constantly undergo changes and betterment, keeping its core goal in mind – maximizing stakeholder value. Adherence to the business ethics and commitment to Corporate Social Responsibility will help the Company achieve excellence. The Company believes that all its operations and actions must ultimately enhance overall benefits over a sustained period of time.

### **BOARD OF DIRECTORS**

As on 31st March, 2019, the Company has 7 Directors on its Board, of which 3 are Executive Directors and 4 are Non Executive Independent Directors. The Company is in compliance with the Regulation 17 of the LODR pertaining to compositions of directors.

Non executive directors do not hold any shares of the Company. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

| Name of the Director            | Category                            | No. of Board Meetings attended | Attendance last AGM (Yes/No) | No. of Directorships in other public Limited Cos | No. of Chairmanship/Memberships of Committees in other Public Ltd. Cos. * |            |
|---------------------------------|-------------------------------------|--------------------------------|------------------------------|--|---|------------|
|                                 |                                     |                                |                              |  | Chairmanship  | Membership |
| <b>Mr. Sanjay Gupta</b>         | Non Independent Executive Chairman  | 7                              | Yes                          | 1  | 1   | Nil        |
| <b>Mr. Sidhant Gupta</b>        | Non Independent Executive Director  | 7                              | Yes                          | 1  | Nil   | Nil        |
| <b>Ms. Rita Gupta</b>           | Non Independent Executive Director  | 6                              | Yes                          | 1  | Nil   | Nil        |
| <b>Mr. Surender Kumar Gupta</b> | Independent Non-Executive Director  | 7                              | Yes                          | Nil  | Nil   | Nil        |
| <b>CA Saurabh Gupta</b>         | Independent Non- Executive Director | 7                              | Yes                          | Nil  | Nil   | Nil        |
| <b>CA Sanjeev Kr. Jain</b>      | Independent Non-Executive Director  | 7                              | No                           | Nil  | Nil   | Nil        |
| <b>Ms. SonuKumari</b>           | Independent Non-Executive Director  | 5                              | Yes                          | Nil  | Nil   | Nil        |

**Notes:-**

1. During the Financial Year 2018-19, Seven (7) Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 06.04.2018, 07.05.2018, 24.05.2018, 14.08.2018, 19.09.2018 14.11.2018 and 13.02.2019.
2. \*Only three Committees, namely, Audit Committee and Stakeholder Relationship Committee, Nomination and Remuneration Committee have been considered.
3. The information as required under Regulation 17 of LODR is being made available to the Board.
4. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

**INDEPENDENT DIRECTORS' MEETING:**

During the year under review the Independent Directors met on 03.12.2018 without the attendance of Non-Independent Directors and members of the management, inter alia, to discuss on the following:

- To review the performance of the Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of your company, taking into account views of Executive/ Non-Executive directors; and
- Assess the quality, quantity and timeliness of flow of information between your Company's management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

## **CODE OF CONDUCT**

The Company has framed Code of Conduct which is applicable to all Directors and members of Senior Management. Pursuant to this Code all the Directors & Senior Management have affirmed compliance with this Code for the year ended March 31, 2019. A declaration of compliance of this Code signed by Managing Director is annexed to this report.

## **COMMITTEES OF THE BOARD**

Currently there are three committees of the Board: Audit Committee, Nomination and Remuneration Committee & Stakeholders Relationship Committee. The terms of reference of the Committee(s) detailing their scope of work are determined, reviewed and modified by the Board from time to time. The Board periodically reviews the minutes of the meetings of Audit Committee, Nomination and Remuneration Committee. Composition, terms of reference, number of meetings and related attendance etc., of these committees are detailed as follows:

### **AUDIT COMMITTEE**

The Audit Committee of the company has been dealing with matters prescribed by the Board of Directors on a case to case basis. In general, the primary role/objective of the Audit Committee is to review the financial statements and auditors' report thereon, evaluation of internal financial controls and risk management systems, examine all transactions having monetary implications on the functioning of the Company and recommendation for appointment, remuneration and terms of appointment of auditors of the Company. Further, the nomenclature, constitution and terms of reference of the Committee are as per the provisions of the Section 177 of the Companies Act, 2013 and Regulation 18 of the LODR of the Stock Exchange.

The Terms of Reference/Scope of the functioning of the Audit Committee is detailed below and such other functions, as may be recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 2013, which inter-alia include:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control system.

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority to the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Vigil Mechanism. The Chairperson of Audit Committee will act as the chairperson of the vigil mechanism.

As on March 31, 2019, the Committee had three Directors as its members. Out of that two Directors are Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Saurabh Gupta is the Chairman of the Committee. The other members are Mr. Surender Kumar Gupta and Mr. Sanjay Gupta, Managing Director of the Company. The members of the Committee have adequate knowledge in the field of finance, accounting, and law.

The CFO of the Company is permanent invitee to the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

During the year, 4 (Four) meetings of the Audit Committee were held on 24.05.2018, 14.08.2018, 14.11.2018, 13.02.2019 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given as under:

| NAME OF THE MEMBER       | CATEGORY | NO. OF MEETINGS ATTENDED |
|--------------------------|----------|--------------------------|
| CA Saurabh Gupta         | Chairman | 4                        |
| Mr. Surender Kumar Gupta | Member   | 4                        |
| Mr. Sanjay Gupta         | Member   | 4                        |

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company has constituted Nomination and Remuneration Committee. The nomenclature, constitution and terms of reference of the Committee are as per the provisions of the Section 178 of the Companies Act, 2013 and Regulation 19 of the LODR of the Stock Exchange.

The Terms of Reference/Scope of the functioning of the Nomination and Remuneration Committee is detailed below and such other functions, as may be recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 2013, which inter-alia include:

- Recommend to the Board its composition and the set up and composition of the committees.
- Recommend to the Board the appointment/re-appointment of Directors and Key Managerial Personnel.

- Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.
- Recommend to the Board the Remuneration Policy for directors, executive team, Key Managerial Personnel, as well as the rest of employees.
- Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning.
- Oversee familiarisation programmes for directors.

As on March 31, 2019, the Committee had three Directors as its members. CA Sanjeev Kr. Jain, Mr. Surender Kumar Gupta and CA Saurabh Gupta. All of them are non executive and independent directors in accordance with the prescribed guidelines. CA Sanjeev Kr. Jain is the Chairman of the Committee.

The CFO of the Company is permanent invitee to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee.

During the year, three meetings of the Nomination and Remuneration Committee was held as 06.04.2018, 14.08.2018 and 13.02.2019 .The attendance record of members of the the Committee is given as under:

| NAME OF THE MEMBER       | CATEGORY | NO. OF MEETINGS ATTENDED |
|--------------------------|----------|--------------------------|
| CA Sanjeev Kr. Jain      | Chairman | 3                        |
| Mr. Surender Kumar Gupta | Member   | 3                        |
| CA Saurabh Gupta         | Member   | 3                        |

The Committee has been constituted to recommend/review the remuneration package of the Whole Time Directors apart from deciding other matters. The remuneration policy is directed towards rewarding performance based on review of achievements which are being reviewed periodically which is in consonance with the existing industry practices. This committee meets as and when required. Ms. Preeti Gupta, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted Stakeholders relationship Committee. . The nomenclature, constitution and terms of reference of the Committee are as per the provisions of the Section 178 of the Companies Act, 2013 and Regulation 20 of the LODR of the Stock Exchange.

The Terms of Reference/Scope of the functioning of the Nomination and Remuneration Committee is detailed below and such other functions, as may be recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 2013, which inter-alia include:

- Consider and resolve the grievances of security holders.
- Consider and approve issue of share certificates, transfer and transmission of securities, etc.

- To investigate into any matter in relation to transfer of securities or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek any information from any employee.
- To seek information from share transfer agents.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it consider necessary.
- To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
- To approve share transfer / transmission securities periodically, whether by circular resolution or otherwise.
- To look into redressing of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- To oversee the performance of the Registrar and transfer Agents and recommended measures or overall improvement in the quality of investors services.

As on March 31, 2019, the Committee had three Directors as its members. CA Sanjeev Kr. Jain, Mr. Surender Kumar Gupta and Mr. Sanjay Gupta. Mr. Surender Kumar Gupta (non executive director) is the Chairman of the Committee in accordance with the prescribed guidelines.

The CFO of the Company is permanent invitee to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee.

During the year, four meetings of the Stakeholders relationship Committee were held as on 24.05.2018, 19.09.2018, 14.11.2018 and 06.03.2019 in due compliance with the stipulated provisions. The attendance record of members of the Committee is given as above.

The attendance record of members of the Committee is given as under:

| NAME OF THE MEMBER       | CATEGORY | NO. OF MEETINGS ATTENDED |
|--------------------------|----------|--------------------------|
| Mr. Surender Kumar Gupta | Chairman | 4                        |
| CA Sanjeev Kr. Jain      | Member   | 4                        |
| Mr. Sanjay Gupta         | Member   | 4                        |

Details pertaining to the numbers of complaints received and resolved and the status thereof during the financial year ended 31st March 2019 are given as follows:

Detail of complaints received/resolved during the year

- |  |   |     |
|--|---|-----|
| • No. of Complaints received during the year                         | : | 1   |
| • No. of Complaints not resolved to the satisfaction of Shareholders | : | Nil |
| • No. of Pending Complaints  | : | Nil |
| • No. of Pending share transfer as on 31.03.2019                     | : | Nil |

**GENERAL BODY MEETING****(I) General Meeting****a. Annual General Meeting**

| <b>Financial Year Ended</b> | <b>Day, Date&amp;Time</b>         | <b>Venue</b>                                   | <b>Items approved by Special Resolution</b>  |
|-----------------------------|-----------------------------------|--|--|
| 31.03.2016                  | Friday<br>29.07.2016<br>11:30 AM  | "TAJ PALACE", Sardar Patel Marg, Delhi 110021  | Bonus Issue  |
| 31.03.2017                  | Thursday<br>28.09.2017<br>3:30 PM | D - 161, Surajmal Vihar, Delhi 110092          | <ul style="list-style-type: none"> <li>• Appointment of Mr. Surender Kumar Gupta as Independent Director(Regularisation)</li> <li>• Appointment of Ms. Sonu Kumari as Independent Director(Regularisation)</li> <li>• Approval of related party transactions.</li> </ul> |
| 31.03.2018                  | Saturday<br>22.09.2018<br>3:30 PM | Shikshak Sadan, Surajmal Vihar, Delhi - 110092 | <ul style="list-style-type: none"> <li>• Reappointment of Ms. Rita Gupta as Whole Time Director</li> <li>• Ratification of remuneration of Cost Auditor</li> </ul>   |

**b. Extra Ordinary General Meeting Detail**

During the period no Extra Ordinary General Meeting was held.

**(II) Details of special resolution passed through postal ballot:**

During the period no Postal ballot was held.

**(III) Details of special resolution proposed to be conducted through postal ballot**

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

**DISCLOSURES****i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

As per Regulation 23 of the LODR of the Stock Exchange there have been no materially significant related party transactions which may have a potential conflict with the interests of the Company. However, the Board of Directors receives the required disclosures, from time to time, relating to financial and commercial transactions from the key managerial personnel of the company and have been disclosed under the Related Party Transactions as per Accounting Standards 18 "Related Party Disclosures" issued by ICAI to the Notes to Accounts of the Annual Report for the year ended March 31, 2019.

Further, the Board's approved policy for related party transactions is uploaded on the website of the Company. As per the policy all transactions are executed only after seeking due approvals from Audit Committee, Board and the shareholders.

**ii. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to Capital Markets, during the last three years.**

As per Schedule V(C) 10(b) of LODR, during the last three years, there have been no instances of non compliance by the Company, no penalties or strictures were imposed on the Company by any Stock Exchange, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter relating to the Capital Markets.

**iii. Whistle Blower Policy, Vigil Mechanism and affirmation that no Personnel have been denied access to the audit committee.**

As per Regulation 22 of LODR, the Company promotes ethical behavior in all its business activities and accordingly has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or the Chairman of Audit Committee. The reports received from any employee will be reviewed by the Audit Committee. The Directors and Management Personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices. Any employee, if he/she so desires, have free access to meet Senior Level Management and report any matter of concern. No employee of the Company is denied access to the Audit Committee to make any representation. During the year, no Personnel had approached the Audit Committee.

**iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements LODR.**

The Company has fully complied with mandatory requirements as stipulated under LODR and has also adopted the following non-mandatory requirements.

**a. Nominations and Remuneration Committee**

The Company has set up a Nominations and Remuneration Committee to approve specific aspects of the remuneration of Directors and Senior Management Personnel.

**b. Code of Conduct**

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2019.

**c. Terms of Appointment of Independent Directors**

Terms and conditions of appointment of Independent Directors are available on the Company's website.

**d. Familiarisation Programme for Independent Directors**

Details of familiarisation programme imparted to Independent Directors are available on the Company's website i.e. [www.sancopipes.com](http://www.sancopipes.com).

**MEANS OF COMMUNICATION****i. Quarterly, Half Yearly and Annual Results**

Quarterly, Half Yearly and Annual Results published at company's website [www.sancopipes.com](http://www.sancopipes.com) as well as at [www.nseindia.com](http://www.nseindia.com). These results and statutory notices are also published in leading newspapers.

**ii. News Releases**

Official News, Releases are displayed on the Company website

**iii. Website**

The Company's website [www.sancopipes.com](http://www.sancopipes.com) contains a separate dedicated section to Investors, where the shareholders information and Financial Results are available.

**GENERAL SHAREHOLDER INFORMATION****(I) Annual General Meeting**

|  |   |
|--|---|
| Day, Date and Time                                 | : Wednesday, September 18, 2019 at 11:30 A. M.                |
| Venue  | : Shikshak Sadan, Surajmal Vihar, Delhi-110092                |
| Period of Book Closure                             | : September 12, 2019 10:00 A.M. to September 18, 2019 6:00 P. |
| Dividend Payout Date                               | : N. A.   |
| Financial Year Ending 31 <sup>st</sup> March, 2019 |   |

**(II) Listing on Stock Exchange**

|                                |  |
|--------------------------------|--|
| Name of the Stock Exchange     | : National Stock Exchange of India Limited ("NSE")                                   |
| Address of the Stock Exchange  | : Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. |
| Symbol of the Company with NSE | : "SANCO"  |

|  |                         |
|--|-------------------------|
| (III) Corporate Identity Number (CIN) of the Company | : L74899DL1989PLC035549 |
|--|-------------------------|

**(IV) \*Market Price Data**

The High, Low Share Price of the Company on the National Stock Exchange, Number of Shares traded and Net Turnover, during the period from April, 2017 to March, 2018 are as under:

| Month          | Share Prices |       | Volume  | Net turnover<br>(In Rs.) |
|----------------|--------------|-------|---------|--------------------------|
|                | High         | Low   |         |                          |
| April 2018     | 33.75        | 23.55 | 447079  | 13547779.15              |
| May 2018       | 33           | 23.55 | 2032695 | 57909803.45              |
| June 2018      | 33.60        | 23.50 | 958146  | 27889170.35              |
| July 2018      | 33.10        | 19.80 | 744303  | 18685616.45              |
| August 2018    | 25.70        | 15.20 | 1086597 | 21254324.10              |
| September 2018 | 17.40        | 13    | 1052386 | 15689835.10              |
| October 2018   | 17.70        | 11.60 | 2608714 | 39557488.40              |
| November 2018  | 16.75        | 13.10 | 661581  | 9830437.55               |
| December 2018  | 14.65        | 12    | 301684  | 4155405.45               |
| January 2019   | 16.90        | 13.80 | 739616  | 11132373.50              |
| February 2019  | 15.60        | 12.60 | 958713  | 13993171.95              |
| March 2019     | 15.40        | 12    | 1157074 | 15544467.00              |

\*Source: [www.nseindia.com](http://www.nseindia.com)

**(V) Performance of the share price of the Company in comparison to the Nifty**
**(VI) Distribution of Shareholding and Shareholding Pattern**

The Distribution of shareholding and shareholding pattern of the shares as on 31.03.2019 are as follows:

**(VII) Category wise shareholding as on 31.03.2018**

| S.No | Category  | No. of Shares Held | % of Shareholding |
|------|---|--------------------|-------------------|
| A    | <b>Promoter Holding</b>   |                    |                   |
|      | 1. Promoters and Promoters Group  | 5055765            | 49.16%            |
|      | <b>Sub Total</b>  | 5055765            | 49.16%            |
| B    | <b>Non Promoter Institutions</b>  |                    |                   |
|      | 2. Institutional Investors  |                    |                   |
|      | a. Mutual Funds and UTI   | NIL                | NIL               |
|      | b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non - Government Institutions) | NIL                | NIL               |
|      | c. FIIs   | NIL                | NIL               |
|      | <b>Sub Total</b>  | NIL                | NIL               |

|   |                    |                 |             |
|---|--------------------|-----------------|-------------|
| C | <b>Others</b>      |                 |             |
|   | Individual/HUF     | 4726391         | 45.96%      |
|   | Body Corporate     | 455487          | 4.43%       |
|   | NRIs               | 34271           | 0.33%       |
|   | Others             | 12086           | 0.12%       |
|   | <b>Sub Total</b>   | 5228235         | 50.84%      |
|   | <b>Grand Total</b> | <b>10284000</b> | <b>100%</b> |

**(VIII) Distribution of Shareholding (as on 31.03.2019)**

| Shareholding of Nominal Value of Rs. 10 | Number of Shareholders | % To Total    | No. of Shares   | Amount in Rs.       | % To Total    |
|---|------------------------|---------------|-----------------|---------------------|---------------|
| Up to 5000                              | 2595                   | 67.82         | 450708          | 4507080.00          | 4.3826        |
| 5001 to 10000                           | 490                    | 12.80         | 410856          | 4108560.00          | 3.9951        |
| 10001 to 20000                          | 310                    | 8.10          | 478988          | 4789880.00          | 4.6576        |
| 20001 to 30000                          | 129                    | 3.37          | 328787          | 3287870.00          | 3.1971        |
| 30001 to 40000                          | 55                     | 1.43          | 200979          | 2009790.00          | 1.9543        |
| 40001 to 50000                          | 52                     | 1.35          | 243593          | 2435930.00          | 2.3687        |
| 50001 to 100000                         | 102                    | 2.66          | 801697          | 8016970.00          | 7.7956        |
| 100001 and Above                        | 93                     | 2.43          | 7368392         | 73683920.00         | 71.6491       |
| <b>Total</b>                            | <b>3826</b>            | <b>100.00</b> | <b>10284000</b> | <b>102840000.00</b> | <b>100.00</b> |

**(IX) Dematerialization of Shares and Liquidity RTA**

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. As on 31.03.2019, 10283999 Equity Shares aggregating to 100% of the total Equity Capital is held in dematerialized form, of which 22.57% (2288894 Equity Shares) of total equity capital is held in NSDL & 77.43% (7995105) Equity Shares) of total equity capital is held in CDSL as on 31.03. 2018 and one (1) share is in physical form.

Security Code No of the company with NSDL and CDSL (ISIN) - INE 782L01012.

**(X) Registrar and Share Transfer Agent**

The company has appointed Beetal Financial & Computer Services (P) Ltd. as the Registrar and Share Transfer Agent of the company. The Correspondence address of the agent is as follows:

Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3<sup>rd</sup> Floor  
99 Madangir, Behind Local Shopping Centre,  
Near Dada HarsukhdasMandir,  
New Delhi – 110 062  
Email – [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

**(XI) Share Transfer System:**

Transfer of equity shares in electronic form are done through the depositories with no involvement of the Company. Transfer of equity shares in physical form are processed by RTA within 10 to 12 working days from the date of receipt, if the documents are complete in all respects. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

**(XII) Plant Location**

**Works (Existing)**  
Village Satiwala,  
Tehsil Paonta Sahib,  
Himachal Pradesh – 173025

**(XIII) Correspondence Address**

The Investor's may send their correspondence to the Registrar and Share Transfer agent or directly to the company at the following Address:

D-161, Surajmal Vihar (Near Karkardooma Court)  
New Delhi –110092.  
Email: [cs@sancopipes.com](mailto:cs@sancopipes.com)

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

**To,  
The Board of Directors,  
Sanco Industries Ltd.**

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to LODR to further strengthen Corporate Governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them.

**Sd/-  
(Sanjay Gupta)  
Managing Director**

**Date: 28.05.2019  
Place: New Delhi**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF  
Sanco Industries Limited**

We have examined the compliance of condition of corporate governance by Sanco Industries Limited for the year ended on March 31, 2018, as stipulated in relevant regulations of the SEBI (Listing Obligations and disclosure requirement) Regulations 2015 of said company with the stock exchanges.

The compliance of condition of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance as stipulated in the above mentioned listing agreement.

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

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

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

**Sd/-  
CA. Kavir Vijay  
(Partner)  
Membership No. 517014**

**Date: 28.05.2019  
Place: Delhi**

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF SANCO INDUSTRIES LIMITED****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of Sanco Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

**Key Audit Matters**

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

**Revenue Recognition**

Revenue recognition is significant audit risk across all units within the Company. Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers".

## **Auditor's Response**

### Principal Audit Procedures

Our audit consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- We evaluated the design of internal controls relating to revenue recognition.
- We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, performance and inspection.
- We have tested sample of Sale transactions to their respective underlying invoices and related documents.
- We have performed cut-off procedures for sample of revenue transactions at year-end in order to conclude on whether they were recognised in accordance with Ind-AS 115.

### **Evaluation of uncertain tax positions**

The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.

### Principal Audit Procedures

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.

### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

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

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

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

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

### **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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For V J M & Associates LLP**  
**Chartered Accountants**  
**(Firm's Registration No. 027535N/N500093)**

**Sd/-**  
**Kavit Vijay**  
**Partner**  
**(Membership No.517014)**

**Delhi, May 28, 2019**

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sanco Industries Limited of even date)**

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.

iii. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. 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.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) *The Company is not depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax and Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.*

(b) There were undisputed amounts payable in respect of Provident Fund, Employees' State Insurance and Income Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

| S.No. | Nature of Liability        | Amount (Rs. In Lakhs)   |
|-------|----------------------------|---|
| 1     | Provident Fund             | Total outstanding Rs. 15.06 out of which Rs. 10.43 more than 6 months outstanding           |
| 2     | Employees' State Insurance | Total outstanding Rs. 4.21 out of which Rs. 3.25 more than 6 months outstanding             |
| 3     | Income Tax                 | Total outstanding Rs. 315.85 out of which Rs. 274.30 related to AY. 2017-18 and AY 2018-19. |

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

| Nature of the statute    | Nature of dues | Forum where Dispute is Pending | Period to which the amount Relates | Amount in Lakh  |
|--------------------------|----------------|--------------------------------|------------------------------------|---|
| The Income Tax Act, 1961 | Income Tax     | CIT (Appeals)                  | AY 2014-15                         | Rs 63.33 (Order of appellate authority pass in favour of the company, but Revenue authority has the right to filed appeal against the order of appellate authority in higher authority. |

- viii. 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.
- viii. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- x. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xi. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

- xii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiii. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xv. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For V J M & Associates LLP**  
**Chartered Accountants**  
**(Firm's Registration No. 027535N/N500093)**  
**Sd/-**  
**Kavit Vijay**  
**Partner**  
**(Membership No.517014)**

**Delhi, May 28, 2019**

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Sanco Industries Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 Sanco Industries Limited (“the Company”) as of March 31, 2019 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 Board of Directors of the Company 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. 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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, to the best of our information and according to the explanations given to us, 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 March 31, 2019, 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.

**For V J M & Associates LLP**  
**Chartered Accountants**  
**(Firm's Registration No. 027535N/N500093)**

**Sd/-**  
**Kavit Vijay**  
**Partner**  
**(Membership No.517014)**

**Delhi, May 28, 2019**

**Sanco Industries Limited**
**Balance Sheet as at March 31, 2019**

|                    |                                 |    | <b>Rs.</b>                |                           |
|--------------------|---------------------------------|----|---------------------------|---------------------------|
|                    |                                 |    | <b>As at Mar 31, 2019</b> | <b>As at Mar 31, 2018</b> |
| <b>Particulars</b> |                                 |    |                           | <b>Lakhs</b>              |
| <b>Note No.</b>    |                                 |    |                           |                           |
| <b>I</b>           | <b>ASSETS</b>                   |    |                           |                           |
| <b>(1)</b>         | <b>Non Current Assets</b>       |    |                           |                           |
| a                  | Property, Plant and Equipment   | 3  | 275.23                    | 338.69                    |
| b                  | Investment Property             | 4  | -                         | 30.05                     |
| c                  | Other Intangible Assets         | 5  | 0.00                      | 0.01                      |
| d                  | WIP                             | 6  | 2.99                      | 2.99                      |
| e                  | Financial Assets                |    |                           |                           |
| i                  | Investments                     | 7  | 450.58                    | 458.11                    |
| ii                 | Trade receivables               | 8  | 2,041.91                  | 1,395.72                  |
| iii                | Bank balances                   | 13 | -                         | -                         |
| iv                 | Other financial assets          | 14 | -                         | -                         |
| f                  | Deferred tax assets (net)       | 9  | 12.67                     | 14.01                     |
| g                  | Other non current assets        | 10 | 0.10                      | 0.10                      |
|                    | <b>Total Non Current Assets</b> |    | <b>2,783.48</b>           | <b>2,239.68</b>           |
| <b>(2)</b>         | <b>Current assets</b>           |    |                           |                           |
| a                  | Inventories                     | 11 | 3,861.16                  | 3,787.49                  |
| b                  | Financial Assets                |    |                           |                           |
| i                  | Trade receivables               | 8  | 4,447.95                  | 7,323.80                  |
| ii                 | Cash and cash equivalents       | 12 | 23.08                     | 11.82                     |
| iii                | Bank balances                   | 13 | 2.18                      | 137.24                    |
| iv                 | Other financial assets          | 14 | 1,214.69                  | 568.25                    |
| c                  | Current tax assets (Net)        | 15 | 1.78                      | 1.45                      |
| d                  | Other current assets            | 10 | 64.67                     | 250.29                    |
|                    | <b>Total Current Assets</b>     |    | <b>9,615.51</b>           | <b>12,080.34</b>          |
|                    | <b>Total Assets</b>             |    | <b>12,398.99</b>          | <b>14,320.02</b>          |
| <b>II</b>          | <b>EQUITY AND LIABILITIES</b>   |    |                           |                           |
| <b>A</b>           | <b>EQUITY</b>                   |    |                           |                           |
| a                  | Equity Share Capital            | 16 | 1,028.40                  | 1,028.40                  |
| b                  | Other Equity                    |    | 2,492.10                  | 2,396.14                  |
|                    | <b>Total Equity</b>             |    | <b>3,520.50</b>           | <b>3,424.54</b>           |

**B LIABILITIES**
**(1) Non Current Liabilities**
**a Financial Liabilities**

|     |  |    |          |          |
|-----|--|----|----------|----------|
| i   | Borrowings   | 17 | 1,215.24 | 1,215.23 |
| ii  | Trade payables   | 18 |          |          |
|     | -Total Outstanding dues of MSME Creditor                         |    | -        | -        |
|     | -Total Outstanding dues of creditors other than MSME Enterprises |    | -        | -        |
| iii | Other financial liabilities                                      | 19 | 22.99    | 5.48     |
| b   | Provisions   | 20 | 16.27    | 16.36    |
| c   | Other non current liabilities                                    | 21 | 274.30   | -        |

**Total Non Current Liabilities**
**1,528.80      1,237.07**
**(2) Current Liabilities**
**a Financial Liabilities**

|     |  |    |          |          |
|-----|--|----|----------|----------|
| i   | Borrowings   | 22 | 4,669.86 | 3,661.16 |
| ii  | Trade payables   | 18 |          |          |
|     | -Total Outstanding dues of MSME Creditor                         |    | 501.76   | -        |
|     | -Total Outstanding dues of creditors other than MSME Enterprises |    | 1,720.83 | 5,369.91 |
| iii | Other financial liabilities                                      | 19 | 173.64   | 293.45   |
| b   | Provisions   | 20 | 5.35     | 4.89     |
| c   | Other current liabilities  | 21 | 278.25   | 329.00   |

**Total Current Liabilities**
**7,349.69      9,658.41**
**Total Equity and Liabilities**
**12,398.99      14,320.02**

Summary of Significant Accounting Policies

1-2

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**Sanco Industries Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**

Rs. Lakhs

|      | Particulars   | Note No. | As at Mar 31, 2019 | As at Mar 31, 2018 |
|------|---|----------|--------------------|--------------------|
| I    | Revenue from Operations   | 22       | 11,185.10          | 17,192.28          |
| II   | Other Income  | 23       | 10.49              | 19.99              |
| III  | <b>Total Income (I + II)</b>  |          | <b>11,195.59</b>   | <b>17,212.27</b>   |
| IV   | <b>EXPENSES</b>   |          |                    |                    |
|      | Cost of Materials Consumed  | 24       | 9,015.26           | 12,116.83          |
|      | Purchase of stock-in-trade  | 25       | 1,117.15           | 2,556.06           |
|      | Change in Inventories   | 26       | (246.14)           | 629.84             |
|      | Employee benefits expenses  | 27       | 189.57             | 216.31             |
|      | Finance cost  | 28       | 654.82             | 672.30             |
|      | Depreciation and Amortization expense   | 29       | 65.82              | 93.57              |
|      | Other expenses  | 30       | 263.25             | 337.75             |
|      | <b>Total Expenses (IV)</b>  |          | <b>11,059.73</b>   | <b>16,622.66</b>   |
| V    | <b>Profit / (Loss) before Exceptional Items and Tax (III - IV)</b>            |          | <b>135.86</b>      | <b>589.61</b>      |
| VI   | Exceptional Items   |          | -                  | -                  |
| VII  | <b>Profit / (Loss) before Tax (V - VI)</b>                                    |          | <b>135.86</b>      | <b>589.61</b>      |
| VIII | <b>Tax Expense</b>  |          |                    |                    |
|      | Current tax / Minimum alternate tax (MAT) payable                             |          | 41.55              | 182.19             |
|      | Deferred tax  |          | 1.34               | 1.80               |
|      | <b>Total Tax Expense (VIII)</b>   |          | <b>42.89</b>       | <b>183.99</b>      |
| IX   | <b>Profit / (Loss) for the period from Continuing operations (VII - VIII)</b> |          | <b>92.97</b>       | <b>405.62</b>      |
| X    | <b>Other Comprehensive Income</b>   |          |                    |                    |
|      | A (i) Items that will not be reclassified to profit and loss                  | 31 A     | 2.69               | 0.68               |
|      | B (i) Items that will be reclassified to profit and loss                      | 31 B     | 0.30               | 2.86               |

|     |  |    |       |        |
|-----|--|----|-------|--------|
| XI  | Total Comprehensive Income for the period (IX+ X)      |    | 95.96 | 409.16 |
| XII | Earnings Per Equity Share - (for Continuing operation) |    |       |        |
|     | Basic (Rs.)  | 32 | 0.90  | 3.94   |
|     | Diluted (Rs.)  |    | 0.90  | 3.38   |

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**Sanco Industries Limited**
**Cash Flow Statement for the year ended March 31, 2019**
**Rs. Lakhs**

| Particular  | As at<br>Mar 31,<br>2019 | As at Mar<br>31, 2018 |
|---|--------------------------|-----------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                          |                       |
| Profit / (Loss) before Tax  | 135.86                   | 589.61                |
| <b>Adjustments for:</b>   |                          |                       |
| Depreciation and Amortization   | 65.82                    | 93.57                 |
| (Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property | (3.26)                   | (1.14)                |
| Provision for Gratuity, Leave Encashment and Bonus                        | 1.47                     | 1.09                  |
| Interest Income   | (3.17)                   | (10.95)               |
| Fair Value (Gains)/Loss   | -                        | 3.38                  |
| Interest Expenses   | 654.82                   | 672.30                |
| <b>Cash Generated Before Working Capital Changes</b>                      | <b>851.54</b>            | <b>1,347.86</b>       |
| <b>Movement In Working Capital</b>  |                          |                       |
| Increase / (Decrease) in Liabilities                                      | (3,065.76)               | 3,095.11              |
| Increase / (Decrease) in Assets   | 1,694.03                 | (4,539.01)            |
| <b>Cash Generated From Operations</b>                                     | <b>(520.19)</b>          | <b>(96.04)</b>        |
| Direct Taxes Paid   | 1.87                     | 24.85                 |
| <b>Net Cash Flow From / (Used in) Operating Activities</b>                | <b>(522.06)</b>          | <b>(120.89)</b>       |
| <b>B CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>                  |                          |                       |
| Purchase of PPE, Intangible Assets and Investment Property                | (0.92)                   | (79.62)               |
| Proceeds from Sale of PPE, Intangible Assets and Investment Property      | 31.90                    | 1.42                  |
| Proceeds from Sale/(Purchase) of Non Current Investments - Others         | 10.22                    | (58.66)               |
| Interest Income Received  | 3.17                     | 10.95                 |
| <b>Net Cash Flow From / (Used in) Investing Activities</b>                | <b>44.37</b>             | <b>(125.91)</b>       |
| <b>C CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>                  |                          |                       |
| Repayment of Short Term Borrowings  | (149.40)                 | (515.42)              |
| Proceeds from Long Term Borrowings  | 0.01                     | 782.94                |
| Interest Paid   | (654.82)                 | (672.30)              |
| <b>Net Cash Flow From / (Used in) Financing Activities</b>                | <b>(804.21)</b>          | <b>(404.78)</b>       |

|  |                          |                          |
|--|--------------------------|--------------------------|
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | (1,281.90)               | (651.58)                 |
| Cash and Cash Equivalents at the beginning of the year         | <u>(3,183.52)</u>        | <u>(2,531.94)</u>        |
| Cash and Cash Equivalents at the end of the year               | <u><b>(4,465.42)</b></u> | <u><b>(3,183.52)</b></u> |

**Components of Cash and Cash Equivalents**

|  |                          |                          |
|--|--------------------------|--------------------------|
| Cash and cheques on Hand                         | 8.82                     | 13.89                    |
| Balances with Banks                              |                          |                          |
| -On Current Accounts                             | 3.00                     | 8.56                     |
| -On Deposit Accounts                             | 137.24                   | 158.33                   |
| Bank Overdraft                                   | <u>(3,332.58)</u>        | <u>(2,712.72)</u>        |
| <b>Cash and cash Equivalent (as per Note 40)</b> | <u><b>(3,183.52)</b></u> | <u><b>(2,531.94)</b></u> |

**Notes:**

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements.
- 2 Previous year's figures have been regrouped and reclassified to conform to those of the current year.

**As per our report of even date.**

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**A. Equity Share Capital**

 Rs.  
Lakhs

| Particular                                      | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|--------------------|--------------------|
| Balance at the beginning of the year            | 1,028.40           | 1,028.40           |
| Changes in equity Share Capital during the year | -                  | -                  |
| <b>Balance at the ended of the year</b>         | <b>1,028.40</b>    | <b>1,028.40</b>    |

**B. Other Equity (Attributable to the equity holders)**

 Rs.  
Lakhs

| Particulars   | Reserves and Surplus |                        |                   | Items of Other comprehensive Income  |  | Total equity    |
|---|----------------------|------------------------|-------------------|--------------------------------------|--|-----------------|
|   | Securities Premium   | Investment Revaluation | Retained earnings | Foreign currency translation reserve | Other items of other comprehensive income (specify nature) |                 |
| <b>Balance as at 31.03.2017</b>                           | <b>54.60</b>         | <b>-</b>               | <b>1,929.70</b>   | <b>-</b>                             | <b>2.68</b>  | <b>1,986.98</b> |
| Changes in accounting policy/prior period errors          | -                    | -                      | -                 | -                                    | -  | -               |
| Restated balance at the beginning of the reporting period | -                    | -                      | -                 | -                                    | -  | -               |
| Current year profit                                       | -                    | -                      | 405.62            | -                                    | 3.54   | 409.16          |
| Other Comprehensive Income after tax for the Period       | -                    | -                      | -                 | -                                    | -  | -               |
| <b>Balance as at 31.03.2018</b>                           | <b>54.60</b>         | <b>-</b>               | <b>2,335.32</b>   | <b>-</b>                             | <b>6.22</b>  | <b>2,396.14</b> |
| Changes in accounting policy/prior period errors          | -                    | -                      | -                 | -                                    | -  | -               |
| Restated balance at the beginning of the reporting period | -                    | -                      | -                 | -                                    | -  | -               |
| Current year profit                                       | -                    | -                      | 92.97             | -                                    | 2.99   | 95.96           |
| Other Comprehensive Income after tax for the Period       | -                    | -                      | -                 | -                                    | -  | -               |

|                          |       |   |          |   |      |          |
|--------------------------|-------|---|----------|---|------|----------|
| Balance as at 31.03.2019 | 54.60 | - | 2,428.29 | - | 9.21 | 2,492.10 |
|--------------------------|-------|---|----------|---|------|----------|

**3 Property, Plant and Equipment**
**Rs.Lakhs**

| Particulars            | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Computers | Total  |
|------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|-----------|--------|
| <b>Gross Block</b>     |               |           |                     |                        |          |                  |           |        |
| As at March 31, 2017   | 6.61          | 55.90     | 320.35              | 0.11                   | 13.70    | 2.42             | 3.13      | 402.22 |
| Additions              | -             | -         | 19.07               | -                      | 59.30    | 1.08             | 0.17      | 79.62  |
| Disposals              | -             | -         | -                   | -                      | (5.65)   | -                | -         | (5.65) |
| As at March 31, 2018   | 6.61          | 55.90     | 339.42              | 0.11                   | 67.35    | 3.50             | 3.30      | 476.19 |
| Additions              | -             | -         | -                   | -                      | -        | 0.92             | -         | 0.92   |
| Disposals              | -             | -         | -                   | -                      | (4.08)   | -                | -         | (4.08) |
| As at March 31, 2019   | 6.61          | 55.90     | 339.42              | 0.11                   | 63.27    | 4.42             | 3.30      | 473.04 |
| <b>Depreciation</b>    |               |           |                     |                        |          |                  |           |        |
| As at March 31, 2017   | -             | 5.29      | 60.33               | 0.03                   | 3.88     | 1.10             | 0.80      | 71.43  |
| Charged For the Period | -             | 4.79      | 53.50               | -                      | 11.12    | 0.57             | 1.46      | 71.44  |
| On Disposals           | -             | -         | -                   | -                      | (5.37)   | -                | -         | (5.37) |
| As at March 31, 2018   | -             | 10.08     | 113.83              | 0.03                   | 9.63     | 1.67             | 2.26      | 137.50 |
| Charged For the Period | -             | 4.34      | 43.29               | -                      | 14.91    | 1.14             | 0.52      | 64.20  |
| On Disposals           | -             | -         | -                   | -                      | (3.89)   | -                | -         | (3.89) |
| As at March 31, 2019   | -             | 14.42     | 157.12              | 0.03                   | 20.65    | 2.81             | 2.78      | 197.81 |

|                      |      |       |        |      |       |      |      |        |
|----------------------|------|-------|--------|------|-------|------|------|--------|
| <b>Net Block</b>     |      |       |        |      |       |      |      |        |
| As at March 31, 2018 | 6.61 | 45.82 | 225.59 | 0.08 | 57.72 | 1.83 | 1.04 | 338.69 |
| As at March 31, 2019 | 6.61 | 41.48 | 182.30 | 0.08 | 42.63 | 1.61 | 0.52 | 275.23 |

**4 Investment Property**

| Particulars            | Land   | Buildings | Rs. Lakhs<br>TOTAL<br>ASSETS |
|------------------------|--------|-----------|------------------------------|
| <b>Gross Block</b>     |        |           |                              |
| As at March 31, 2017   | 7.54   | 27.48     | 35.02                        |
| Additions              | -      | -         | -                            |
| Disposals              | -      | -         | -                            |
| As at March 31, 2018   | 7.54   | 27.48     | 35.02                        |
| Additions              | -      | -         | -                            |
| Disposals              | (7.54) | (27.48)   | (35.02)                      |
| As at March 31, 2019   | -      | -         | -                            |
| <b>Depreciation</b>    |        |           |                              |
| As at March 31, 2017   | -      | 2.61      | 2.61                         |
| Charged For the Period | -      | 2.36      | 2.36                         |
| On Disposals           | -      | -         | -                            |
| As at March 31, 2018   | -      | 4.97      | 4.97                         |
| Charged For the Period | -      | 1.61      | 1.61                         |
| On Disposals           | -      | (6.58)    | (6.58)                       |
| As at March 31, 2019   | -      | -         | -                            |
| <b>Net Block</b>       |        |           |                              |
| As at March 31, 2018   | 7.54   | 22.51     | 30.05                        |
| As at March 31, 2019   | -      | -         | -                            |

**5 Other Intangible Assets**
**Particulars**
**Gross Block**
**As at March 31, 2017**

0.09

0.09

Additions

0.00

0.00

Disposals

0.00

0.00

**As at March 31, 2018**

0.09

0.09

Additions

0.00

0.00

Disposals

0.00

0.00

**As at March 31, 2019**

0.09

0.09

**Amortisation**
**As at March 31, 2017**

0.06

0.06

Amortised For the Period

0.02

0.02

On Disposals

0.00

0.00

**As at March 31, 2018**

0.08

0.08

Amortised For the Period

0.01

0.01

On Disposals

0.00

0.00

**As at March 31, 2019**

0.09

0.09

**Net Block**

As at March 31, 2018

0.01

0.01

As at March 31, 2019

0.00

0.00

**6 Capital Work In Progress**

Intangible assets under development

**As at  
Mar 31,  
2019**
**As at  
Mar 31,  
2018**

2.99

2.99

2.99

2.99

**7 Non Current Investments**
**Rs. Lakhs**

| Particular                                     | As at<br>Mar 31,<br>2019 | As at<br>Mar 31,<br>2018 | As at<br>Mar<br>31,<br>2019 | As at<br>Mar 31,<br>2018 |
|--|--------------------------|--------------------------|-----------------------------|--------------------------|
|  | In Nos                   | In Nos                   | in<br>Lakhs                 | in Lakhs                 |
| <b>I Investment at Cost</b>                    |                          |                          |                             |                          |
| <b>Un-Quoted</b>                               |                          |                          |                             |                          |
| Investment in Equity Shares                    |                          |                          |                             |                          |
| (i) Investment in Subsidiary Companies         | 450,000                  | 450,000                  | 291.77                      | 291.77                   |
| (*Face value of US\$ 1 each)                   |                          |                          |                             |                          |
| Total Equity Investment At Cost                |                          |                          | 291.77                      | 291.77                   |
| Total Un-Quoted Investments at Cost in Equity  |                          |                          | 291.77                      | 291.77                   |
| <b>II Investment at Fair Value through OCI</b> |                          |                          |                             |                          |
| (i) Investment in Mutual Funds                 |                          |                          |                             |                          |
| Union Dynamic Bond Fund                        | 336,691.27               | 336,691.27               | 53.37                       | 50.68                    |
| Total Mutual Funds Investment At Fair Value    |                          |                          | 53.37                       | 50.68                    |
| (ii) Other Investment                          |                          |                          |                             |                          |
| LIC of India                                   |                          |                          | 96.78                       | 107.00                   |
| Star Union Dai-ichi Life Insurance             |                          |                          | 8.66                        | 8.66                     |
| Total Investment at Cost                       |                          |                          | 105.44                      | 115.66                   |
| <b>Total Non Current Investments</b>           |                          |                          | <b>450.58</b>               | <b>458.11</b>            |

| 8 Trade Receivables                       |                        | Rs. Lakhs              |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|
| Particular                                | Non- Current           |                        | Current                |                        |
|   | As at Mar 31, 2019     | As at Mar 31, 2018     | As at Mar 31, 2019     | As at Mar 31, 2018     |
| Trade Receivables                         |                        |                        |                        |                        |
| - Secured, Considered Good                | -                      | -                      | -                      | -                      |
| - Unsecured, Considered Good              | 1,225.27               | 1,395.72               | 3,113.55               | 7,323.80               |
| - Doubtful                                | 816.64                 | -                      | 1,334.40               | -                      |
|   | <u>2,041.91</u>        | <u>1,395.72</u>        | <u>4,447.95</u>        | <u>7,323.80</u>        |
| Less : Allowance for bad & doubtful debts | -                      | -                      | -                      | -                      |
| <b>Total</b>                              | <u><u>2,041.91</u></u> | <u><u>1,395.72</u></u> | <u><u>4,447.95</u></u> | <u><u>7,323.80</u></u> |

\* Out of Current Trade receivable outstanding for more than 6 months Rs 779.05 as on 31st March 2019, Rs 2579.74/- as on 31st March, 2018

\*\* Non - Current Trade receivable include Rs 816.64 as on 31st March 2019 and Current Trade receivable include Rs 1334.40 as on 31st March 2019 against which recovery case are pending.

| 9 Deferred Tax Asset/ (Liability)- Net  |  | Rs. Lakhs           |                     |
|---|--|---------------------|---------------------|
| Particular  |  | As at Mar 31, 2019  | As at Mar 31, 2018  |
| <b>Deferred Tax Liabilities</b>   |  |                     |                     |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books                                     |  | -                   | -                   |
| Impact on Service concession arrangements accounting  |  | -                   | -                   |
| Borrowing cost amortization   |  | -                   | -                   |
| Other comprehensive income  |  | -                   | -                   |
| Gross Deferred Tax Liabilities  |  | <u>-</u>            | <u>-</u>            |
| <b>Deferred Tax Assets</b>  |  |                     |                     |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books                                     |  | 11.29               | 9.11                |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis |  | 1.38                | 0.02                |
| Other Timing Difference   |  | -                   | 4.88                |
| Gross Deferred Tax Assets   |  | <u>12.67</u>        | <u>14.01</u>        |
|   |  | <u><u>12.67</u></u> | <u><u>14.01</u></u> |

|  |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
| Deferred Tax Asset/ (Liability)- Net   |                           | 12.67                     | 14.01                     |
|  |                           |                           |                           |
| <b>10 Other Assets</b>   |                           |                           | <b>Rs. Lakhs</b>          |
|  | <b>Non- Current</b>       | <b>Current</b>            |                           |
| <b>Particular</b>  | <b>As at Mar 31, 2019</b> | <b>As at Mar 31, 2018</b> | <b>As at Mar 31, 2019</b> |
| Security Deposits  | 0.10                      | 0.10                      | 5.15                      |
| Prepaid Expense  | -                         | -                         | 2.09                      |
| Cenvat / Vat / Service Tax Credit Receivable                                   | -                         | -                         | 13.24                     |
| GST Receivable   | -                         | -                         | 5.12                      |
| Taxes Paid Under protest (Refer note 15)                                       | -                         | -                         | 9.50                      |
| Unamortized Capital Expenditure  | -                         | -                         | -                         |
| Unamortised Upfront Fees and other borrowing Cost                              | -                         | -                         | 0.81                      |
| Others Assets  | -                         | -                         | 29.57                     |
| <b>Total</b>   | <b>0.10</b>               | <b>0.10</b>               | <b>64.67</b>              |
|  |                           |                           |                           |
| <b>11 Inventories</b>  |                           |                           | <b>Rs. Lakhs</b>          |
| <b>Particular</b>  | <b>As at Mar 31, 2019</b> | <b>As at Mar 31, 2018</b> |                           |
| Raw Materials  | 3,145.56                  | 3,318.03                  |                           |
| Finished Goods   | 334.38                    | 366.24                    |                           |
| Stock in Trade   | 381.22                    | 103.22                    |                           |
| (At lower of cost and net realisable value unless otherwise stated)            |                           |                           |                           |
| <b>Total</b>   | <b>3,861.16</b>           | <b>3,787.49</b>           |                           |
|  |                           |                           |                           |
| <b>12 Cash and Cash Equivalents</b>  |                           |                           | <b>Rs. Lakhs</b>          |
| <b>Particular</b>  | <b>As at Mar 31, 2019</b> | <b>As at Mar 31, 2018</b> |                           |
| Cash on Hand   | 21.30                     | 8.82                      |                           |
| Balances with Banks  |                           |                           |                           |
| -On Current Accounts   | 1.78                      | 3.00                      |                           |
| -On Deposit Accounts (Having Maturity less than 3 Months from date of deposit) | -                         | -                         |                           |
|  | <b>23.08</b>              | <b>11.82</b>              |                           |

| 13 Bank Balances  |                    | Rs. Lakhs          |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Particular  | Non- Current       |                    | Current            |                    |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| On Deposit Accounts   |                    |                    |                    |                    |
| - Having Maturity Less than 3 Months  | -                  | -                  | -                  | -                  |
| - Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit | -                  | -                  | 1.03               | 136.09             |
| - Having Maturity more than 12 Months from date of deposit                                    | -                  | -                  | 1.15               | 1.15               |
| <b>Net Bank Balances</b>  | <b>-</b>           | <b>-</b>           | <b>2.18</b>        | <b>137.24</b>      |

| 14 Other Financial Assets       |                    | Rs. Lakhs          |                    |                    |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Particular                      | Non- Current       |                    | Current            |                    |
|                                 | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Loans and Advances to Employees | -                  | -                  | 0.62               | 1.09               |
| Advances to Suppliers           | -                  | -                  | 1,213.94           | 564.41             |
| Interest Accrued on Deposits    | -                  | -                  | 0.13               | 2.75               |
|                                 | <b>-</b>           | <b>-</b>           | <b>1,214.69</b>    | <b>568.25</b>      |

| 15 Tax Assets (Net)                              |                    | Rs. Lakhs          |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
| Particular                                       | Non- Current       |                    | Current            |                    |
|  | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Tax Deposit against disput                       |                    |                    |                    |                    |
| TDS and TCS                                      | -                  | -                  | 11.28              | 10.95              |
| Minimum Alternate Tax Credit Entitlement         | -                  | -                  | -                  | -                  |
|  | <b>-</b>           | <b>-</b>           | <b>11.28</b>       | <b>10.95</b>       |
| Less: Disclosed under the Other Assets (Note 10) | -                  | -                  | 9.50               | 9.50               |
| <b>Total</b>                                     | <b>-</b>           | <b>-</b>           | <b>1.78</b>        | <b>1.45</b>        |

**16 Equity Share Capital**
**Rs.  
Lakhs**

| Particular   | As at<br>Mar 31,<br>2019 | As at<br>Mar 31,<br>2018 |
|--|--------------------------|--------------------------|
| Authorised   |                          |                          |
| 14000000 Mar 31, 2019 (Mar 31, 2018: 14000000 of Rs. 10each)   | 1,400.00                 | 1,400.00                 |
| Equity Shares of Rs. 10 each                                   | <u>1,400.00</u>          | <u>1,400.00</u>          |
| Issued, Subscribed and Paid Up                                 |                          |                          |
| Equity Shares  |                          |                          |
| 10284000 Mar 31,2019 (March 31, 2018: 10284000 of Rs. 10 each) | 1,028.40                 | 1,028.40                 |
| Equity Shares of Rs. 10 each, Fully Paid Up                    | <u>1,028.40</u>          | <u>1,028.40</u>          |
| Total Equity Share Capital                                     | <u>1,028.40</u>          | <u>1,028.40</u>          |

**16. Reconciliation of the shares outstanding at the beginning and at the end  
1 of the reporting period**

|   | <b>No.<br/>Lakhs</b> | <b>Rs.<br/>Lakhs</b> |
|---|----------------------|----------------------|
| Equity Shares of Rs. 10 Each, Fully paid up |                      |                      |
| At the end 31st March 2017                  | <u>102.84</u>        | <u>1,028.40</u>      |
| Issued during the period - Bonus Issue      | -                    | -                    |
| Issued during the period - Cash Issue       | -                    | -                    |
| At the end 31st March 2018                  | <u>102.84</u>        | <u>1,028.40</u>      |
| Issued during the period - Bonus Issue      |                      |                      |
| Issued during the period - Cash Issue       |                      |                      |
| At the end 31st March 2019                  | <u>102.84</u>        | <u>1,028.40</u>      |

**16.2 Terms / Rights attached to Equity Shares (egg. Dividend rights, Voting Rights)**

1. The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The equity share holder are eligible for dividend, if so declared. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing annual general meeting, except in case of Interim Dividend.
2. 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 in the proportion to the number of equity shares held by the shareholders.

**16.3 Details of Shareholder holding more than 5% shares of the company:**

|   | <u>No.</u> | <u>% of Holding</u> |
|---|------------|---------------------|
| <b>Equity Shares of Rs. 10 each Held By as on 31st March 2019</b> |            |                     |
| Mr. Sanjay Gupta  | 2328550    | 22.64%              |
| Mr. Sidhant Gupta   | 528120     | 5.14%               |
| M/s Sanjay Gupta HUF  | 1252430    | 12.18%              |
| <b>Equity Shares of Rs. 10 each Held By as on 31st March 2018</b> |            |                     |
| Mr. Sanjay Gupta  | 1981550    | 19.27%              |
| Mr. Sidhant Gupta   | 528120     | 5.14%               |
| M/s Sanjay Gupta HUF  | 1109360    | 10.79%              |

**16.4 Other Equity**

Refer Statement of Changes in Equity for detailed movement in equity Balance

**(A) Summary of Other Equity Balance**

| <b>Particulars</b>                  | <b>As at<br/>March<br/>31,<br/>2019</b> | <b>As at<br/>March<br/>31,<br/>2018</b> |
|-------------------------------------|---|---|
| Security Premium                    | 54.60                                   | 54.60                                   |
| Retained Earning                    | 2,428.29                                | 2,335.32                                |
| Items of Other Comprehensive Income | 9.21                                    | 6.22                                    |
|                                     | <b>2,492.10</b>                         | <b>2,396.14</b>                         |

- (B) Nature and Purpose of reserves  
**Retained Earnings-** Retained earning are the profit that the company has earned till date, less any transfer to general reserve if any.  
**Security Premium Reseve-**The amount received in excess of face value of equity share issued is recognised in securities premium reserve.  
**Items of Other Comprehensive Income(OCI)-** Items of OCI are the remeasurement Gain/loss on Defined benefit Plan.

| 17 Long Term Borrowings                        |                     | Rs. Lakhs          |                    |                    |
|--|---------------------|--------------------|--------------------|--------------------|
| Particular                                     | Non Current Portion |                    | Current Maturities |                    |
|  | As at Mar 31, 2019  | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| <b>Rupee Term Loans</b>                        |                     |                    |                    |                    |
| <b>Secured</b>                                 |                     |                    |                    |                    |
| From Financial Institutions (refer note (a))   | -                   | 12.10              | -                  | -                  |
| From Others (refer note (b))                   | 160.32              | 106.32             | -                  | -                  |
| <b>Unsecured</b>                               |                     |                    |                    |                    |
| From Financial Institutions                    | 13.46               | 20.79              | 52.99              | 156.88             |
| From Banks                                     | 30.96               | -                  | 11.63              | -                  |
| <b>Hypothecation Loans - Secured</b>           |                     |                    |                    |                    |
| From Banks (refer note (c))                    | 15.27               | 35.02              | 19.79              | 20.87              |
| <b>Loans and Advances from Related Parties</b> |                     |                    |                    |                    |
| <b>Unsecured</b>                               |                     |                    |                    |                    |
| Rupee Term Loans - from Directors              | 995.23              | 1,041.00           | -                  | -                  |
|  | <u>1,215.24</u>     | <u>1,215.23</u>    | <u>84.41</u>       | <u>177.75</u>      |

(a) Indian Rupee Loan from Financial Institutions Rs.38 lakhs is repayable in 48 monthly instalments of Rs.1.1 lakhs each along with interest. The loan is secured by personal guarantee of executive director of the company and their immovable property.

(b) Indian Rupee Loan from Financial Institutions payable on demand. The loan is secured against Keymen Insurance policy.

(c) Hypothecation Loans are secured by hypothecation of specific Vehicles acquired out of such loans

| 18   | Trade payables           | Rs.<br>Lakhs                |                          |                          |  |
|--|--------------------------|-----------------------------|--------------------------|--------------------------|--|
| Particular   | Non current              |                             | Current                  |                          |  |
|  | As at<br>Mar 31,<br>2019 | As at<br>Mar<br>31,<br>2018 | As at<br>Mar 31,<br>2019 | As at<br>Mar 31,<br>2018 |  |
| Trade Payables (including acceptances)   |                          |                             |                          |                          |  |
| (a) total outstanding dues of micro enterprises and small enterprises                      | -                        | -                           | 501.76                   | -                        |  |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | -                        | -                           | 1,720.83                 | 5,369.91                 |  |
|  | -                        | -                           | 2,222.59                 | 5,369.91                 |  |

| 19                                      | Other financial liabilities | Rs.<br>Lakhs                |                             |                             |  |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Particular                              | Non current                 |                             | Current                     |                             |  |
|   | As at<br>Mar<br>31,<br>2019 | As at<br>Mar<br>31,<br>2018 | As at<br>Mar<br>31,<br>2019 | As at<br>Mar<br>31,<br>2018 |  |
| Current maturities long term borrowings | -                           | -                           | 84.41                       | 177.75                      |  |
| Security Deposit                        | -                           | 5.48                        | -                           | -                           |  |
| Salaries and other benefits Payable     | 2.00                        | -                           | 35.51                       | 12.60                       |  |
| Other Payables                          | 8.39                        | -                           | 53.69                       | 90.50                       |  |
| Other Payables (MSME Vendor)            | -                           | -                           | 0.03                        | -                           |  |
| Others - Related party                  | 12.60                       | -                           | -                           | 12.60                       |  |
| * Payable Sanjita Polymet Limited       |                             |                             |                             |                             |  |
|   | 22.99                       | 5.48                        | 173.64                      | 293.45                      |  |

| 20 | Provisions  | Rs. Lakhs          |                    |                    |                    |
|----|---|--------------------|--------------------|--------------------|--------------------|
|    | Particular  | Long Term          |                    | Short Term         |                    |
|    |   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|    | Provision for Leave Encashment  | 0.62               | 0.56               | 0.03               | 0.03               |
|    | Provision for Gratuity  | 15.65              | 15.80              | 1.05               | 0.76               |
|    | Provision for Bonus   | -                  | -                  | 4.27               | 4.10               |
|    |   | <u>16.27</u>       | <u>16.36</u>       | <u>5.35</u>        | <u>4.89</u>        |
| 21 | Other liabilities   | Rs. Lakhs          |                    |                    |                    |
|    | Particular  | Non current        |                    | Current            |                    |
|    |   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|    | Advance from Customers  | -                  | -                  | 198.23             | 23.33              |
|    | Taxes Payable (Other than Income Tax)   | -                  | -                  | 19.19              | 25.78              |
|    | Income Taxes Payable (Note 44)  | 274.30             | -                  | 41.55              | 276.17             |
|    | Employee Contributions Payable (Note 44)  | -                  | -                  | 19.28              | 3.72               |
|    |   | <u>274.30</u>      | <u>-</u>           | <u>278.25</u>      | <u>329.00</u>      |
| 22 | Short Term Borrowings   | Rs. Lakhs          |                    |                    |                    |
|    | Particular  | As at              |                    | As at              |                    |
|    |   | Mar 31, 2019       |                    | Mar 31, 2018       |                    |
|    | <b>Bank Overdraft</b>   |                    |                    |                    |                    |
|    | Cash Credits and Working Capital Demand Loan from Banks (Secured)   |                    |                    | 4,490.68           | 3,332.58           |
|    | (Union Bank of India & South Indian Bank Cash Credit Limits - Secured against Hypothecation of liquid current assets, Plant and Machinery, Immovable property and their personal gurantee of Director and relative) |                    |                    |                    |                    |
|    | <b>Other Loans repayable on demand</b>  |                    |                    |                    |                    |
|    | <b>Secured</b>  |                    |                    |                    |                    |
|    | From Banks (Secured aganist Fixed Deposit)  |                    |                    | -                  | 99.83              |
|    | From Financial Institutions (Secured against immovable property of Director)  |                    |                    | 164.18             | 228.75             |
|    | <b>Unsecured</b>  |                    |                    |                    |                    |
|    | From Banks  |                    |                    | -                  | -                  |
|    | From Financial Institutions   |                    |                    | -                  | -                  |
|    | From other (Inter corporate depsoit)  |                    |                    | 15.00              | -                  |
|    |   |                    |                    | <u>4,669.86</u>    | <u>3,661.16</u>    |

|           |  |  |  |
|-----------|--|--|--|
| <b>22</b> | <b>Revenue From Operations</b>   |  | <b>Rs. Lakhs</b>                                 |
|           | <b>Particular</b>  | <b>For the year<br/>ended March 31,<br/>2019</b> | <b>For the year<br/>ended March 31,<br/>2018</b> |
|           | Sale of Products   | 11,185.10  | 17,192.28  |
|           | <b>Gross Revenue from Operations</b>   | <b>11,185.10</b>                                 | <b>17,192.28</b>                                 |
| <b>23</b> | <b>Other Income</b>  |  |  |
|           | <b>Particular</b>  | <b>For the year<br/>ended March 31,<br/>2019</b> | <b>For the year<br/>ended March 31,<br/>2018</b> |
|           | <b>Interest Income on</b>  |  |  |
|           | Deposits and Margin money  | 3.17   | 10.95  |
|           | <b>Other Non-Operating Income<br/>(Net of expenses directly attributable to such Income)</b> |  |  |
|           | Net Gain on Foreign Exchange Fluctuations  | 4.05   | 4.59   |
|           | Liabilities and Provisions no longer required written back                                   | -  | 1.08   |
|           | Net Profit on Sale of Assets   | 3.26   | 1.14   |
|           | Rental Income from Investment Property   | -  | 0.42   |
|           | Miscellaneous Income   | 0.01   | 1.81   |
|           |  | <b>10.49</b>                                     | <b>19.99</b>                                     |
| <b>24</b> | <b>Cost Of Materials Consumed</b>  |  |  |
|           | <b>Particular</b>  | <b>For the year<br/>ended March 31,<br/>2019</b> | <b>For the year<br/>ended March 31,<br/>2018</b> |
|           | Inventory opening balance  | 3,318.03   | 1,118.33   |
|           | Add : Purchases  | 8,842.79   | 14,316.53  |
|           |  | 12,160.82  | 15,434.86  |
|           | Less : Inventory closing balance   | 3,145.56   | 3,318.03   |
|           | <b>Cost of Raw Materials Consumed</b>  | <b>9,015.26</b>                                  | <b>12,116.83</b>                                 |

**25 Purchase of stock-in-trade**

| Particular                    | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|-------------------------------|---|---|
| Purchases - Trading Materials | 1,117.15                                | 2,556.06                                |
|                               | <b>1,117.15</b>                         | <b>2,556.06</b>                         |

**26 (Increase) / Decrease In Inventories Of Finished Goods, Construction / Development Work In Progress And Stock In Trade**

| Particular  | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|---|---|---|
| <b>Finished Goods</b>                             |   |   |
| Inventories at the beginning of the Year          | 366.24                                  | 496.71                                  |
| Less : Inventories at the end of the Year         | 334.38                                  | 366.24                                  |
| Sub Total (A)                                     | 31.86                                   | 130.47                                  |
| <b>Stock In Trade</b>                             |   |   |
| Inventories at the beginning of the Year          | 103.22                                  | 602.59                                  |
| Less : Inventories at the end of the Year         | 381.22                                  | 103.22                                  |
| Sub Total (B)                                     | (278.00)                                | 499.37                                  |
| <b>(Increase) / Decrease in inventories (A+B)</b> | <b>(246.14)</b>                         | <b>629.84</b>                           |

**27 Employee Benefits Expenses**

| Particular                                     | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|--|---|---|
| Salaries, allowances and benefits to employees | 168.14                                  | 179.93                                  |
| Contribution to provident fund and other funds | 10.98                                   | 11.98                                   |
| Staff welfare expenses                         | 8.85                                    | 8.51                                    |
| Keyman Insurance Premium                       | 1.60                                    | 15.89                                   |
|  | <b>189.57</b>                           | <b>216.31</b>                           |

**28 Finance Cost**

| Particular  | For the year<br>ended March<br>31, 2019 | For the year<br>ended March 31,<br>2018 |
|---|---|---|
| Interest  |   |   |
| - Paid to Bank  | 546.51                                  | 474.37                                  |
| - Paid to Other   | 57.71                                   | 132.85                                  |
| Bank charges  | 40.77                                   | 56.27                                   |
| Other Borrowing Cost (Upfront Fees, Commitment Charges) | 9.83                                    | 8.81                                    |
|   | <b>654.82</b>                           | <b>672.30</b>                           |

**29 Depreciation And Amortization Expense**

| Particular   | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|--|---|---|
| Depreciation on PPE (refer note 3)                 | 64.20                                   | 71.44                                   |
| Depreciation on Investment Property (refer note 4) | 1.61                                    | 2.36                                    |
| Amortization on Intangible Assets (refer note 5)   | 0.01                                    | 0.02                                    |
| Amortization Expense                               | -                                       | 19.75                                   |
|  | <b>65.82</b>                            | <b>93.57</b>                            |

**30 Other Expenses**

| Particular                            | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|---------------------------------------|---|---|
| Rent                                  | 13.65                                   | 16.91                                   |
| Rates and taxes                       | 7.18                                    | 0.50                                    |
| Repairs and Maintenance:              |   |   |
| Office Building and Plant & Machinery | 5.45                                    | 21.27                                   |
| Others                                | 1.83                                    | 2.85                                    |
| Office maintenance                    | 0.76                                    | 7.97                                    |
| Insurance                             | 5.37                                    | 5.50                                    |

|  |               |               |
|--|---------------|---------------|
| Printing and stationery                    | 0.94          | 1.07          |
| Consultancy and other professional charges | 6.58          | 18.93         |
| Electricity and Power charges              | 46.72         | 60.65         |
| Remuneration to auditors                   | 2.55          | 3.00          |
| Travelling and conveyance                  | 21.01         | 22.71         |
| Communication expenses                     | 2.01          | 3.93          |
| Business Promotion and Advertisement       | 2.85          | 2.13          |
| Discount Charges                           | 22.88         | 28.65         |
| Vehicle running & maintenance              | 12.61         | 18.73         |
| Commission & brokerage                     | 2.37          | 15.73         |
| Freight and forwarding charges             | 96.16         | 101.31        |
| Testing Fee and Licence Fee                | 7.35          | 4.51          |
| Miscellaneous expenses                     | 4.98          | 1.40          |
|  | <b>263.25</b> | <b>337.75</b> |

**31 Other Comprehensive Income**

| Particular   | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|--|---|---|
| <b>(A) Items that will not be reclassified to profit or loss</b>             |   |   |
| (i) Changes in revaluation surplus;  | 2.69                                    | 0.68                                    |
| (ii) Remeasurements of the defined benefit plans;                            | -                                       | -                                       |
| (iii) Others (specify nature)  | -                                       | -                                       |
| Income Tax relating to items that will not be reclassified to profit or loss | -                                       | -                                       |
|  | <b>2.69</b>                             | <b>0.68</b>                             |
| <b>(B) Items that will be reclassified to profit or loss</b>                 |   |   |
| Others (specify nature).   | 0.30                                    | 2.86                                    |
| Income Tax relating to items that will be reclassified to profit or loss     | -                                       | -                                       |
|  | <b>0.30</b>                             | <b>2.86</b>                             |

Notes and other explanatory information to financial statements for  
the year ended March 31, 2019

**32 Earning Per Share (EPS)**

|   |                  | <b>March 31,<br/>2019</b> | <b>March 31,<br/>2018</b> |
|---|------------------|---------------------------|---------------------------|
| <b><u>Total Operations for the year</u></b>   |                  |                           |                           |
| Profit/(Loss) after tax   |                  | 92.97                     | 405.62                    |
| Less : Dividend on convertible Preference<br>shares & tax thereon                         |                  | -                         | -                         |
| <b>Net Profit/(Loss) for calculation of basic EPS</b>                                     | <b>(A)</b>       | <b>92.97</b>              | <b>405.62</b>             |
| Net Profit as above   |                  | 92.97                     | 405.62                    |
| Add : Dividends on convertible preference<br>shares & tax thereon                         |                  | -                         | -                         |
| Add : Interest on bonds/Debentures/Loan<br>convertible into<br>equity shares (Net of tax) |                  | -                         | -                         |
| <b>Net Profit/(Loss) for calculation of diluted<br/>EPS</b>                               | <b>(B)</b>       | <b>92.97</b>              | <b>405.62</b>             |
| <b>Weighted average number of Equity Shares<br/>for Basic EPS</b>                         | <b>(c)</b>       | <b>102.84</b>             | <b>102.84</b>             |
| <b>Effect of dilution :</b>   |                  |                           |                           |
| Due to bonus share  |                  | -                         | 17.14                     |
| <b>Weighted Average number of Equity shares<br/>for Diluted EPS</b>                       | <b>(D)</b>       | <b>102.84</b>             | <b>119.98</b>             |
| <b>Basic EPS</b>  |                  |                           |                           |
| Total Operations  | <b>(A) / (C)</b> | 0.90                      | 3.94                      |
| <b>Diluted EPS</b>  |                  |                           |                           |
| Total Operations  | <b>(B) / (D)</b> | 0.90                      | 3.38                      |

**33 Borrowing Costs**

Detail of borrowing costs incurred which are directly attributable to the acquisition/ construction of a qualifying asset and capitalised during the year to be disclosed.

**34 Capital and Other Commitments**

| Particular  | March 31,<br>2019 | March 31,<br>2018 |
|---|-------------------|-------------------|
| Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for | Nil               | Nil               |
| Estimated amount of contracts remaining to be executed on investment property and not provided for                            | Nil               | Nil               |
| Investment Commitment in Subsidiaries and Associates  | Nil               | Nil               |
| Contractual obligations for purchase of PPE   | Nil               | Nil               |

**37 Employee benefit obligations**
**1 Defined contribution plans**

Defined contribution plan, which relates to the company's provident fund under which an amount of Rs. 7.75 Lakh (Previous year Rs. 8.56 Lakh) of employers' contribution to provident fund has been recognized in the statement of profit and loss account during the year.

**2 Defined benefit plans:**
**Gratuity**

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service.

**a Balance Sheet amount (Gratuity)**

| Particular  | Present<br>value of<br>obligati<br>on | Fair value of<br>plan assets | Net amount   |
|---|---------------------------------------|------------------------------|--------------|
| <b>March 31, 2017</b>                                     | <b>16.16</b>                          | -                            | <b>16.16</b> |
| Current service cost                                      | 2.45                                  | -                            | 2.45         |
| Interest expense   (income)                               | 1.20                                  | -                            | 1.20         |
| <b>Total amount recognised in profit and loss</b>         | <b>3.65</b>                           | -                            | <b>3.65</b>  |
| Re-measurement (or Actuarial) (gain) / loss arising from: |                                       |                              |              |
| - change in financial assumptions                         | (0.87)                                | -                            | (0.87)       |
| - experience variance (i.e. Actual                        | (1.99)                                | -                            | (1.99)       |

experiencevs assumptions)

|  |               |   |               |
|--|---------------|---|---------------|
| <b>Total amount recognised in Other Comprehensive Income</b> | <b>(2.86)</b> | - | <b>(2.86)</b> |
| Benefit payments   | (0.39)        | - | (0.39)        |
| <b>March 31, 2018</b>  | <b>16.56</b>  | - | <b>16.56</b>  |
| Current service cost   | 2.05          | - | 2.05          |
| Interest expense   (income)                                  | 1.29          | - | 1.29          |
| <b>Total amount recognised in profit and loss</b>            | <b>3.34</b>   | - | <b>3.34</b>   |
| Re-measurement (or Actuarial) (gain) / loss arising from:    |               |   |               |
| - change in financial assumptions                            | 0.22          |   |               |
| - experience variance (i.e. Actual experiencevs assumptions) | (1.33)        | - | (1.33)        |
| <b>Total amount recognised in Other Comprehensive Income</b> | <b>(1.11)</b> | - | <b>(1.11)</b> |
| Benefit payments   | (2.09)        | - | (2.09)        |
| <b>March 31, 2019</b>  | <b>16.70</b>  | - | <b>16.70</b>  |

**b Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013**

| <b>Particular</b>                 | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|-----------------------------------|-----------------------|-----------------------|
| Current Liability (Short term)    | 1.05                  | 0.76                  |
| Non-Current Liability (Long term) | 15.64                 | 15.80                 |
|                                   | <u><b>16.70</b></u>   | <u><b>16.56</b></u>   |

**c Expenses Recognised in the Income Statement**

| <b>Particular</b>   | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|---|-----------------------|-----------------------|
| Current Service Cost  | 2.05                  | 2.45                  |
| Past Service Cost   | -                     | -                     |
| Loss/(Gain) on settlement   | -                     | -                     |
| Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset) | 1.29                  | 1.20                  |
| <b>Expenses Recognised in the Income Statement</b>                      | <u><b>3.34</b></u>    | <u><b>3.65</b></u>    |

**d Other Comprehensive Income**

| Particular   | March 31,<br>2019 | March 31,<br>2018 |
|--|-------------------|-------------------|
| Actuarial (gains) / losses   |                   |                   |
| - change in demographic assumptions  | -                 | -                 |
| - change in financial assumptions  | 0.22              | (0.87)            |
| - experience variance (i.e. Actual experience vs assumptions)                                  | (1.33)            | (1.99)            |
| - others   | -                 | -                 |
| Return on plan assets, excluding amount recognised in net interest expense                     | -                 | -                 |
| Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling | -                 | -                 |
| <b>Components of defined benefit costs recognised in other comprehensive income</b>            | <b>(1.11)</b>     | <b>(2.86)</b>     |

**e Actuarial Assumptions**

We have used actuarial assumptions selected by the Company. The Company has been advised that the assumptions selected should be unbiased and mutually compatible and should reflect the Company's best estimate of the variables of the future. The Company has also been advised to consider the requirements of Para 144 of Ind AS19 in this regard.

**Financial Assumptions**

The principal financial assumptions used in the valuation are shown in the table below:

| Particular                     | March 31,<br>2019 | March 31,<br>2018 |
|--------------------------------|-------------------|-------------------|
| Discount rate (per annum)      | 7.70%             | 7.80%             |
| Salary growth rate (per annum) | 7.00%             | 7.00%             |

**f Demographic Assumptions**

| Particular                                  | March 31,<br>2019 | March 31,<br>2018 |
|---|-------------------|-------------------|
| Mortality rate (% of IALM 06-08)            | 100%              | 100%              |
| Normal retirement age                       | 58 Years          | 58 Years          |
| Attrition / Withdrawal rates, based on age: |                   |                   |

(per annum)

|                |    |    |
|----------------|----|----|
| Up to 30 years | 5% | 5% |
| 31 to 45 years | 3% | 3% |
| Above 45 years | 1% | 1% |

**g Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particular                        | March 31,<br>2019 | March 31,<br>2018 |
|-----------------------------------|-------------------|-------------------|
| Defined Benefit Obligation (Base) | 16.70             | 16.56             |

| Particular                                     | March 31, 2019 |          |
|--|----------------|----------|
|  | Decrease       | Increase |
| Discount Rate (- / + 1%)                       | 19.13          | 14.68    |
| (% change compared to base due to sensitivity) | 14.60%         | -12.10%  |
| Salary Growth Rate (- / + 1%)                  | 14.65          | 19.13    |
| (% change compared to base due to sensitivity) | -12.30%        | 14.50%   |
| Attrition Rate (- / + 50% of attrition rates)  | 16.51          | 16.86    |
| (% change compared to base due to sensitivity) | -1.10%         | 0.90%    |
| Mortality Rate (- / + 10% of mortality rates)  | 16.69          | 16.70    |
| (% change compared to base due to sensitivity) | 0.00%          | 0.00%    |

| Particular                                     | March 31, 2018 |          |
|--|----------------|----------|
|  | Decrease       | Increase |
| Discount Rate (- / + 1%)                       | 18.99          | 14.54    |
| (% change compared to base due to sensitivity) | 14.70%         | -12.20%  |

|  |         |        |
|--|---------|--------|
| Salary Growth Rate (- / + 1%)                  | 14.51   | 18.98  |
| (% change compared to base due to sensitivity) | -12.40% | 14.60% |
| Attrition Rate (- / + 50% of attrition rates)  | 16.36   | 16.72  |
| (% change compared to base due to sensitivity) | -1.20%  | 1.00%  |
| Mortality Rate (- / + 10% of mortality rates)  | 16.55   | 16.56  |
| (% change compared to base due to sensitivity) | 0%      | 0%     |

**f Maturity Profile of Defined Benefit Obligation**

| Particular  | March 31,<br>2019 |
|---|-------------------|
| Expected cash flows over the next (valued on undiscounted basis): |                   |
| 1 year  | 1.05              |
| 2 to 5 Year   | 2.25              |
| 6 to 10 Year  | 5.82              |
| More Than 10 Year   | 48.96             |

**38 Contingent Liabilities - Not probable and therefore not provided for**

| Particular  | March 31,<br>2019 | March 31,<br>2018 |
|---|-------------------|-------------------|
| <b>A. Claims disputed by the company</b>  |                   |                   |
| Income tax Liability *  | 63.33             | 63.33             |
| (Order pass in favour of the company, whereas effect from Revenue authority was pending)        |                   |                   |
| <b>B. Outstanding Corporate Guarantees</b>  |                   |                   |
| Given to Financial Institutions, Banks on behalf of other group companies *                     | 20.00             | 20.00             |
| (* Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD) |                   |                   |
| <b>C. Guarantees issued by the bank on behalf of the Company</b>                                | 4.46              | 4.46              |

### 39 Segment Reporting

As the company business activity fall within one segment viz. Manufacturing Business as per Ind AS 108, the disclosures requirements of Ind AS 108 of operating sigment is not applicable.

### 40 Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro and Small Enterprises

| Particular   | March 31,<br>2019 | March 31,<br>2018 |
|--|-------------------|-------------------|
| Principal amount remaining unpaid to any supplier as at the end of the year  | 502.11            | -                 |
| Interest due on the above amount   | -                 | -                 |
| Amount of interest paid in terms of Section 16 of the MSMED Act, 2006  | -                 | -                 |
| Amount of payments made to the suppliers beyond the appointed day during the year  | -                 | -                 |
| Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act   | -                 | -                 |
| Amount of interest accrued and remaining unpaid at the end of the year   | -                 | -                 |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprises. | -                 | -                 |

*Note: Due to Financial crunch in the company payment outstanding with to vendor registered MSMED Act, 2006 was pending for the payment more that 45 days (limit specified in the MSMED Act, 2006), due to that compant was liability to interest on delay in payment, As per management decision interest will charged in financial statement when paid.*

### 41 Cash and Cash Equivalents

For the purpose of the financial statement cash and cash equivalents comprise of following: -

| Particular           | March 31,<br>2019 | March 31,<br>2018 |
|----------------------|-------------------|-------------------|
| Cash on Hand         | 21.30             | 8.82              |
| Balances with Banks  |                   |                   |
| -On Current Accounts | 1.78              | 3.00              |

|  |              |               |
|--|--------------|---------------|
| -On Deposit Accounts (Having Maturity less than 3 Months from date of deposit)                                     | -            | -             |
| -On Deposit Accounts (Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit) | 1.03         | 136.09        |
| -On Deposit Accounts (Having Maturity more than 12 Months from date of deposit)                                    | 1.15         | 1.15          |
|  | <u>25.26</u> | <u>149.06</u> |

**For the purpose of the cash flow statement, cash and cash equivalents comprise of following: -**

| Particular                                  | March 31,<br>2019 | March 31,<br>2018 |
|---|-------------------|-------------------|
| Cash & Cash equivalent as per balance sheet | 25.26             | 149.06            |
| Bank Overdraft                              | (4,490.68)        | (3,332.58)        |
|   | <u>(4,465.42)</u> | <u>(3,183.52)</u> |

**42 Payment to Auditor**

| Particular            | March 31,<br>2019 | March 31,<br>2018 |
|-----------------------|-------------------|-------------------|
| Audit Fees            | 2.06              | 2.06              |
| Tax Audit Fees        | 0.49              | 0.49              |
| Other Tax Matter Fees | -                 | 0.45              |
|                       | <u>2.55</u>       | <u>3.00</u>       |

**43 Earning in Foreign Currency**

| Particular                 | March 31,<br>2019 | March 31,<br>2018 |
|----------------------------|-------------------|-------------------|
| Income in foreign currency | Nil               | Nil               |

**44 Expenditure in Foreign Currency**

| Particular        | March 31,<br>2019 | March 31,<br>2018 |
|-------------------|-------------------|-------------------|
| Purchase of Goods | 596.07            | 187.40            |

**45 Details of Unpaid undisputed Statutory Liabilities**

The company has not paid its undisputed and disputed statutory liability which is pending for more than 1 year related to income tax, more than 6 months with respect to ESIC and EPF and for less than 3 months with respect to TDS.

| Statutory Liability | Amount<br>(in | Remark |
|---------------------|---------------|--------|
|---------------------|---------------|--------|

**Lakhs)**

|                         |        |  |
|-------------------------|--------|--|
| Income Tax Act          | 315.85 | (as per books of accounts incl provision for A.Y. 19-20) |
| ESIC                    | 4.21   | (as per books of accounts)                               |
| EPF                     | 15.07  | (as per books of accounts)                               |
| Tax deducted at sources | 0.82   | (as per books of accounts)                               |

46 The Audited GST return for the year ended 31-March -2018 is pending for the filing as competent authority has extended the date of filing till 30-June-2019. The company is in process of reconciling the data of GSTR 2A with GSTR 3B. In view of the management on final reconciliation the impact will not be material.

47 Balance of certain trade receivables, trade payables, provisions, liabilities and TDS receivable are subject to reconciliation/confirmation.

48 Previous year figures have been regrouped/reclassified where ever necessary, to confirm to those of the current year.

49 As allowed under Schedule III of the Companies Act, 2013, financials are prepared in lakhs / in Crores and rounded off to two decimals. The amounts / numbers below thousand / fifty thousands are appearing as zero.

**As per our report of even date.**

**For V J M & Associates LLP**  
**Chartered Accountants**  
**Firm Registration No. 027535N/N500093**

**For and on behalf of the Board of Directors**  
**Sanco Industries Limited**

**Sd/-**

**Kavit Vijay**  
**Partner**  
**Membership No. 517014**

**Sd/-**

**Sanjay Gupta**  
**Managing Director**  
**DIN - 00726005**

**Sd/-**

**Sidhant Gupta**  
**Whole Time Director**  
**DIN - 02676750**

**Date: 28.05.2019**  
**Place: Delhi**

**Sd/-**  
**Chief Financial Officer**  
**Madhvi Gaur**

**Sd/-**  
**Company Secretary**  
**Akriti Mahajan**

### 36 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

| Particular                            | As at<br>March 31, 2019 |       |           | As at<br>March 31, 2018 |       |           |
|---------------------------------------|-------------------------|-------|-----------|-------------------------|-------|-----------|
|                                       | FVPL                    | FVOCI | Amortised | FVPL                    | FVOCI | Amortised |
| <b>Financial assets</b>               |                         |       |           |                         |       |           |
| Investments                           |                         |       |           |                         |       |           |
| - Equity instruments                  | -                       | -     | 291.77    | -                       | -     | 291.77    |
| - Mutual Funds                        | -                       | 53.37 | -         | -                       | 50.68 | -         |
| - Other Investment                    | -                       | -     | 105.44    | -                       | -     | 115.66    |
| Trade receivables                     | -                       | -     | 6,489.86  | -                       | -     | 8,719.52  |
| Deposit with Bank                     | -                       | -     | 2.18      | -                       | -     | 137.24    |
| Cash and cash equivalents             | -                       | -     | 23.08     | -                       | -     | 11.82     |
| Other financial assets                |                         |       |           |                         |       |           |
| - Loans and Advances to Employees     | -                       | -     | 0.62      | -                       | -     | 1.09      |
| - Advances to Suppliers               | -                       | -     | 1,213.94  | -                       | -     | 564.41    |
| - Interest Accrued on Deposits        | -                       | -     | 0.13      | -                       | -     | 2.75      |
| <b>Total Financial Assets</b>         | -                       | 53.37 | 8,127.02  | -                       | 50.68 | 9,844.26  |
| <b>Financial liabilities</b>          |                         |       |           |                         |       |           |
| Borrowings                            |                         |       | 5,969.51  |                         |       | 5,054.14  |
| Trade payables                        |                         |       | 2,222.59  |                         |       | 5,369.91  |
| Other financial liabilities           |                         |       |           |                         |       |           |
| - Security Deposit                    |                         |       | -         |                         |       | 5.48      |
| - Salaries and other benefits Payable |                         |       | 37.51     |                         |       | 12.60     |
| - Other Payables                      |                         |       | 74.71     |                         |       | 103.10    |
| <b>Total Financial Liabilities</b>    | -                       | -     | 8,304.32  | -                       | -     | 10,545.23 |

**Fair Market Value of Financial Assets**

| Particular                            | As at<br>March 31, 2019 |                 | As at<br>March 31, 2018 |                  |
|---------------------------------------|-------------------------|-----------------|-------------------------|------------------|
|                                       | Carrying<br>Amount      | FMV             | Carrying Amount         | FMV              |
| <b>Financial assets</b>               |                         |                 |                         |                  |
| Investments                           |                         |                 |                         |                  |
| - Equity instruments                  | 291.77                  | 291.77          | 291.77                  | 291.77           |
| - Mutual Funds                        | 50.00                   | 53.37           | 50.00                   | 50.68            |
| - Other Investment                    | 105.44                  | 69.40           | 115.66                  | 78.06            |
| Trade receivables                     | 6,489.86                | 6,489.86        | 8,719.52                | 8,719.52         |
| Deposit with Bank                     | 2.18                    | 2.18            | 137.24                  | 137.24           |
| Cash and cash equivalents             | 23.08                   | 23.08           | 11.82                   | 11.82            |
| Other financial assets                |                         |                 |                         |                  |
| - Loans and Advances to Employees     | 0.62                    | 0.62            | 1.09                    | 1.09             |
| - Advances to Suppliers               | 1,213.94                | 1213.94         | 564.41                  | 564.41           |
| - Interest Accrued on Deposits        | 0.13                    | 0.13            | 2.75                    | 2.75             |
| <b>Total Financial Assets</b>         | <b>8,177.02</b>         | <b>8,144.35</b> | <b>9,894.26</b>         | <b>9,857.34</b>  |
| <b>Financial liabilities</b>          |                         |                 |                         |                  |
| Borrowings                            | 5,969.51                | 5,969.51        | 5,054.14                | 5,054.14         |
| Trade payables                        | 2,222.59                | 2,222.59        | 5,369.91                | 5,369.91         |
| Other financial liabilities           |                         |                 |                         |                  |
| - Security Deposit                    | -                       | -               | 5.48                    | 5.48             |
| - Salaries and other benefits Payable | 37.51                   | 37.51           | 12.60                   | 12.60            |
| - Other Payables                      | 74.71                   | 74.71           | 103.10                  | 103.10           |
| <b>Total Financial Liabilities</b>    | <b>8,304.32</b>         | <b>8,304.32</b> | <b>10,545.23</b>        | <b>10,545.23</b> |

**35 RELATED PARTY DISCLOSURE**
**a) Name of Related parties and description of relationship**

| Description of Relationship  | Name  |
|--|---|
| <b>Wholly Owned Subsidiary company</b>   | - Sanjita Polymet Limited   |
| <b>Associates Enterprises</b>  | - Sanco Enterprises Private Ltd<br>- Superlink Polyfeb Ltd.   |
| <b>Key Management Personnel</b><br>Whole Time Director<br><br>Managing Director<br><br>Director<br><br>CFO(KMP)<br><br>Company Secretary | - Rita Gupta<br>- Sidhant Gupta<br><br>- Sanjay Gupta<br><br>- Sanjay Gupta<br>- Saurabh Gupta<br>- Sanjeev Kumar Jain<br>- Surender Kumar Gupta<br>- Sonu Kumari<br><br>Madhvi Gaur (from 01/02/2019)<br>Vipul Singhal (upto 31/01/2019)<br><br>Akriti Mahajan |
| <b>Close family members of Key Management Personnel</b>  | - Anurag Gupta<br>- Mansi Gupta<br>-Sanjay Gupta HUF<br>-Shakuntala Gupta   |

**(B) Summary of related party transactions**

Rs. Lakhs

| Particulars                | Subsidiary company(ies) |                 | Entities controlled by Directors or their Relatives |                 | Key Management Personnel or their Relatives |                 |
|----------------------------|-------------------------|-----------------|---|-----------------|---|-----------------|
|                            | 31st March 2019         | 31st March 2018 | 31st March 2019                                     | 31st March 2018 | 31st March 2019                             | 31st March 2018 |
| <b>Transactions</b>        |                         |                 |   |                 |   |                 |
| Unsecured Loan Received    | -                       | -               | -   | -               | 12.00                                       | 1,128.75        |
| Unsecured Loan Repaid      | -                       | -               | -   | -               | 57.77                                       | 327.75          |
| Purchase of Goods          |                         |                 | 65.73   | -               | -   | -               |
| Remuneration and Salary    | -                       | -               | -   | -               | 31.63                                       | 34.85           |
| Reimbursement of expenses  | -                       | -               | -   | -               | 44.33                                       | 85.59           |
| Rent paid                  | -                       | -               | -   | -               | 6.75  | 9.00            |
| <b>Balance outstanding</b> |                         |                 |   |                 |   |                 |
| Payables                   | 12.60                   | 12.60           | 65.73   | -               | 1,010.97                                    | 1,074.33        |

**(C) Details of related party transactions**
**Nature of Transaction**
**Unsecured Loan Received**
**With Key Management Personnel or their Relatives**

Mansi Gupta - Relative of Director  
 Rita Gupta - Whole Time Director  
 Sanjay Gupta - Managing Director  
 Shakuntla Gupta - Relative of Director

**Unsecured Loan Repaid**
**With Key Management Personnel or their Relatives**

Anurag Gupta - Relative of Director  
 Sanjay Gupta - Managing Director

**Purchase of Goods**
**With Entities controlled by Directors or their Relatives**

Superlink Polyfeb Ltd. - Associates Enterprises

**Remuneration and Salary**
**With Key Management Personnel or their Relatives**

Sanjay Gupta - Managing Director

|                                  |   |
|----------------------------------|---|
|                                  | Rita Gupta - Whole Time Director<br>Sidhant Gupta - Whole Time Director<br>Mansi Gupta - Relative of Director<br>Anurag Gupta - Relative of Director<br>Madhvi Gaur - CFO<br>Vipul Singhal - CFO<br>Akriti Mahajan - Company Secretary<br>Preeti Gupta - Company Secretary  |
| <b>Reimbursement of expenses</b> | <b>With Key Management Personnel or their Relatives</b><br>Sanjay Gupta - Managing Director   |
| <b>Rent paid</b>                 | <b>With Key Management Personnel or their Relatives</b><br>Rita Gupta - Whole Time Director<br>Shakuntla Gupta - Relative of Director   |
| <b>Payables</b>                  | <b>Subsidiary company(ies)</b><br>Sanjita Polymet Limited - Wholly Owned Subsidiary Co.<br><b>Entities controlled by Directors or their Relatives</b><br>Superlink Polyfeb Ltd. - Associates Enterprises<br><b>Key Management Personnel or their Relatives</b><br><b>Unsecured Loan Payable</b><br>Anurag Gupta - Relative of Director<br>Mansi Gupta - Relative of Director<br>Rita Gupta - Whole Time Director<br>Sanjay Gupta - Managing Director<br>Shakuntla Gupta - Relative of Director<br><b>Rent Payable</b><br>Rita Gupta - Whole Time Director<br>Shakuntla Gupta - Relative of Director<br><b>Remuneration and Salary Payable</b><br>Sanjay Gupta - Managing Director<br>Rita Gupta - Whole Time Director<br>Sidhant Gupta - Whole Time Director<br>Mansi Gupta - Relative of Director<br>Anurag Gupta - Relative of Director<br>Madhvi Gaur - CFO<br>Vipul Singhal - CFO<br>Akriti Mahajan - Company Secretary<br><b>Reimbursement of expenses Payable</b><br>Sanjay Gupta - Managing Director |

**Notes and other explanatory information to financial statements for the year ended March 31, 2019****1. Corporate Information**

Sanco Industries Limited is an integrated infrastructure developing company. The company provides engineering, procurement, construction, commissioning and project management services on a turnkey basis to the power Sector for thermal (coal fired and gas fired) and hydro power plants as well and also construction of highways, power plants, water supply and irrigation projects including dam, tunnels etc. The Company is also into generation of energy from wind and solar power plants.

**2. Basis of preparation**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(i) Compliance with IndAS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and
- Share-based payments.

**2.1 Summary of significant accounting policies****I. Significant Accounting Estimates and Judgments**

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

### *Use of estimation and assumptions*

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

#### Income tax

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### Property, plant and equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment, mineral leaseholds and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is disclosed in Notes and Notes, and useful lives is applied as per schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

#### Provision for warranty

The company has recognised a provision for warranty associated with liquidated damages and shortfall in performance arising from obligations stated in its project contracts. In determining the amount of the provision, assumption and estimates are made in relation to the present value of the potential risk, risk adjusted equity return rate, current sales levels, subsequent events and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The carrying amount of the provisions as at the reporting period end are disclosed in Notes to the financial statement.

#### Construction Contracts

The Company uses internal technical team with quantity surveyors together to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labour costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates. In the Construction and EPC industry, there are various contractual matters relating to possible penalties for delays in contract completion, claims of suppliers/subcontractors, recovery of additional claims, expected costs during defect liability period etc., that are subject to various sources of uncertainties and future negotiations. The management regularly reviews estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

Contract work in progress and Contract revenues are recognised on a percentage of completion basis, that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are recognized only when the final outcome can be reliably estimated.

#### Employee Benefits- Measurement of Defined Benefit Obligation

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits.

**Critical judgments made in applying accounting policies.**

#### Lease Classifications

At the inception of an arrangement entered into for the use of property, plant and equipment (PPE), the Company determines whether such an arrangement is, or contains, a lease. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of (i) whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and (ii) the arrangement conveys a right to use the asset(s).

Lease transactions where substantially all risks and rewards incident to ownership are transferred from the lessor to the lessee are accounted for as finance leases. All other leases are accounted for as operating leases.

#### Service concession arrangements

The analysis on whether the Appendix A of Ind AS 11 applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

Therefore, the application of Appendix A of Ind AS 11 requires extensive judgment in relation with, amongst other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of Appendix A of Ind AS 11, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect the conclusions as to the appropriateness of the application of Appendix A of Ind AS 11 and, therefore, on the results of operations or the financial position.

#### Impairment in subsidiaries

When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

#### Impairment of plant & equipment and Intangible assets

The company assesses whether plant & equipment and intangible assets have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant & equipment and intangible asset have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

#### Expected credit loss

Expected credit losses of the company are based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

## **II. Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price(after deducting trade discounts and rebates), import duties & non-refundable purchase taxes,any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably.The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into net income as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

***Depreciation***

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

|                         |          |
|-------------------------|----------|
| Plant and Machinery     | 1 to 25  |
| Buildings               | 30 to 60 |
| Computers and equipment | 3 to 6   |
| Furniture & fixtures    | 10 to 15 |
| Vehicles                | 8 to 10  |
| Office equipment        | 5 to 15  |

Leasehold Assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

**III. Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment.

**IV. Intangible Assets*****Service concession arrangements (SCA)***

Where the company enters into service concession arrangements under which the company constructs, uses and operates certain assets for the provision of public services, construction revenue and costs are recognised in the profit and loss account by reference to the stage of completion at the balance sheet date while the fair value of construction service is capitalised initially as service concession assets in the balance sheet. Expenditure for the replacement and/or upgrade of the assets subject to service concession is capitalised.

Concession rights are recognized as an intangible asset to the extent that it receives a right to charge users of the service. Concession rights are stated at cost less accumulated amortization and accumulated impairment losses.

In case of BOOT based road projects amortization is as per the schedule II of companies act 2013 i.e. calculated by taking the proportionate of actual revenue earned for the year over the total projected revenues from the balance concession period of the project applied to the cost of Intangible assets. The total projected revenues are reviewed at the end of each financial year and the total projected revenues are adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

In all other intangible service concession assets, amortization is calculated by using the straight-line method over the licensing periods.

#### *Other Intangible assets*

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

The company amortizes Computer software using the straight-line method over the period of 4 years.

### **V. Financial Assets**

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### *Initial recognition:*

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

#### *Subsequent Measurement:*

(i) Financial assets measured at amortised cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

- a) Trade receivable
- b) Cash and cash equivalents
- c) Other Financial Asset

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

(iv) Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.

*Impairment of Financial Assets:*

Financial assets are tested for impairment based on the expected credit losses.

(i) Trade Receivables

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

*De-recognition of financial assets*

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

**VI. Impairment of Non-Financial Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**VII. Government Grants**

Government assistance is recognized when there is reasonable assurance that the Company will comply with the conditions attached to the government assistance and the grants will be received. Such assistance is recorded as a reduction to the related expense or asset.

**VIII. Inventories**

Raw materials, consumables, stores and spares and finished goods are valued at lower of cost and net realizable value. Cost is determined on weighted average cost method.

Construction/Development work-in-progress related to project works is valued at lower of cost or net realizable value, where the outcome of the related project is estimated reliably. Cost includes cost of land, cost of materials, cost of borrowings and other related overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**IX. Cash and Cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

**X. Non-current Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of the disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held for sale or subsequent gain on re-measurement are recognized into net income. Gains are not recognized in excess of any cumulative impairment losses.

**XI.Share Capital**

Equity shares are classified as equity.

**XII.Financial Liabilities*****Initial recognition and measurement***

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification as follows: -

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

***Other financial liabilities***

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**XIII.Borrowing Costs**

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. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

#### **XIV.Employee Benefits**

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Remeasurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

#### **XV.Income Taxes**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other

assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## **XVI. Leases**

### *As a lessee*

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### *As a lessor*

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

### *Leasehold land:*

Leasehold land that normally has a finite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

The payment made on entering into or acquiring a leasehold land is accounted for as leasehold land use rights (referred to as prepaid lease payments in Ind AS 17 "Leases") and is amortized over the lease term in accordance with the pattern of benefits provided.

## **XVII. Provisions, Contingent Liabilities and Contingent Assets**

### *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation is incurred. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims under the contract entered into with Vendors and Contractors are recognised at the end of the contract or as agreed upon.

#### ***Contingent Liabilities***

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising 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 where the probability of outflow of resources is not remote.

#### ***Contingent Assets***

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable

### **XVIII. Fair Value Measurements**

Company uses the following hierarchy when determining fair values:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, overthecounter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## **XIX.Revenue Recognition**

Revenue is recognized and measured at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The company collects service tax, sales taxes/value added taxes (VAT) and GST on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

### ***Insurance Claims***

Insurance claims are recognized on acceptance / actual receipt of the claim.

### ***Interest***

Revenue is recognized as the interest accrues, using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### ***Dividends***

Dividends are recognised in profit or loss only when the right to receive payment is established.

**XX. Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of the company, at exchange rates in effect at the transaction date.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position.

The translation for other non-monetary assets is not updated from historical exchange rates unless they are carried at fair value

**XXI. Minimum Alternative Tax (MAT)**

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

**XXII. Earnings per Share**

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**XXIII. Segmental Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments.

**XXIV. Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated

**Independent Auditors' Report**

To the Members of Sanco Industries Limited

**Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of Sanco Industries Limited ("the Company") and its subsidiaries (viz Sanjita Polymet Limited) the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of their consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

**Revenue Recognition**

Revenue recognition is significant audit risk across all units within the Company. Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers".

**Auditor's Response**Principal Audit Procedures

Our audit consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- We evaluated the design of internal controls relating to revenue recognition.

- We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, performance and inspection.
- We have tested sample of Sale transactions to their respective underlying invoices and related documents.
- We have performed cut-off procedures for sample of revenue transactions at year-end in order to conclude on whether they were recognised in accordance with Ind-AS 115.

**Evaluation of uncertain tax positions**

The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.

**Principal Audit Procedures**

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's management and Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the the Holding Company's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon

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

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

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

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the entity has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or

conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its subsidiary entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entity included in the Consolidated Financial Statement, which have audited by other auditors, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We are solely responsible for our audit opinion.

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

We communicate with those charged with governance of the holding company and such other entity included in the Consolidated Financial Statement of which we are the independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Other Matter**

We did not audit the financial statements / financial information of one of the foreign subsidiaries M/s Sanjita Polymet Limited (Hong Kong, 100% Subsidiary Company) included in the consolidated annual financial results, whose consolidated annual financial statements reflect total assets of Rs. 435.53 Lakhs as at 31<sup>st</sup> March 2019 and net assets of Rs. 349.13 Lakhs as at year ended March 31, 2019 as the case may be, total revenue and other income of Rs. 61.41 Lakhs as at 31<sup>st</sup> March 2019 as considered in the consolidated financial statements / financial information have not been audited by us. In respect of the above financial statements, which have been audited by other auditor, reports of other auditors have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

**For V J M & Associates LLP**  
**Chartered Accountants**  
**(Firm's Registration No. 027535N/N500093)**

**Sd/-**  
**Kavit Vijay**  
**Partner**  
**(Membership No.517014)**

**Delhi, May 28, 2019**

**Annexure “A” to the Independent Auditor’s Report**

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Sanco Industries Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Sanco Industries Limited and its subsidiary as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Sanco Industries Limited (hereinafter referred to as “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

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

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, which are company incorporated in India, 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, which are companies incorporated in India.

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V J M & Associates LLP**  
**Chartered Accountants**  
**(Firm's Registration No. 027535N/N500093)**

**Sd/-**  
**Kavit Vijay**  
**Partner**  
**(Membership No.517014)**

**Delhi, May 28, 2019**

**Sanco Industries Limited**
**Consolidated Balance Sheet as at March 31, 2019**
**Rs. Lakhs**

| Particulars                        | Note No. | As at<br>Mar 31,<br>2019 | As at Mar<br>31, 2018 |
|------------------------------------|----------|--------------------------|-----------------------|
| <b>I ASSETS</b>                    |          |                          |                       |
| <b>(1) Non Current Assets</b>      |          |                          |                       |
| a Property, Plant and Equipment    | 3        | 275.23                   | 338.69                |
| b Investment Property              | 4        | -                        | 30.05                 |
| c Other Intangible Assets          | 5        | 0.00                     | 0.01                  |
| d WIP                              | 6        | 2.99                     | 2.99                  |
| e Financial Assets                 |          |                          |                       |
| i Investments                      | 7        | 158.81                   | 166.34                |
| ii Trade receivables               | 8        | 2,105.31                 | 1,395.72              |
| iii Bank balances                  | 13       | -                        | -                     |
| iv Other financial assets          | 14       | -                        | -                     |
| f Deferred tax assets (net)        | 9        | 12.67                    | 14.01                 |
| g Other non current assets         | 10       | 0.10                     | 0.10                  |
| <b>Total Non Current Assets</b>    |          | <b>2,555.11</b>          | <b>1,947.91</b>       |
| <b>(2) Current assets</b>          |          |                          |                       |
| a Inventories                      | 11       | 3,861.16                 | 3,787.49              |
| b Financial Assets                 |          |                          |                       |
| i Trade receivables                | 8        | 4,525.75                 | 7,396.67              |
| ii Cash and cash equivalents       | 12       | 47.25                    | 34.86                 |
| iii Bank balances                  | 13       | 2.18                     | 137.24                |
| iv Other financial assets          | 14       | 1,214.69                 | 568.25                |
| c Current tax assets (Net)         | 15       | 1.78                     | 1.45                  |
| d Other current assets             | 10       | 322.23                   | 492.80                |
| <b>Total Current Assets</b>        |          | <b>9,975.04</b>          | <b>12,418.76</b>      |
| <b>Total Assets</b>                |          | <b>12,530.15</b>         | <b>14,366.67</b>      |
| <b>II EQUITY AND LIABILITIES</b>   |          |                          |                       |
| <b>A EQUITY</b>                    |          |                          |                       |
| a Equity Share Capital             | 16       | 1,028.40                 | 1,028.40              |
| b Other Equity                     |          | 2,549.46                 | 2,431.20              |
| <b>Total Equity</b>                |          | <b>3,577.86</b>          | <b>3,459.60</b>       |
| <b>B LIABILITIES</b>               |          |                          |                       |
| <b>(1) Non Current Liabilities</b> |          |                          |                       |
| a Financial Liabilities            |          |                          |                       |

|            |  |    |                  |                  |
|------------|--|----|------------------|------------------|
| i          | Borrowings   | 17 | 1,215.24         | 1,215.23         |
| ii         | Trade payables   | 18 |                  |                  |
|            | -Total Outstanding dues of MSME Creditor                         |    | -                | -                |
|            | -Total Outstanding dues of creditors other than MSME Enterprises |    | -                | -                |
| iii        | Other financial liabilities                                      | 19 | 10.39            | 5.48             |
| b          | Provisions   | 20 | 16.27            | 16.36            |
| c          | Other non current liabilities                                    | 21 | 274.30           | -                |
|            | <b>Total Non Current Liabilities</b>                             |    | <b>1,516.20</b>  | <b>1,237.07</b>  |
| <b>(2)</b> | <b>Current Liabilities</b>                                       |    |                  |                  |
| a          | Financial Liabilities  |    |                  |                  |
| i          | Borrowings   | 22 | 4,669.86         | 3,661.16         |
| ii         | Trade payables   | 18 |                  |                  |
|            | -Total Outstanding dues of MSME Creditor                         |    | 501.76           | -                |
|            | -Total Outstanding dues of creditors other than MSME Enterprises |    | 1,781.50         | 5,369.91         |
| iii        | Other financial liabilities                                      | 19 | 197.18           | 303.57           |
| b          | Provisions   | 20 | 5.35             | 4.89             |
| c          | Other current liabilities  | 21 | 280.44           | 330.47           |
|            | <b>Total Current Liabilities</b>                                 |    | <b>7,436.09</b>  | <b>9,670.00</b>  |
|            | <b>Total Equity and Liabilities</b>                              |    | <b>12,530.15</b> | <b>14,366.67</b> |

#### Summary of Significant Accounting Policies

1-2

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahaja

**Sanco Industries Limited**  
**Consolidated Statement of Profit and Loss for the year**  
**ended March 31, 2019**

Rs. Lakhs

|      | Particulars   | Note No. | As at Mar 31, 2019 | As at Mar 31, 2018 |
|------|---|----------|--------------------|--------------------|
| I    | Revenue from Operations   | 22       | 11,243.79          | 17,208.58          |
| II   | Other Income  | 23       | 13.20              | 36.92              |
| III  | <b>Total Income (I + II)</b>  |          | <b>11,256.99</b>   | <b>17,245.50</b>   |
| IV   | <b>EXPENSES</b>   |          |                    |                    |
|      | Cost of Materials Consumed  | 24       | 9,015.26           | 12,116.83          |
|      | Purchase of stock-in-trade  | 25       | 1,175.84           | 2,570.97           |
|      | Change in Inventories   | 26       | (246.14)           | 629.84             |
|      | Employee benefits expenses  | 27       | 189.57             | 216.31             |
|      | Finance cost  | 28       | 655.12             | 672.36             |
|      | Depreciation and Amortization expense   | 29       | 65.82              | 93.57              |
|      | Other expenses  | 30       | 265.46             | 354.17             |
|      | <b>Total Expenses (IV)</b>  |          | <b>11,120.93</b>   | <b>16,654.05</b>   |
| V    | <b>Profit / (Loss) before Exceptional Items and Tax (III - IV)</b>            |          | <b>136.06</b>      | <b>591.45</b>      |
| VI   | Exceptional Items   |          | -                  | -                  |
| VII  | <b>Profit / (Loss) before Tax (V - VI)</b>                                    |          | <b>136.06</b>      | <b>591.45</b>      |
| VIII | <b>Tax Expense</b>  |          |                    |                    |
|      | Current tax / Minimum alternate tax (MAT) payable                             |          | 41.55              | 182.42             |
|      | Deferred tax  |          | 1.34               | 1.80               |
|      | <b>Total Tax Expense (VIII)</b>   |          | <b>42.89</b>       | <b>184.22</b>      |
| IX   | <b>Profit / (Loss) for the period from Continuing operations (VII - VIII)</b> |          | <b>93.17</b>       | <b>407.23</b>      |
| X    | <b>Other Comprehensive Income</b>   |          |                    |                    |
|      | A (i) Items that will not be reclassified to profit and loss                  | 31 A     | 2.69               | 0.68               |

|            |   |      |           |              |               |
|------------|---|------|-----------|--------------|---------------|
|            | B (i) Items that will be reclassified to profit and loss      | 31 B |           | 0.30         | 2.86          |
| <b>XI</b>  | <b>Total Comprehensive Income for the period (IX+ X)</b>      |      |           | <b>96.16</b> | <b>410.77</b> |
| <b>XII</b> | <b>Earnings Per Equity Share - (for Continuing operation)</b> |      |           |              |               |
|            | Basic (Rs.)   | 32   | (A) / (C) | 0.91         | 3.96          |
|            | Diluted (Rs.)   |      | (B) / (D) | 0.91         | 3.39          |

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-  
Kavit Vijay  
Partner  
Membership No. 517014

Sd/-  
Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-  
Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**Sanco Industries Limited**
**Consolidated Cash Flow Statement for the year ended March 31, 2019**

|   |                       | Rs. Lakhs             |
|---|-----------------------|-----------------------|
|   | As at Mar<br>31, 2019 | As at Mar<br>31, 2018 |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                       |                       |
| Profit / (Loss) before Tax  | 136.06                | 591.45                |
| <b>Adjustments for:</b>   |                       |                       |
| Depreciation and Amortization   | 65.82                 | 93.57                 |
| (Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property | (3.26)                | (1.14)                |
| Provision for Gratuity, Leave Encashment and Bonus                        | 1.47                  | 1.09                  |
| Fair Value (Gains)/Loss   | -                     | 3.38                  |
| Interest Income   | (3.17)                | (10.95)               |
| Interest Expenses   | 655.12                | 672.36                |
| <b>Cash Generated Before Working Capital Changes</b>                      | <b>852.03</b>         | <b>1,349.76</b>       |
| <b>Movement In Working Capital</b>  |                       |                       |
| Increase / (Decrease) in Liabilities                                      | (3,005.81)            | 3,092.24              |
| Increase / (Decrease) in Assets   | 1,634.42              | (4,550.27)            |
| <b>Cash Generated From Operations</b>                                     | <b>(519.36)</b>       | <b>(108.27)</b>       |
| Direct Taxes Paid   | 1.28                  | 28.01                 |
| <b>Net Cash Flow From / (Used in) Operating Activities</b>                | <b>(520.64)</b>       | <b>(136.28)</b>       |
| <b>B CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>                  |                       |                       |
| Purchase of PPE, Intangible Assets and Investment Property                | (0.92)                | (79.62)               |
| Proceeds from Sale of PPE, Intangible Assets and Investment Property      | 31.90                 | 1.42                  |
| Proceeds from Sale of Non Current Investments - Others                    | 10.22                 | (58.66)               |
| Interest Income Received  | 3.17                  | 10.95                 |
| <b>Net Cash Flow From / (Used in) Investing Activities</b>                | <b>44.37</b>          | <b>(125.91)</b>       |
| <b>C CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>                  |                       |                       |
| Repayment of Short Term Borrowings  | (149.40)              | (515.42)              |
| Proceeds from Long Term Borrowings  | 0.01                  | 782.94                |
| Interest Paid   | (655.12)              | (672.36)              |
| <b>Net Cash Flow From / (Used in) Financing Activities</b>                | <b>(804.51)</b>       | <b>(404.84)</b>       |

|  |                          |                          |
|--|--------------------------|--------------------------|
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | (1,280.78)               | (667.03)                 |
| Cash and Cash Equivalents at the beginning of the year         | <u>(3,160.48)</u>        | <u>(2,493.45)</u>        |
| Cash and Cash Equivalents at the end of the year               | <u><b>(4,441.26)</b></u> | <u><b>(3,160.48)</b></u> |

**Components of Cash and Cash Equivalents**

|   |                          |                          |
|---|--------------------------|--------------------------|
| Cash and cheques on Hand                  | 8.82                     | 13.89                    |
| Balances with Banks                       |                          |                          |
| -On Current Accounts                      | 26.04                    | 47.05                    |
| -On Deposit Accounts                      | 137.24                   | 158.33                   |
| Bank Overdraft                            | <u>(3,332.58)</u>        | <u>(2,712.72)</u>        |
| Cash and cash Equivalent (as per Note 40) | <u><b>(3,160.48)</b></u> | <u><b>(2,493.45)</b></u> |

The accompanying notes and other explanatory information are an integral part of the Financial Statement

As per our report of even date.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**Sanco Industries Limited**
**Consolidated Statement of Changes in Equity for the year ended March 31, 2019**
**A. Equity Share Capital**
**Rs. Lakhs**

| Particular                                      | As at Mar<br>31, 2019 | As at Mar<br>31, 2018 |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year            | 1,028.40              | 1,028.40              |
| Changes in equity Share Capital during the year | -                     | -                     |
| <b>Balance at the ended of the year</b>         | <b>1,028.40</b>       | <b>1,028.40</b>       |

**B. Other Equity (Attributable to the equity holders)**
**Rs. Lakhs**

| Particulars   | Reserves and Surplus |                        |                   | Items of Other comprehensive Income  |  | Total equity    |
|---|----------------------|------------------------|-------------------|--------------------------------------|--|-----------------|
|   | Securities Premium   | Investment Revaluation | Retained earnings | Foreign currency translation reserve | Other items of other comprehensive income (specify nature) |                 |
| <b>Balance as at 31.03.2017</b>                           | <b>54.60</b>         | <b>-</b>               | <b>1,966.48</b>   | <b>-</b>                             | <b>2.68</b>  | <b>2,023.76</b> |
| Changes in accounting policy/prior period errors          | -                    | -                      | -                 | -                                    | -  | -               |
| Restated balance at the beginning of the reporting period | -                    | -                      | -                 | -                                    | -  | -               |
| Current year profit                                       | -                    | -                      | 407.23            | (3.33)                               | 3.54   | <b>407.44</b>   |
| Other Comprehensive Income after tax for the Period       | -                    | -                      | -                 | -                                    | -  | -               |
| <b>Balance as at 31.03.2018</b>                           | <b>54.60</b>         | <b>-</b>               | <b>2,373.71</b>   | <b>(3.33)</b>                        | <b>6.22</b>  | <b>2,431.20</b> |
| Changes in accounting policy/prior period errors          | -                    | -                      | -                 | -                                    | -  | -               |
| Restated balance at the beginning of the reporting period | -                    | -                      | -                 | -                                    | -  | -               |
| Current year profit                                       | -                    | -                      | 93.17             | 22.10                                | 2.99   | <b>118.26</b>   |
| Other Comprehensive Income after tax for the Period       | -                    | -                      | -                 | -                                    | -  | -               |
| <b>Balance as at 31.03.2019</b>                           | <b>54.60</b>         | <b>-</b>               | <b>2,466.88</b>   | <b>18.77</b>                         | <b>9.21</b>  | <b>2,549.46</b> |

**3 Property, Plant and Equipment**

| Particulars            | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Computers | Total  |
|------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|-----------|--------|
| <b>Gross Block</b>     |               |           |                     |                        |          |                  |           |        |
| As at March 31, 2017   | 6.61          | 55.90     | 320.35              | 0.11                   | 13.70    | 2.42             | 3.13      | 402.22 |
| Additions              | -             | -         | 19.07               | -                      | 59.30    | 1.08             | 0.17      | 79.62  |
| Disposals              | -             | -         | -                   | -                      | (0.28)   | -                | -         | (0.28) |
| As at March 31, 2018   | 6.61          | 55.90     | 339.42              | 0.11                   | 72.72    | 3.50             | 3.30      | 481.56 |
|                        |               |           |                     |                        |          |                  |           | -      |
| Additions              | -             | -         | -                   | -                      | -        | 0.92             | -         | 0.92   |
| Disposals              | -             | -         | -                   | -                      | (4.08)   | -                | -         | (4.08) |
| As at March 31, 2019   | 6.61          | 55.90     | 339.42              | 0.11                   | 68.64    | 4.42             | 3.30      | 478.41 |
| <b>Depreciation</b>    |               |           |                     |                        |          |                  |           |        |
| As at March 31, 2017   | -             | 5.29      | 60.33               | 0.03                   | 3.88     | 1.10             | 0.80      | 71.43  |
| Charged For the Period | -             | 4.79      | 53.50               | -                      | 11.12    | 0.57             | 1.46      | 71.44  |
| On Disposals           | -             | -         | -                   | -                      | -        | -                | -         | -      |
| As at March 31, 2018   | -             | 10.08     | 113.83              | 0.03                   | 15.00    | 1.67             | 2.26      | 142.87 |
| Charged For the Period | -             | 4.34      | 43.29               | -                      | 14.91    | 1.14             | 0.52      | 64.20  |
| On Disposals           | -             | -         | -                   | -                      | (3.89)   | -                | -         | (3.89) |
| As at March 31, 2019   | -             | 14.42     | 157.12              | 0.03                   | 26.02    | 2.81             | 2.78      | 203.18 |
| <b>Net Block</b>       |               |           |                     |                        |          |                  |           |        |
| As at March 31, 2018   | 6.61          | 45.82     | 225.59              | 0.08                   | 57.72    | 1.83             | 1.04      | 338.69 |
| As at March 31, 2019   | 6.61          | 41.48     | 182.30              | 0.08                   | 42.63    | 1.61             | 0.52      | 275.23 |

**4 Investment Property**

|                        | Particulars        |                  | Rs. Lakhs           |
|------------------------|--------------------|------------------|---------------------|
|                        |                    | <b>Buildings</b> | <b>TOTAL ASSETS</b> |
|                        | <u>Gross Block</u> |                  |                     |
| As at March 31, 2017   | 7.54               | 27.48            | 35.02               |
| Additions              | -                  | -                | -                   |
| Disposals              | -                  | -                | -                   |
| As at March 31, 2018   | 7.54               | 27.48            | 35.02               |
| Additions              | -                  | -                | -                   |
| Disposals              | (7.54)             | (27.48)          | (35.02)             |
| As at March 31, 2019   | -                  | -                | -                   |
| <u>Depreciation</u>    |                    |                  |                     |
| As at March 31, 2017   | -                  | 2.61             | 2.61                |
| Charged For the Period | -                  | 2.36             | 2.36                |
| On Disposals           | -                  | -                | -                   |
| As at March 31, 2018   | -                  | 4.97             | 4.97                |
| Charged For the Period | -                  | 1.61             | 1.61                |
| On Disposals           | -                  | (6.58)           | (6.58)              |
| As at March 31, 2019   | -                  | -                | -                   |
| <u>Net Block</u>       |                    |                  |                     |
| As at March 31, 2018   | 7.54               | 22.51            | 30.05               |
| As at March 31, 2019   | -                  | -                | -                   |

**5 Other Intangible Assets**  
**Particulars**

|                             | <u>Gross Block</u> |             |
|-----------------------------|--------------------|-------------|
| <b>As at March 31, 2017</b> | <u>0.09</u>        | <u>0.09</u> |
| Additions                   | 0.00               | 0.00        |
| Disposals                   | <u>0.00</u>        | <u>0.00</u> |
| <b>As at March 31, 2018</b> | <u>0.09</u>        | <u>0.09</u> |
| Additions                   | 0.00               | 0.00        |
| Disposals                   | <u>0.00</u>        | <u>0.00</u> |
| <b>As at March 31, 2019</b> | <u>0.09</u>        | <u>0.09</u> |
| <br><u>Amortisation</u>     |                    |             |
| <b>As at March 31, 2017</b> | <u>0.06</u>        | <u>0.06</u> |
| Amortised For the Period    | 0.02               | 0.02        |
| On Disposals                | <u>0.00</u>        | <u>0.00</u> |
| <b>As at March 31, 2018</b> | <u>0.08</u>        | <u>0.08</u> |
| Amortised For the Period    | 0.01               | 0.01        |
| On Disposals                | <u>0.00</u>        | <u>0.00</u> |
| <b>As at March 31, 2019</b> | <u>0.09</u>        | <u>0.09</u> |
| <br><u>Net Block</u>        |                    |             |
| As at March 31, 2018        | <u>0.01</u>        | <u>0.01</u> |
| As at March 31, 2019        | <u>0.00</u>        | <u>0.00</u> |

|                                     | <b>As at<br/>Mar 31, 2019</b> | <b>As at<br/>Mar 31, 2018</b> |
|-------------------------------------|-------------------------------|-------------------------------|
| <b>6 Capital Work In Progress</b>   |                               |                               |
| Intangible assets under development | <u>2.99</u>                   | <u>2.99</u>                   |
|                                     | <u>2.99</u>                   | <u>2.99</u>                   |

**7 Non Current Investments**
**Rs. Lakhs**

| Particular                                    | As at<br>Mar 31,<br>2019 | As at<br>Mar 31,<br>2018 | As at<br>Mar<br>31,<br>2019 | As at<br>Mar 31,<br>2018 |
|---|--------------------------|--------------------------|-----------------------------|--------------------------|
|   | In Nos                   | In Nos                   | in<br>Lakhs                 | in Lakhs                 |
| <b>A Investment at Cost</b>                   |                          |                          |                             |                          |
| <b>Un-Quoted</b>                              |                          |                          |                             |                          |
| Investment in Equity Shares                   |                          |                          |                             |                          |
| 1 Investment in Subsidiary Companies          | 450,000                  | 450,000                  | 291.77                      | 291.77                   |
| (*Face value of US\$ 1 each)                  |                          |                          |                             |                          |
| Total Equity Investment At Cost               |                          |                          | 291.77                      | 291.77                   |
| Total Un-Quoted Investments at Cost in Equity |                          |                          | 291.77                      | 291.77                   |
| <b>B Investment at Fair Value through OCI</b> |                          |                          |                             |                          |
| 1 Investment in Mutual Funds                  |                          |                          |                             |                          |
| Union Dynamic Bond Fund                       | 336,691.27               | 336,691.27               | 53.37                       | 50.68                    |
| Total Mutual Funds Investment At Fair Value   |                          |                          | 53.37                       | 50.68                    |
| 2 Other Investment                            |                          |                          |                             |                          |
| LIC of India                                  |                          |                          | 96.78                       | 107.00                   |
| Star Union Dai-ichi Life Insurance            |                          |                          | 8.66                        | 8.66                     |
| Total Investment at Cost                      |                          |                          | 105.44                      | 115.66                   |
| <b>Total Non Current Investments</b>          |                          |                          | <b>450.58</b>               | <b>458.11</b>            |

| 8 Trade Receivables                       | Rs. Lakhs              |                        |                      |                       |                        |                        |
|---|------------------------|------------------------|----------------------|-----------------------|------------------------|------------------------|
|   | Non- Current           |                        |                      |                       | Current                |                        |
|   | As at Mar 31, 2019     | As at Mar 31, 2018     | As at Mar 31, 2017   | As at 1st April, 2016 | As at Mar 31, 2019     | As at Mar 31, 2018     |
| Trade Receivables                         |                        |                        |                      |                       |                        |                        |
| - Secured, Considered Good                | -                      | -                      | -                    | -                     | -                      | -                      |
| - Unsecured, Considered Good              | 1,288.67               | 1,395.72               | 446.06               | 786.09                | 3,191.35               | 7,396.67               |
| - Doubtful                                | 816.64                 | -                      | -                    | -                     | 1,334.40               | -                      |
|   | <u>2,105.31</u>        | <u>1,395.72</u>        | <u>446.06</u>        | <u>786.09</u>         | <u>4,525.75</u>        | <u>7,396.67</u>        |
| Less : Allowance for bad & doubtful debts | -                      | -                      | -                    | -                     | -                      | -                      |
| <b>Total</b>                              | <u><u>2,105.31</u></u> | <u><u>1,395.72</u></u> | <u><u>446.06</u></u> | <u><u>786.09</u></u>  | <u><u>4,525.75</u></u> | <u><u>7,396.67</u></u> |

\* Out of Current Trade receivable outstanding for more than 6 months Rs 779.05 as on 31st March 2019, Rs 2579.74/- as on 31st March, 2018

\*\* Non - Current Trade receivable include Rs 816.64 as on 31st March 2019 and Current Trade receivable include Rs 1334.40 as on 31st March 2019 against which recovery case are pending.

| 9 Deferred Tax Asset/ (Liability)- Net  | Rs. Lakhs           |                     |
|---|---------------------|---------------------|
|   | As at Mar 31, 2019  | As at Mar 31, 2018  |
| <b>Deferred Tax Liabilities</b>   |                     |                     |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books                                     | -                   | -                   |
| Impact on Service concession arrangements accounting  | -                   | -                   |
| Borrowing cost amortization   | -                   | -                   |
| Other comprehensive income  | -                   | -                   |
| Gross Deferred Tax Liabilities  | <u>-</u>            | <u>-</u>            |
| <b>Deferred Tax Assets</b>  |                     |                     |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books                                     | 11.29               | 9.11                |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 1.38                | 0.02                |
| Other Timing Difference   | -                   | 4.88                |
| Gross Deferred Tax Assets   | <u>12.67</u>        | <u>14.01</u>        |
| <b>Deferred Tax Asset/ (Liability)- Net</b>   | <u><u>12.67</u></u> | <u><u>14.01</u></u> |

| 10 Other Assets                                   |                    | Rs. Lakhs          |                    |                       |                    |                    |
|---|--------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Particular  | Non- Current       |                    |                    |                       | Current            |                    |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at 1st April, 2016 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Security Deposits                                 | 0.10               | 0.10               | 0.10               | -                     | 260.38             | 245.40             |
| Prepaid Expense                                   | -                  | -                  | -                  | -                     | 2.09               | 16.14              |
| Cenvat / Vat / Service Tax Credit Receivable      | -                  | -                  | -                  | -                     | 13.24              | 13.24              |
| GST Receivable                                    | -                  | -                  | -                  | -                     | 5.12               | 193.66             |
| Taxes Paid Under protest (Refer note 15)          | -                  | -                  | -                  | -                     | 9.50               | 9.50               |
| Unamortized Capital Expenditure                   | -                  | -                  | 19.74              | 44.43                 | -                  | -                  |
| Unamortised Upfront Fees and other borrowing Cost | -                  | -                  | -                  | -                     | -                  | 0.81               |
| Others Assets                                     | -                  | -                  | 216.39             | -                     | 31.90              | 14.05              |
| <b>Total</b>                                      | <b>0.10</b>        | <b>0.10</b>        | <b>236.23</b>      | <b>44.43</b>          | <b>322.23</b>      | <b>492.80</b>      |

| 11 Inventories  |                    | Rs. Lakhs          |  |
|---|--------------------|--------------------|--|
| Particular  | As at Mar 31, 2019 | As at Mar 31, 2018 |  |
| Raw Materials   | 3,145.56           | 3,318.03           |  |
| Finished Goods  | 334.38             | 366.24             |  |
| Stock in Trade  | 381.22             | 103.22             |  |
| (At lower of cost and net realisable value unless otherwise stated) |                    |                    |  |
| <b>Total</b>  | <b>3,861.16</b>    | <b>3,787.49</b>    |  |

| 12 Cash and Cash Equivalents   |                    | Rs. Lakhs          |  |
|--|--------------------|--------------------|--|
| Particular   | As at Mar 31, 2019 | As at Mar 31, 2018 |  |
| Cash on Hand   | 21.30              | 8.82               |  |
| Balances with Banks  |                    |                    |  |
| -On Current Accounts   | 25.95              | 26.04              |  |
| -On Deposit Accounts (Having Maturity less than 3 Months from date of deposit) | -                  | -                  |  |
|  | <b>47.25</b>       | <b>34.86</b>       |  |

|   |                    | Rs. Lakhs          |                    |                       |                    |                    |                  |
|---|--------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|------------------|
| <b>13 Bank Balances</b>   |                    |                    |                    |                       |                    |                    |                  |
| Particular  | Non- Current       |                    |                    |                       | Current            |                    |                  |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at 1st April, 2016 | As at Mar 31, 2019 | As at Mar 31, 2018 |                  |
| On Deposit Accounts   |                    |                    |                    |                       |                    |                    |                  |
| - Having Maturity Less than 3 Months  | -                  | -                  | -                  | -                     | -                  | -                  |                  |
| - Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit | -                  | -                  | -                  | -                     | 1.03               | 136.09             |                  |
| - Having Maturity more than 12 Months from date of deposit                                    | -                  | -                  | 1.94               | 51.79                 | 1.15               | 1.15               |                  |
| <b>Net Bank Balances</b>  | <b>-</b>           | <b>-</b>           | <b>1.94</b>        | <b>51.79</b>          | <b>2.18</b>        | <b>137.24</b>      |                  |
| <b>14 Other Financial Assets</b>  |                    |                    |                    |                       |                    |                    | <b>Rs. Lakhs</b> |
| Particular  | Non- Current       |                    |                    |                       | Current            |                    |                  |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at 1st April, 2016 | As at Mar 31, 2019 | As at Mar 31, 2018 |                  |
| Loans and Advances to Employees   | -                  | -                  | -                  | -                     | 0.62               | 1.09               |                  |
| Advances to Suppliers   | -                  | -                  | -                  | -                     | 1,213.94           | 564.41             |                  |
| Interest Accrued on Deposits  | -                  | -                  | -                  | -                     | 0.13               | 2.75               |                  |
|   | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>              | <b>1,214.69</b>    | <b>568.25</b>      |                  |
| <b>15 Tax Assets (Net)</b>  |                    |                    |                    |                       |                    |                    | <b>Rs. Lakhs</b> |
| Particular  | Non- Current       |                    |                    |                       | Current            |                    |                  |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at 1st April, 2016 | As at Mar 31, 2019 | As at Mar 31, 2018 |                  |
| Tax Deposit against disput  |                    |                    |                    |                       |                    |                    |                  |
| TDS and TCS   | -                  | -                  | -                  | -                     | 11.28              | 10.95              |                  |
| Minimum Alternate Tax Credit Entitlement  | -                  | -                  | -                  | -                     | -                  | -                  |                  |
|   | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>              | <b>11.28</b>       | <b>10.95</b>       |                  |
| Less: Disclosed under the Other Assets (Note 10)  | -                  | -                  | -                  | -                     | 9.50               | 9.50               |                  |
| <b>Total</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>              | <b>1.78</b>        | <b>1.45</b>        |                  |

**16 Equity Share Capital**
**Rs  
Lakhs**

| Particular  | As at<br>Mar 31,<br>2019 | As at<br>Mar 31,<br>2018 |
|---|--------------------------|--------------------------|
| Authorised<br>14000000 Mar 31, 2019 (Mar 31, 2018: 14000000 of Rs. 10each)  | 1,400.00                 | 1,400.00                 |
| Equity Shares of Rs. 10 each  |                          |                          |
|   | <u>1,400.00</u>          | <u>1,400.00</u>          |
| Issued, Subscribed and Paid Up<br>Equity Shares<br>10284000 Mar 31,2019 (March 31, 2018: 10284000 of Rs. 10 each) | 1,028.40                 | 1,028.40                 |
| Equity Shares of Rs. 10 each, Fully Paid Up<br>Total Equity Share Capital   | <u>1,028.40</u>          | <u>1,028.40</u>          |

**16.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

|   | <b>No.<br/>Lakhs</b> | <b>Rs.<br/>Lakhs</b> |
|---|----------------------|----------------------|
| Equity Shares of Rs. 10 Each, Fully paid up<br>At the end 31st March 2017 | <u>102.84</u>        | <u>1,028.40</u>      |
| Issued during the period - Bonus Issue                                    | -                    | -                    |
| Issued during the period - Cash Issue                                     | -                    | -                    |
| At the end 31st March 2018  | <u>102.84</u>        | <u>1,028.40</u>      |
| Issued during the period - Bonus Issue                                    |                      |                      |
| Issued during the period - Cash Issue                                     |                      |                      |
| At the end 31st March 2019  | <u>102.84</u>        | <u>1,028.40</u>      |

**16.2 Terms / Rights attached to Equity Shares (egg. Dividend rights, Voting Rights)**

i. The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The equity share holder are eligible for dividend, if so declared. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing annual general meeting, except in case of Interim Dividend.

ii 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 in the proportion to the number of equity shares held by the shareholders.

**16.3 Details of Shareholder holding more than 5% shares of the company:**

|   | <b>No.</b> | <b>% of Holding</b> |
|---|------------|---------------------|
| <b>Equity Shares of Rs. 10 each Held By as on 31st March 2019</b> |            |                     |
| Mr. Sanjay Gupta  | 2328550    | 22.64%              |
| Mr. Sidhant Gupta   | 528120     | 5.14%               |
| M/s Sanjay Gupta HUF  | 1252430    | 12.18%              |
| <b>Equity Shares of Rs. 10 each Held By as on 31st March 2018</b> |            |                     |
| Mr. Sanjay Gupta  | 1981550    | 19.27%              |
| Mr. Sidhant Gupta   | 528120     | 5.14%               |
| M/s Sanjay Gupta HUF  | 1109360    | 10.79%              |

**16.4 Other Equity**

(A) Refer Statement of Changes in Equity for detailed movement in equity Balance

Summary of Other Equity Balance

| <b>Particulars</b>                  | <b>As at<br/>March<br/>31, 2019</b> | <b>As at<br/>March<br/>31, 2018</b> |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Security Premium                    | 54.60                               | 54.60                               |
| Retained Earning                    | 2,466.88                            | 2,373.71                            |
| Items of Other Comprehensive Income | 9.21                                | 6.22                                |
|                                     | <u>2,530.69</u>                     | <u>2,434.53</u>                     |

(B) Nature and Purpose of reserves

**Retained Earnings-** Retained earning are the profit that the company has earned till date, less any transfer to general reserve if any.

**Security Premium Reseve-** The amount received in excess of face value of equity share issued is recognised in securities premium reserve.

**Items of Other Comprehensive Income(OCI)-** Items of OCI are the remeasurement Gain/ loss on Defined benefit Plan.

**17 Long Term Borrowings**
**Rs.  
Lakhs**

| Particular   | Non Current Portion   |                       |                          |                             | Current Maturities          |                          |
|--|-----------------------|-----------------------|--------------------------|-----------------------------|-----------------------------|--------------------------|
|  | As at Mar<br>31, 2019 | As at Mar<br>31, 2018 | As at<br>Mar 31,<br>2017 | As at<br>1st April,<br>2016 | As at<br>Mar<br>31,<br>2019 | As at<br>Mar 31,<br>2018 |
| <b>Rupee Term Loans</b>  |                       |                       |                          |                             |                             |                          |
| <b>Secured</b>   |                       |                       |                          |                             |                             |                          |
| From Financial Institutions (refer note (a))   | -                     | 12.10                 | 12.10                    | 23.43                       | -                           | -                        |
| From Others (refer note (b))   | 160.32                | 106.32                | 95.68                    | 123.82                      | -                           | -                        |
| <b>Unsecured</b>   |                       |                       |                          |                             |                             |                          |
| From Financial Institutions  | 13.46                 | 20.79                 | 79.01                    | 90.34                       | 52.99                       | 156.88                   |
| From Banks   | 30.96                 | -                     |                          |                             | 11.63                       | -                        |
| <b>Hypothecation Loans - Secured</b>   |                       |                       |                          |                             |                             |                          |
| From Banks (refer note (c ))   | 15.27                 | 35.02                 | 5.50                     | 8.98                        | 19.79                       | 20.87                    |
| <b>16.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b> |                       |                       |                          |                             |                             |                          |
| <b>Loans and Advances from Related Parties</b>   |                       |                       |                          |                             |                             |                          |
| <b>Unsecured</b>   |                       |                       |                          |                             |                             |                          |
| Rupee Term Loans - from Directors  | 995.23                | 1,041.00              | 240.00                   | -                           | -                           | -                        |
|  | <u>1,215.24</u>       | <u>1,215.23</u>       | <u>432.29</u>            | <u>246.57</u>               | <u>84.41</u>                | <u>177.75</u>            |

(a) Indian Rupee Loan from Financial Institutions Rs.38 lakhs is repayable in 48 monthly instalments of Rs.1.1 lakhs each along with interest. The loan is secured by personal guarantee of executive director of the company and their immovable property.

(b) Indian Rupee Loan from Financial Institutions payable on demand. The loan is secured against Keymen Insurance policy.

(c) Hypothecation Loans are secured by hypothecation of specific Vehicles acquired out of such loans.

| 18 Trade payables  | Rs. Lakhs          |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Non current        |                    | Current            |                    |
| Particular   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Trade Payables (including acceptances)   |                    |                    |                    |                    |
| (a) total outstanding dues of micro enterprises and small enterprises                      | -                  | -                  | 501.76             | -                  |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | -                  | -                  | 1,720.83           | 5,369.91           |
|  | <u>-</u>           | <u>-</u>           | <u>2,222.59</u>    | <u>5,369.91</u>    |

**19 Other financial liabilities**

| Particular                              | Rs. Lakhs          |                    |                    |                       |                    |
|---|--------------------|--------------------|--------------------|-----------------------|--------------------|
|   | Non current        |                    | Current            |                       |                    |
|   | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at 1st April, 2016 | As at Mar 31, 2019 |
| Current maturities long term borrowings | -                  | -                  |                    |                       | 84.41              |
| Security Deposit                        | -                  | 5.48               | -                  | -                     | 10.02              |
| Salaries and other benefits Payable     | 2.00               | -                  | -                  | -                     | 35.51              |
| Other Payables                          | 8.39               | -                  | -                  | -                     | 67.21              |
| Other Payables (MSME Vendor)            |                    |                    |                    |                       | 0.03               |
| Others - Related party                  | -                  | -                  | -                  | -                     | -                  |
| * Payable Sanjita Polymet Limited       |                    |                    |                    |                       |                    |
|   | <u>10.39</u>       | <u>5.48</u>        | <u>-</u>           | <u>-</u>              | <u>197.18</u>      |

**20 Provisions** Rs. Lakhs

| Particular                     | Long Term          |                    | Short Term         |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Provision for Leave Encashment | 0.62               | 0.56               | 0.03               | 0.03               |
| Provision for Gratuity         | 15.65              | 15.80              | 1.05               | 0.76               |
| Provision for Bonus            | -                  | -                  | 4.27               | 4.10               |
|                                | <b>16.27</b>       | <b>16.36</b>       | <b>5.35</b>        | <b>4.89</b>        |

**21 Other liabilities** Rs. Lakhs

| Particular                               | Non current        |                    |                       | Current            |                    |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
|  | As at Mar 31, 2019 | As at Mar 31, 2018 | As at 1st April, 2016 | As at Mar 31, 2019 | As at Mar 31, 2018 |
| Advance from Customers                   |                    | -                  | -                     | 198.23             | 23.33              |
| Taxes Payable (Other than Income Tax)    |                    | -                  | -                     | 19.19              | 25.78              |
| Income Taxes Payable (Note 44)           |                    | -                  | -                     | 43.74              |                    |
|  | 274.30             |                    |                       |                    | 277.64             |
| Employee Contributions Payable (Note 44) |                    | -                  | -                     | 19.28              | 3.72               |
| (B) Nature and Purpose of reserves       |                    | -                  | -                     |                    |                    |
|  | <b>274.30</b>      |                    |                       | <b>280.44</b>      | <b>330.47</b>      |

**22 Short Term Borrowings** Rs. Lakhs

| Particular   | As at Mar 31, 2019 | As at Mar 31, 2018 |
|--|--------------------|--------------------|
| <b>Bank Overdraft</b>  |                    |                    |
| Cash Credits and Working Capital Demand Loan from Banks (Secured)  | 4,490.68           | 3,332.58           |
| (Union Bank of India & South Indian Bank Cash Credit Limits - Secured against Hypothecation of liquid current assets, Plant and Machinery, Immovable property and their personal guarantee of Director and relative) |                    |                    |

**Other Loans repayable on demand**
**Secured**

|  |        |        |
|--|--------|--------|
| From Banks (Secured against Fixed Deposit)                                   | -      | 99.83  |
| From Financial Institutions (Secured against immovable property of Director) | 164.18 | 228.75 |

**Unsecured**

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| From Banks                           | -               | -               |
| From Financial Institutions          | -               | -               |
| From other (Inter corporate deposit) | 15.00           | -               |
|                                      | <b>4,669.86</b> | <b>3,661.16</b> |

**22 Revenue From Operations**

|                               | Rs. Lakhs                         |                                   |
|-------------------------------|-----------------------------------|-----------------------------------|
| Particular                    | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| Sale of Products              | 11,243.79                         | 17,208.58                         |
| Gross Revenue from Operations | <b>11,243.79</b>                  | <b>17,208.58</b>                  |

**23 Other Income**

| Particular  | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|-----------------------------------|-----------------------------------|
| <b>Interest Income on</b>                                     |                                   |                                   |
| Deposits and Margin money                                     | 3.17                              | 10.95                             |
| <b>Other Non-Operating Income</b>                             |                                   |                                   |
| <b>(Net of expenses directly attributable to such Income)</b> |                                   |                                   |
| Net Gain on Foreign Exchange Fluctuations                     | 4.05                              | 4.59                              |
| Liabilities and Provisions no longer required written back    | -                                 | 1.08                              |
| Net Profit on Sale of Assets                                  | 3.26                              | 1.14                              |
| Rental Income from Investment Property                        | -                                 | 0.42                              |
| Miscellaneous Income  | 2.72                              | 18.74                             |
|   | <b>13.20</b>                      | <b>36.92</b>                      |

**24 Cost Of Materials Consumed**

| Particular                       | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Inventory opening balance        | 3,318.03                             | 1,118.33                             |
| Add : Purchases                  | 8,842.79                             | 14,316.53                            |
|                                  | 12,160.82                            | 15,434.86                            |
| Less : Inventory closing balance | 3,145.56                             | 3,318.03                             |
| Cost of Raw Materials Consumed   | <b>9,015.26</b>                      | <b>12,116.83</b>                     |

**25 Purchase of stock-in-trade**

| Particular                    | For the year<br>ended March<br>31, 2019 | For the year<br>ended March<br>31, 2018 |
|-------------------------------|---|---|
| Purchases - Trading Materials | 1,175.84                                | 2,570.97                                |
|                               | <b>1,175.84</b>                         | <b>2,570.97</b>                         |

**26 (Increase) / Decrease In Inventories Of Finished Goods, Construction / Development Work In Progress And Stock In Trade**

| Particular  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| <b>Finished Goods</b>                             |                                      |                                      |
| Inventories at the beginning of the Year          | 366.24                               | 496.71                               |
| Less : Inventories at the end of the Year         | 334.38                               | 366.24                               |
| Sub Total (A)                                     | 31.86                                | 130.47                               |
| <b>Stock In Trade</b>                             |                                      |                                      |
| Inventories at the beginning of the Year          | 103.22                               | 602.59                               |
| Less : Inventories at the end of the Year         | 381.22                               | 103.22                               |
| Sub Total (B)                                     | (278.00)                             | 499.37                               |
| <b>(Increase) / Decrease in inventories (A+B)</b> | <b>(246.14)</b>                      | <b>629.84</b>                        |

**27 Employee Benefits Expenses**

| Particular                                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Salaries, allowances and benefits to employees | 168.14                               | 179.93                               |
| Contribution to provident fund and other funds | 10.98                                | 11.98                                |
| Staff welfare expenses                         | 8.85                                 | 8.51                                 |
| Keyman Insurance Premium                       | 1.60                                 | 15.89                                |
|  | <u>189.57</u>                        | <u>216.31</u>                        |

**28 Finance Cost**

| Particular  | For the year<br>ended March 31,<br>2019 | For the year<br>ended March 31,<br>2018 |
|---|---|---|
| Interest  |   |   |
| - Paid to Bank  | 546.51                                  | 474.37                                  |
| - Paid to Other   | 57.71                                   | 132.85                                  |
| Bank charges  | 41.07                                   | 56.33                                   |
| Other Borrowing Cost (Upfront Fees, Commitment Charges) | 9.83                                    | 8.81                                    |
|   | <u>655.12</u>                           | <u>672.36</u>                           |

**29 Depreciation And Amortization Expense**

| Particular   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Depreciation on PPE (refer note 3)                 | 64.20                                | 71.44                                |
| Depreciation on Investment Property (refer note 4) | 1.61                                 | 2.36                                 |
| Amortization on Intangible Assets (refer note 5)   | 0.01                                 | 0.02                                 |
| Amortization Expense                               | -                                    | 19.75                                |
|  | <u>65.82</u>                         | <u>93.57</u>                         |

**30 Other Expenses**

| Particular                                 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Rent                                       | 13.80                                | 27.87                                |
| Rates and taxes                            | 7.18                                 | 0.50                                 |
| Repairs and Maintenance:                   |                                      |                                      |
| Office Building and Plant & Machinery      | 5.45                                 | 21.27                                |
| Others                                     | 1.83                                 | 2.85                                 |
| Marketing and selling expenses             | -                                    | -                                    |
| Office maintenance                         | 1.92                                 | 7.99                                 |
| Insurance                                  | 5.37                                 | 5.50                                 |
| Printing and stationery                    | 1.10                                 | 1.07                                 |
| Consultancy and other professional charges | 6.90                                 | 23.47                                |
| Electricity and Power charges              | 46.72                                | 60.65                                |
| Remuneration to auditors                   | 2.87                                 | 3.29                                 |
| Travelling and conveyance                  | 21.01                                | 22.71                                |
| Communication expenses                     | 2.11                                 | 4.35                                 |
| Business Promotion and Advertisement       | 2.85                                 | 2.13                                 |
| Discount Charges                           | 22.88                                | 28.65                                |
| Net Gain on Foreign Exchange Fluctuations  | -                                    | 0.19                                 |
| Vehicle running & maintenance              | 12.61                                | 18.73                                |
| Commission & brokerage                     | 2.37                                 | 15.73                                |
| Freight and forwarding charges             | 96.16                                | 101.31                               |
| Testing Fee and Licence Fee                | 7.35                                 | 4.51                                 |
| Miscellaneous expenses                     | 4.98                                 | 1.40                                 |
|  | <b>265.46</b>                        | <b>354.17</b>                        |

**31 Other Comprehensive Income**

| Particular   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>(A) Items that will not be reclassified to profit or loss</b>             |                                      |                                      |
| (i) Changes in revaluation surplus;  | 2.69                                 | 0.68                                 |
| (ii) Remeasurements of the defined benefit plans;                            | -                                    | -                                    |
| (iii) Others (specify nature)  | -                                    | -                                    |
| Income Tax relating to items that will not be reclassified to profit or loss | -                                    | -                                    |
|  | <u>2.69</u>                          | <u>0.68</u>                          |
| <b>(B) Items that will be reclassified to profit or loss</b>                 |                                      |                                      |
| Others (specify nature).   | 0.30                                 | 2.86                                 |
| Income Tax relating to items that will be reclassified to profit or loss     |                                      | -                                    |
|  | <u>0.30</u>                          | <u>2.86</u>                          |

**35 RELATED PARTY DISCLOSURE**
**a) Name of Related parties and description of relationship**

| Description of Relationship                             | Name   |
|---|--|
| <b>Associates Enterprises</b>                           | - Sanco Enterprises Private Ltd<br>- Superlink Polyfeb Ltd.  |
| <b>Key Management Personnel</b>                         |  |
| Whole Time Director                                     | - Rita Gupta<br>- Sidhant Gupta  |
| Managing Director                                       | - Sanjay Gupta   |
| Director  | - Sanjay Gupta<br>- Saurabh Gupta<br>- Sanjeev Kumar Jain<br>- Surender Kumar Gupta<br>- Sonu Kumari |
| CFO(KMP)  | Madhvi Gaur (from 01/02/2019)<br>Vipul Singhal (upto 31/01/2019)                                     |
| Company Secretary                                       | Akriti Mahajan   |
| <b>Close family members of Key Management Personnel</b> | - Anurag Gupta<br>- Mansi Gupta<br>-Sanjay Gupta HUF<br>-Shakuntala Gupta                            |

**(B) Summary of related party transactions**

Rs. Lakhs

| Particulars                | Entities controlled by Directors or their Relatives |                | Key Management Personnel or their Relatives |                |
|----------------------------|---|----------------|---|----------------|
|                            | March 31, 2019                                      | March 31, 2018 | March 31, 2019                              | March 31, 2018 |
| <b>Transactions</b>        |   |                |   |                |
| Unsecured Loan Received    | -   | -              | 12.00                                       | 1,128.75       |
| Unsecured Loan Repaid      | -   | -              | 57.77                                       | 327.75         |
| Purchase of Goods          | 65.73   | -              | -   | -              |
| Remuneration and Salary    | -   | -              | 31.63                                       | 34.85          |
| Reimbursement of expenses  | -   | -              | 44.33                                       | 85.59          |
| Rent paid                  | -   | -              | 6.75  | 9.00           |
| <b>Balance outstanding</b> |   |                |   |                |
| Payables                   | 65.73   | -              | 1,010.97                                    | 1,074.33       |

**(C) Details of related party transactions**
**Nature of Transaction**
**Unsecured Loan Received**
**With Key Management Personnel or their Relatives**

Mansi Gupta - Relative of Director  
 Rita Gupta - Whole Time Director  
 Sanjay Gupta - Managing Director  
 Shakuntla Gupta - Relative of Director

**Unsecured Loan Repaid**
**With Key Management Personnel or their Relatives**

Anurag Gupta - Relative of Director  
 Sanjay Gupta - Managing Director

**Purchase of Goods**
**With Entities controlled by Directors or their Relatives**

Superlink Polyfeb Ltd. - Associates Enterprises

**Remuneration and Salary****With Key Management Personnel or their Relatives**

Sanjay Gupta - Managing Director  
Rita Gupta - Whole Time Director  
Sidhant Gupta - Whole Time Director  
Mansi Gupta - Relative of Director  
Anurag Gupta - Relative of Director  
Madhvi Gaur - CFO  
Vipul Singhal - CFO  
Akriti Mahajan - Company Secretary  
Preeti Gupta - Company Secretary

**Reimbursement of expenses****With Key Management Personnel or their Relatives**

Sanjay Gupta - Managing Director

**Rent paid****With Key Management Personnel or their Relatives**

Rita Gupta - Whole Time Director  
Shakuntla Gupta - Relative of Director

**Payables****Entities controlled by Directors or their Relatives**

Superlink Polyfeb Ltd. - Associates Enterprises

**Key Management Personnel or their Relatives****Unsecured Loan Payable**

Anurag Gupta - Relative of Director  
Mansi Gupta - Relative of Director  
Rita Gupta - Whole Time Director  
Sanjay Gupta - Managing Director  
Shakuntla Gupta - Relative of Director

**Rent Payable**

Rita Gupta - Whole Time Director  
Shakuntla Gupta - Relative of Director

**Remuneration and Salary Payable**

Sanjay Gupta - Managing Director  
Rita Gupta - Whole Time Director  
Sidhant Gupta - Whole Time Director  
Mansi Gupta - Relative of Director  
Anurag Gupta - Relative of Director  
Madhvi Gaur - CFO  
Vipul Singhal - CFO

Akriti Mahajan - Company Secretary

**Reimbursement of expenses Payable**

Sanjay Gupta - Managing Director

**32 Earning Per Share (EPS)**

|   |                  | <b>March<br/>31, 2019</b> | <b>March<br/>31, 2018</b> |
|---|------------------|---------------------------|---------------------------|
| <b><u>Total Operations for the year</u></b>   |                  |                           |                           |
| Profit/ (Loss) after tax  |                  | 93.17                     | 407.23                    |
| Less : Dividend on convertible Preference shares & tax thereon                      |                  | -                         | -                         |
| <b>Net Profit/(Loss) for calculation of basic EPS</b>                               | <b>(A)</b>       | <b>93.17</b>              | <b>407.23</b>             |
| Net Profit as above   |                  | 93.17                     | 407.23                    |
| Add : Dividends on convertible preference shares & tax thereon                      |                  | -                         | -                         |
| Add : Interest on bonds/Debentures/Loan convertible into equity shares (Net of tax) |                  | -                         | -                         |
| <b>Net Profit/(Loss) for calculation of diluted EPS</b>                             | <b>(B)</b>       | <b>93.17</b>              | <b>407.23</b>             |
| <b>Weighted average number of Equity Shares for Basic EPS</b>                       | <b>(c)</b>       | <b>102.84</b>             | <b>102.84</b>             |
| <b>Effect of dilution :</b>   |                  |                           |                           |
| Due to bonus share  |                  | -                         | 17.14                     |
| <b>Weighted Average number of Equity shares for Diluted EPS</b>                     | <b>(D)</b>       | <b>102.84</b>             | <b>119.98</b>             |
| <b>Basic EPS</b>  |                  |                           |                           |
| Total Operations  | <b>(A) / (C)</b> | 0.91                      | 3.96                      |
| <b>Diluted EPS</b>  |                  |                           |                           |
| Total Operations  | <b>(B) / (D)</b> | 0.91                      | 3.39                      |

**33 Borrowing Costs**

Detail of borrowing costs incurred which are directly attributable to the acquisition/ construction of a qualifying asset and capitalised during the year to be disclosed.

**34 Capital and Other Commitments**

| <b>Particular</b>   | <b>March 31,<br/>2019</b> | <b>March 31,<br/>2018</b> |
|---|---------------------------|---------------------------|
| Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for | Nil                       | Nil                       |
| Estimated amount of contracts remaining to be executed on investment property and not provided for                            | Nil                       | Nil                       |
| Investment Commitment in Subsidiaries and Associates  | Nil                       | Nil                       |
| Contractual obligations for purchase of PPE   | Nil                       | Nil                       |

**36 Employee benefit obligations**

## 1 Defined contribution plans

Defined contribution plan, which relates to the company's provident fund under which an amount of Rs. 7.75 Lakh (Previous year Rs. 8.56 Lakh) of employers' contribution to provident fund has been recognized in the statement of profit and loss account during the year.

## 2 Defined benefit plans:

### Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service.

### a Balance Sheet amount (Gratuity)

| Particular   | Present value of obligation | Fair value of plan assets | Net amount    |
|--|-----------------------------|---------------------------|---------------|
| <b>March 31, 2017</b>  | <b>16.16</b>                | -                         | <b>16.16</b>  |
| Current service cost   | 2.45                        | -                         | 2.45          |
| Interest expense   (income)                                  | 1.20                        | -                         | 1.20          |
| <b>Total amount recognised in profit and loss</b>            | <b>3.65</b>                 | -                         | <b>3.65</b>   |
| Re-measurement (or Actuarial) (gain) / loss arising from:    |                             |                           |               |
| - change in financial assumptions                            | (0.87)                      | -                         | (0.87)        |
| - experience variance (i.e. Actual experience assumptions)   | (1.99)                      | -                         | (1.99)        |
| <b>Total amount recognised in Other Comprehensive Income</b> | <b>(2.86)</b>               | -                         | <b>(2.86)</b> |
| Benefit payments   | (0.39)                      | -                         | (0.39)        |
| <b>March 31, 2018</b>  | <b>16.56</b>                | -                         | <b>16.56</b>  |
| Current service cost   | 2.05                        | -                         | 2.05          |
| Interest expense   (income)                                  | 1.29                        | -                         | 1.29          |
| <b>Total amount recognised in profit and loss</b>            | <b>3.34</b>                 | -                         | <b>3.34</b>   |
| Re-measurement (or Actuarial) (gain) / loss arising from:    |                             |                           |               |
| - change in financial assumptions                            | 0.22                        | -                         | 0.22          |
| - experience variance (i.e. Actual experience assumptions)   | (1.33)                      | -                         | (1.33)        |

|  |               |          |               |
|--|---------------|----------|---------------|
| <b>Total amount recognised in Other Comprehensive Income</b> | <b>(1.11)</b> | <b>-</b> | <b>(1.11)</b> |
| Benefit payments   | (2.09)        | -        | (2.09)        |
| <b>March 31, 2019</b>  | <b>16.70</b>  | <b>-</b> | <b>16.70</b>  |

**b Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013**

| <b>Particular</b>                 | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|-----------------------------------|-----------------------|-----------------------|
| Current Liability (Short term)    | 1.05                  | 0.76                  |
| Non-Current Liability (Long term) | 15.64                 | 15.80                 |
|                                   | <u><b>16.70</b></u>   | <u><b>16.56</b></u>   |

**c Expenses Recognised in the Income Statement**

| <b>Particular</b>   | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|---|-----------------------|-----------------------|
| Current Service Cost  | 2.05                  | 2.45                  |
| Past Service Cost   | -                     | -                     |
| Loss/(Gain) on settlement   | -                     | -                     |
| Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset) | 1.29                  | 1.20                  |
| <b>Expenses Recognised in the Income Statement</b>                      | <u><b>3.34</b></u>    | <u><b>3.65</b></u>    |

**d Other Comprehensive Income**

| <b>Particular</b>   | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|---|-----------------------|-----------------------|
| Actuarial (gains) / losses                                    |                       |                       |
| - change in demographic assumptions                           | -                     | -                     |
| - change in financial assumptions                             | 0.22                  | (0.87)                |
| - experience variance (i.e. Actual experience vs assumptions) | (1.33)                | (1.99)                |

|  |               |               |
|--|---------------|---------------|
| - others   | -             | -             |
| Return on plan assets, excluding amount recognised in net interest expense                     | -             | -             |
| Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling | -             | -             |
| <b>Components of defined benefit costs recognised in other comprehensive income</b>            | <b>(1.11)</b> | <b>(2.86)</b> |

**e Actuarial Assumptions**

We have used actuarial assumptions selected by the Company. The Company has been advised that the assumptions selected should be unbiased and mutually compatible and should reflect the Company's best estimate of the variables of the future. The Company has also been advised to consider the requirements of Para 144 of Ind AS19 in this regard.

**Financial Assumptions**

The principal financial assumptions used in the valuation are shown in the table below:

| <b>Particular</b>              | <b>March<br/>31,<br/>2019</b> | <b>March<br/>31,<br/>2018</b> |
|--------------------------------|-------------------------------|-------------------------------|
| Discount rate (per annum)      | 7.70%                         | 7.80%                         |
| Salary growth rate (per annum) | 7.00%                         | 7.00%                         |

**f Demographic Assumptions**

| <b>Particular</b>                                       | <b>March<br/>31,<br/>2019</b> | <b>March<br/>31,<br/>2018</b> |
|---|-------------------------------|-------------------------------|
| Mortality rate (% of IALM 06-08)                        | 100%                          | 100%                          |
|   | 58                            | 58                            |
| Normal retirement age                                   | Years                         | Years                         |
| Attrition / Withdrawal rates, based on age: (per annum) |                               |                               |
| Up to 30 years  | 5%                            | 5%                            |
| 31 to 45 years  | 3%                            | 3%                            |
| Above 45 years  | 1%                            | 1%                            |

**g Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particular                        | March<br>31,<br>2019 | March<br>31,<br>2018 |
|-----------------------------------|----------------------|----------------------|
| Defined Benefit Obligation (Base) | 16.70                | 16.56                |

| Particular                                     | March 31, 2019 |          |
|--|----------------|----------|
|  | Decrease       | Increase |
| Discount Rate (- / + 1%)                       | 19.13          | 14.68    |
| (% change compared to base due to sensitivity) | 14.60%         | 12.10%   |
| Salary Growth Rate (- / + 1%)                  | 14.65          | 19.13    |
| (% change compared to base due to sensitivity) | 12.30%         | 14.50%   |
| Attrition Rate (- / + 50% of attrition rates)  | 16.51          | 16.86    |
| (% change compared to base due to sensitivity) | -1.10%         | 0.90%    |
| Mortality Rate (- / + 10% of mortality rates)  | 16.69          | 16.70    |
| (% change compared to base due to sensitivity) | 0.00%          | 0.00%    |

| Particular                                     | March 31, 2018 |          |
|--|----------------|----------|
|  | Decrease       | Increase |
| Discount Rate (- / + 1%)                       | 18.99          | 14.54    |
| (% change compared to base due to sensitivity) | 14.70%         | 12.20%   |
| Salary Growth Rate (- / + 1%)                  | 14.51          | 18.98    |
| (% change compared to base due to sensitivity) | 12.40%         | 14.60%   |
| Attrition Rate (- / + 50% of attrition rates)  | 16.36          | 16.72    |

|  |        |       |
|--|--------|-------|
| (% change compared to base due to sensitivity) | -1.20% | 1.00% |
| Mortality Rate (- / + 10% of mortality rates)  | 16.55  | 16.56 |
| (% change compared to base due to sensitivity) | 0%     | 0%    |

**f Maturity Profile of Defined Benefit Obligation**

| Particular  | March<br>31,<br>2019 |
|---|----------------------|
| Expected cash flows over the next (valued on undiscounted basis): |                      |
| 1 year  | 1.05                 |
| 2 to 5 Year   | 2.25                 |
| 6 to 10 Year  | 5.82                 |
| More Than 10 Year   | 48.96                |

**37 Contingent Liabilities - Not probable and therefore not provided for**

| Particular   | March<br>31,<br>2019 | March<br>31,<br>2018 |
|--|----------------------|----------------------|
| <b>A. Claims disputed by the company</b>   |                      |                      |
| Income tax Liability   | 63.33                | 63.33                |
| <b>B. Outstanding Corporate Guarantees</b>   |                      |                      |
| Given to Financial Institutions, Banks on behalf of other group companies *                        | 20.00                | 20.00                |
| (* Corporate Guarantees issued for facility taken by foreign Subsidiary Company<br>(Amount in USD) |                      |                      |
| <b>C. Guarantees issued by the bank on behalf of the Company</b>                                   | 4.46                 | 4.46                 |

**38 Segment Reporting**

As the company business activity fall within one segment viz. Manufacturing Business as per Ind AS 108, the disclosures requirements of Ind AS 108 of operating sigment is not applicable.

**39 Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro and Small Enterprises**

| Particular   | March 31,<br>2019 | March 31,<br>2018 |
|--|-------------------|-------------------|
| Principal amount remaining unpaid to any supplier as at the end of the year  | 502.11            | -                 |
| Interest due on the above amount   | -                 | -                 |
| Amount of interest paid in terms of Section 16 of the MSMED Act, 2006  | -                 | -                 |
| Amount of payments made to the suppliers beyond the appointed day during the year  | -                 | -                 |
| Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act   | -                 | -                 |
| Amount of interest accrued and remaining unpaid at the end of the year   | -                 | -                 |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprises. | -                 | -                 |

*Note: Due to Financial crunch in the company payment outstanding with to vendor registered MSMED Act, 2006 was pending for the payment more than 45 days (limit specified in the MSMED Act, 2006), due to that company was liability to interest on delay in payment, As per management decision interest will be charged in financial statement when paid.*

**40 Cash and Cash Equivalents**

For the purpose of the financial statement cash and cash equivalents comprise of following: -

| Particular   | March 31,<br>2019 | March 31,<br>2018 |
|--|-------------------|-------------------|
| Cash on Hand   | 21.30             | 8.82              |
| Balances with Banks  |                   |                   |
| -On Current Accounts   | 25.95             | 26.04             |
| -On Deposit Accounts (Having Maturity less than 3 Months from date of deposit) | -                 | -                 |
|  | <b>47.25</b>      | <b>34.86</b>      |

For the purpose of the cash flow statement, cash and cash equivalents comprise of following: -

| Particular | March 31,<br>2019 | March 31,<br>2018 |
|------------|-------------------|-------------------|
|------------|-------------------|-------------------|

|   |                   |                   |
|---|-------------------|-------------------|
| Cash & Cash equivalent as per balance sheet | 47.25             | 34.86             |
| Bank Overdraft                              | (4,490.68)        | (3,332.58)        |
|   | <b>(4,443.43)</b> | <b>(3,297.72)</b> |

**41 Payment to Auditor**

| Particular     | March 31,<br>2019 | March 31,<br>2018 |
|----------------|-------------------|-------------------|
| Audit Fees     | 2.38              | 2.35              |
| Tax Audit Fees | 0.49              | 0.49              |
|                | <b>2.87</b>       | <b>2.84</b>       |

42 Balance of certain trade receivables, trade payables, provisions, liabilities and TDS receivable are subject to reconciliation/confirmation.

43 Previous year figures have been regrouped/reclassified where ever necessary, to confirm to those of the current year.

44 As allowed under Schedule III of the Companies Act, 2013, financials are prepared in lakhs / in Crores and rounded off to two decimals. The amounts / numbers below thousand / fifty thousands are appearing as zero.

For V J M & Associates LLP  
Chartered Accountants  
Firm Registration No. 027535N/N500093

For and on behalf of the Board of Directors  
Sanco Industries Limited

Sd/-

Kavit Vijay  
Partner  
Membership No. 517014

Sd/-

Sanjay Gupta  
Managing Director  
DIN - 00726005

Sd/-

Sidhant Gupta  
Whole Time Director  
DIN - 02676750

Date: 28.05.2019  
Place: Delhi

Sd/-  
Chief Financial Officer  
Madhvi Gaur

Sd/-  
Company Secretary  
Akriti Mahajan

**Background****Corporate Information**

The consolidated financial statements comprise financial statements of Sanco Industries Limited, Parent Company and its subsidiary hereinafter referred as "the Group").

Sanco Industries Limited (the "Company") is an integrated manufacturing company. 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 situated in the Delhi. The Company has manufacturing facilities in the State of Himachal Pradesh and various branches in different locations within India. The products of the Company cater to domestic markets.

Sanco Industries Limited was incorporated on March 17, 1989 as a Private Limited company under the provisions of Companies Act, 1956 in the name and style of "Sanco Plastics Private Limited" vide Certificate of Incorporation issued by Registrar of Companies, Delhi & Haryana. The Company took over the business of a partnership firm "Sanco Plastic Industries" by way of an Agreement dated April 1, 1989. The name of our Company was changed to "Sanco Industries Private Limited", pursuant to which a fresh certificate of incorporation dated April 09, 2008 consequent upon change of name was issued by Registrar of Companies, Delhi & Haryana. Our Company was subsequently converted into a public company and the name was changed to 'Sanco Industries Limited' pursuant to a shareholders resolution dated May 15, 2008 and received a Fresh Certificate of Incorporation dated June 03, 2008 consequent upon Change of Name on conversion to Public Limited Company.

The company got listed with National Stock Exchange SME on March 12, 2014 and after Nov 2016 listed on National Stock Exchange main board.

### **Notes: 1 Significant Accounting Policies**

This Note provides a list of the significant Accounting Policies adopted by the Company in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **1.1 Basis of preparation**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **BASIS OF ACCOUNTING**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under the Companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendments Rules 2016 prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014

The consolidated financial statements of the Group are prepared and presented on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities are measured at Fair value
- Defined Benefit and other Long term Employee Benefits
- Derivative Financial instruments

#### **1.2 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of the consolidated financial statements requires that the Management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at

the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the consolidated financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the consolidated financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All the assets and liabilities have been classified as current or non-current as per the group's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

### **1.3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries as at 31

March 2019. The Parent Company prepares and report its consolidated financial statements in INR.

#### **Subsidiaries:**

Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

#### **Consolidation procedure:**

##### **Subsidiary:**

- a) Combine, on line by line basis like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind

AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income are attributed to the owners of the group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### **1.4 GOODWILL**

Goodwill arising on an acquisition of a business is initially recognized at cost at the date of acquisition. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

#### **1.5 FOREIGN CURRENCY TRANSACTIONS**

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates

of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On disposal of foreign operations (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### **1.6 Other Significant accounting policies**

These are set out under "Significant Accounting Policies" as given in the Company's standalone financial statement of M/s Sanco Industries Limited"



**SANCO INDUSTRIES LIMITED**  
**Registered office:** D-161, Surajmal Vihar, Delhi - 110092  
**Corporate Identity Number (CIN) -** L74899DL1989PLC035549  
**E-mail id -** [sanco86@sancopipes.com](mailto:sanco86@sancopipes.com)  
**Website address -** [www.sancopipes.com](http://www.sancopipes.com)

**ATTENDANCE  
SLIP**

(To be presented at the entrance)

I/We hereby record my/our presence at the 29th Annual General Meeting on Wednesday, 18<sup>th</sup> September, 2019 at 11:30 A.M. at Shikshak Sadan, Surajmal Vihar, Delhi - 110092

Folio No. \_\_\_\_\_ DP ID No \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxy holder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only member / Proxy holder can attend the meeting
2. Member / Proxy holder should bring his / her copy of the annual report for reference at the meeting

**SANCO INDUSTRIES LIMITED**

**Registered office:** D-161, Surajmal Vihar, Delhi - 110092  
**Corporate Identity Number (CIN) -** L74899DL1989PLC035549  
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**Website address -** [www.sancopipes.com](http://www.sancopipes.com)

**PROXY  
FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

Email Id : \_\_\_\_\_

Folio No. / DP ID No. / Client ID No. : \_\_\_\_\_

I/We, being the member(s) of Sanco Industries Limited holding \_\_\_\_\_ shares, hereby appoint

1. Name \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

Or failing him/her

2. Name \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

Or failing him/her

3. Name \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_



Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us, and on my /our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday 18<sup>th</sup> September, 2019 at 11:30 A.M. at Shikshak Sadan, Surajmal Vihar, Delhi - 110092 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND THE AUDITORS THEREON; AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019, TOGETHER WITH THE REPORT OF THE AUDITORS THEREON.
2. TO APPOINT A DIRECTOR IN PLACE OF MR. SIDHANT GUPTA (DIN 02676750), WHO RETIRES BY ROTATION AND, BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT.
3. APPOINTMENT OF M/S RASOOL SINGHAL & CO, CHARTERED ACCOUNTANTS IN PLACE OF EXISTING AUDITOR M/S VJM & ASSOCIATES, CHARTERED ACCOUNTANTS
4. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY
5. ALTERATION OF CAPITAL CLAUSE
6. SALE OF INVESTMENT IN WHOLLY OWNED SUBSIDIARY SANJIYA PLOMET LIMITED
7. FUND RAISING BY ISSUE OF WARRANTS ON PREFERENTIAL BASIS
8. REMUNERATION OF COST AUDITOR

|                           |
|---------------------------|
| Affix<br>Revenue<br>Stamp |
|---------------------------|

Signed this \_\_\_\_\_ day of 2019

Signature of shareholder \_\_\_\_\_ Signature of proxy holder(s) \_\_\_\_\_

Notes:

1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at D-161, Surajmal Vihar, Delhi - 110092, not less than 48 hours before the commencement of the Meeting.
2. Those Members who have multiple folios may use copies of this Attendance slip/ Proxy.



Email: [sanco86@sancopipes.com](mailto:sanco86@sancopipes.com)  
Website: [www.sancopipes.com](http://www.sancopipes.com)