



# ANNUAL REPORT

2016-17

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**BOARD OF DIRECTORS****MR. SANJAY GUPTA**

Chairman &amp; Managing Director

R/o. C-56, Suraj Mal Vihar,  
Delhi-110092.**DIN : 00726005****MRS. RITA GUPTA**

Executive and Non Independent Director

R/o. C-56, Suraj Mal Vihar,  
Delhi-110092.**DIN : 00725963****MR. SIDHANT GUPTA**

Executive and Non Independent Director

R/o. C-56, Suraj Mal Vihar,  
Delhi-110092.**DIN : 02676750****MR. ANURAG GUPTA**

Executive and Non Independent Director

7/614, Kesari Street, Gali Jain Mandir  
Shahdara, Delhi -110032**DIN : 01307898****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**

<p><b>Chief Financial Officer</b> Mr. Vipul Kumar Singhal</p> <p><b>Company Secretary</b> Ms. Preeti Gupta</p> <p><b>Auditors:</b> VJM &amp; Associates Chartered Accountants 403, 4th Floor, Raja House, Nehru Place, New Delhi-19</p> <p><b>Registered Office:</b> 9/51, Bazar Gali, Vishwas Nagar Delhi-110032</p> <p><b>Corporate Office:</b> D-161 Surajmal Vihar Delhi-110092</p> <p><b>Website</b> <a href="http://www.sancopipes.com">www.sancopipes.com</a></p> <p><b>E-mail</b> <a href="mailto:sanco86@sancopipes.com">sanco86@sancopipes.com</a></p> <p><b>Registrar &amp; Share Transfer Agents</b> Beetal Financial &amp; Computer Services (P) Ltd Beetal House 3rd Floor, 99 Madangir, New Delhi-110062</p>	<p><b>BANKERS</b> Union Bank of India State Bank of India South Indian Bank ICICI 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>Auditors Report.....</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,**

*It gives me great pleasure to share with you an update on the overall performance of the company in 2016-17. It was yet another difficult year for the global economy, characterized by low growth and political uncertainties. The overall market showed the signs of recovery in the latter half of the year but faced a temporary slowdown in November due to demonetization.*

*During last year two major things were happened, Firstly, The Company announced a bonus of 1:5 to its existing shareholders in the month of August and lastly your company has been migrated to Main Board of National Stock exchange from Emerge Platform. In the year under review Profit after tax grew by 38.38% to 311.80 Lakhs.*

*At Sanco, we have always stayed ahead of times offering the best the consumers can ask for. As your Company is aiming to make big gains with diversification and expansion, I look forward to your continued support, guidance and encouragement, which will help the Company to stay at the helm of success for years to come.*

*Our focus is to continue improving our return on equity and margins and become the leading PVC products manufacturer globally.*

*During the last few years, besides our regular business, we have forayed into new segments and added new products under the Sanco brand (LED lights and PVC insulation electrical tapes). We are also in the process of introducing some new products very soon. The intention is to evolve over a period of time into an Electrical Products Company as opposed to continuing as a Pipe, Wires and Cables Company.*

*We have expanded our reach throughout India with 18 branches & warehouses, 400 distributors and more than 1000 retailers. Over the longer term, the growth potential for your Company's various businesses is immense especially given the large impetus being put on infrastructure development and urbanization through creation of smart cities. Your Company is confident of its abilities to convert this potential into reality.*

*I would like to take this opportunity to thank each and every employee as well as those who work who work with us across the value chain for their unstinting support and hard work in the services of our company. I would also like to thank you, our shareholders, for your continued trust in the business.*

***Sd/-***

*Sanjay Gupta*

*Chairman and Managing Director*

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of **M/s Sanco Industries Limited** will be held on Thursday, 28<sup>th</sup> September, 2017 at 03:30 A.M. at D-161, First Floor, Surajmal Vihar, Delhi-110092 to transact the following businesses:

### **ORDINARY BUSINESS**

#### **ITEM NO. 1**

To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2017, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

#### **ITEM NO. 2**

To appoint Directors in place of Mr. Sanjay Gupta and Mr. Sidhant Gupta, who retires from office by rotation, and being eligible, offers themselves for re-appointment.

#### **ITEM NO. 3**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED** that pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment M/s V.J.M & Associates, Chartered Accountants (Firm Registration No. 027535N), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.”

**SPECIAL BUSINESS:**

**ITEM NO. 4**

To consider and, if thought fit, to give your assent or dissent to the following resolution proposed to be passed as Special Resolution for appointment of Mr. Anurag Gupta (DIN-01307898) as a Whole Time Director:-

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the Articles of Association of the Company consent of members of the company be and are hereby accorded to the appointment of Mr. Anurag Gupta as a Whole-Time Director of the Company by the Board of Directors, designated as Whole Time Director, for a period of 3 years w.e.f. 16 January 2017 to 15 January, 2020 upon the following terms and conditions:-



Total Salary the Total CTC of Mr. Anurag Gupta will be in the range of 6 Lacs Per Annum. The above CTC will be bifurcated as per the standard salary structure of the company. Over and above the above-mentioned CTC, he will also entitle the perquisites as per Company policies, as amended time to time.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Mr. Anurag Gupta as a Whole Time Director, the remuneration payable to him shall be paid to him as minimum remuneration provided that the total remuneration by way of salary, ex-gratia, perquisites and other allowances shall not exceed the limits prescribed from time to time of Schedule V of the Companies Act, 2013.”

#### **ITEM NO.5**

To consider and, if thought fit, to give your assent or dissent to the following resolution proposed to be passed as an Ordinary Resolution for Appointment of Mr. Surender Kumar Gupta (DIN-07613952) as an Independent Director:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Mr. Surender Kumar Gupta, Director of the Company, in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of 5(five) years, with effect from 29 September, 2016 to 28 September, 2021 AND THAT he shall not be liable to retire by rotation.”

#### **ITEM NO.6**

To consider and, if thought fit, to give your assent or dissent to the following resolution proposed to be passed as an Ordinary Resolution for Appointment of Ms. Sonu Kumari (DIN-07911978) as an Independent Director:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Ms. Sonu Kumari, Director of the Company, in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of 5(five) years, with effect from 12 August, 2017 to 11 August, 2022 AND THAT he shall not be liable to retire by rotation.”

#### **ITEM NO. 7**

To consider and, if thought fit, to give your assent or dissent to the following resolution proposed to be passed as Special Resolution for Related Party Transactions:-

**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the company be accorded to the Board of Directors of the company to enter into contracts and/or agreements with related parties as defined under the Act with respect to sale, purchase or supply of goods or materials, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or appointment of such related party to any office or place of profit in the company, or its subsidiary or associate company or any other transactions of whatever nature with related parties up to the maximum Rs 25 Crs. per annum for the year 2017-18 and further years.”

“**FURTHER RESOLVED THAT** the Board of Directors of the company, be and is hereby authorised to determine the actual sums to be involved in the proposed transactions and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and generally to do all acts deeds and things that may be necessary proper, desirable or expedient and to execute all

documents, agreements and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

For and on Behalf of the Board of Directors of  
**SANCO INDUSTRIES LTD.**

Sd/-

Date: 1<sup>st</sup> September, 2017

(Sanjay Gupta)

Place: New Delhi

Managing Director

**Notes:**

1. 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.

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 to the Annual Report.

2. 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.
3. Corporate Members intending to send their authorised representative to attend the meeting are requested to send a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
4. 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.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the meeting is annexed hereto. Brief resume and other particulars of Directors who are proposed to be appointed/ re-appointed, as required under Listing Agreement.
6. 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.

7. Members are requested to intimate to M/s Beetal Financial Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi – 110062, regarding change, if any, of their address for mailing purposes.
8. 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.
9. 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.
10. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report at the meeting.
11. 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, between 11:00 a.m. to 1:00 p.m., up to the date of Annual General Meeting.

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

- (i) The voting period begins on 25/09/2017 at 9:00 AM and ends on 27/09/2017 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 <25/08/2017> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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 <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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.
- (xviii) **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.**
- (xix) **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.
- (xx) 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).

For and on Behalf of the Board of Directors of

**SANCO INDUSTRIES LTD.**

Sd/-

Date: 1<sup>st</sup> September, 2017

(Sanjay Gupta)

Place: New Delhi

Managing Director

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

(Annexed to the Notice for the ANNUAL GENERAL MEETING ("AGM"))

**ITEM NO. 4**

Mr. Anurag Gupta appointed as an Additional Directors by the Board of Director w.e.f. January 16, 2017 in accordance with the provisions of Section 161(1) of the Companies Act, 2013.

Pursuant to Section 161(1) of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Mr. Anurag Gupta on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 4 for adoption.

None of the Directors, except Mr. Anurag Gupta is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 4 to be passed as ordinary resolution.

**ITEM NO. 5**

Mr. Surender Kumar Gupta appointed as an Additional Directors by the Board of Director w.e.f. September 29, 2016 in accordance with the provisions of Section 161(1) of the Companies Act, 2013.

Pursuant to Section 161(1) of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Mr. Surender Kumar Gupta on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 5 for adoption.

None of the Directors, except Mr. Surender Kumar Gupta is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 5 to be passed as ordinary resolution.

#### **ITEM NO. 6**

Mrs. Sonu Kumari appointed as an Additional Directors by the Board of Director w.e.f. August 12, 2017 in accordance with the provisions of Section 161(1) of the Companies Act, 2013.

Pursuant to Section 161(1) of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. The Board feels that presence of Mrs. Sonu Kumari on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 6 for adoption.

None of the Directors, except Mrs. Sonu Kumari is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 6 to be passed as ordinary resolution.

**ITEM NO. 7****RELATED PARTY TRANSACTION**

In light of provisions of Section 188(1) of the Companies Act, 2013 and rules made thereunder, the Audit committee and Board of Directors of the Company have approved the transactions along with the annual limits that your company may enter with its related parties for the financial year 2017-18 and for further years.

All disclosures prescribed to be given under the provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 are provided in the table appended below for the perusal of the members.

**Name of the Related Party:** Sanjita Polymet Ltd.

**Nature of relationship:** Wholly Owned Subsidiary

**Nature of the transactions:** sale, purchase or supply of goods or materials

**Maximum Expected Value of the transactions per annum:** Rs. 25 Crs.

- a) **Name of the related party and Nature of Relationship:** Sanjita Polymet Ltd. is the Wholly Owned Subsidiary of the company incorporated at Hong Kong.

b) Nature, duration of the contract and particulars of the contract or arrangement :

Nature of work: sale, purchase or supply of goods or materials

Duration: 12 months and as and when renewed

A copy of the draft agreement with said related party setting out the terms and conditions will be available for inspection without any fee to members at the Company's registered office during the normal business hours on working days as and when company will entered in any such contract or agreement.

Your Directors recommend the resolution for your approval.

Except Mr. Sidhant Gupta, none of the Directors, Key Managerial Persons of the Company and their relatives is/are concerned or interested in the resolution.

For and on Behalf of the Board of Directors of

**SANCO INDUSTRIES LTD.**

Sd/-

Date: 1<sup>st</sup> September, 2017

(Sanjay Gupta)

Place: New Delhi

Managing Director



**DIRECTORS' REPORT**

To,

**The Members,**

On Behalf of the Board of Director of your Company, it is our privilege to present the 27<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, 2017 and Auditor's Report thereon.

**1. Financial Highlights**

The financial performance of your Company are as under:

Particulars	(Rupees in Lacs)	
	2016-17	2015-16
Turnover	10805.19	14007.29
Profit before finance charges, Tax, Depreciation/ Amortization (PBITDA)	1023.47	1030.27
Less: Finance Charges	637.57	596.06
Profit before Depreciation/ Amortization (PBTDA)	385.90	434.21
Less: Depreciation	98.78	116.76
Add: Exceptional Items	131.38	(4.50)
Less: Prior Period Items	-	10.03
Net Profit before Taxation (PBT)	418.50	302.92
Provision for taxation	106.70*	110.80*
Profit/(Loss) after Taxation (PAT)	311.80	192.12
Provision for proposed Dividend	-	-
Dividend tax	-	-
Transfer to General Reserve (Profit for the year and depreciation written back)	311.80	192.12

\*Subject to the provision of MAT adjustment.

**2. State of Company's affairs and future outlook**

The Company show continuous growth over the years by achieving profit from 192.12 to 311.80. The growth in profit is mainly driven by the expansion to new markets by way of appointing new distributors.

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2016-17 and the date of this report.

### **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, 2017.

### **5. Transfer to Reserves**

The amount to be transferred to reserves during the year is Rs. 311.80. (Rs. 311.80 is on account of the profit during the year).

### **6. Changes in Share Capital**

There is change in the Share capital of the company during this financial year.

Categories Share Capital	No. of Shares held at the beginning of the year [As on 31-March-2016]	No. of Shares held at the end of the year [As on 31-March-2017]	Change during the year
Authorised Share capital	14000000	14000000	NIL
Issued, Subscribed and Fully Paid up	8570000	10284000	1714000

Share Capital increased by 1714000 by bonus shares issues.

Details pertaining to shares in suspense account - N.A.

### **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 (Whole Time 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></ul>

**3. Mrs. Rita Gupta (Whole Time Director)**

<b>Brief Description</b>	Promoter, Post-Graduation from CCS University.
<b>Expertise</b>	Fields of Business & Official Management
<b>Name of other Companies where holds directorship</b>	NA

**4. 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

**5. 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

**6. 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

**7. Ms. Preeti Gupta (Company Secretary)**

<b>Brief Description</b>	Graduation from DU, Member of ICSI
<b>Expertise</b>	Corporate & Listing Compliances Matters.
<b>Name of other Companies where holds directorship</b>	NA

**8. Mr. Vipul Singhal (Chief Finance Officer)**

<b>Brief Description</b>	B.Com from CCS University, MBA Finance from UPTU University
<b>Expertise</b>	Finance
<b>Name of other Companies where holds directorship</b>	NA

**9. Surender Kumar Gupta (Additional 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

**10. Anurag Gupta (Additional Director)**

<b>Brief Description</b>	Graduate
<b>Expertise</b>	Accounting and Production
<b>Name of other Companies where holds directorship</b>	KI Plastics Private Limited Superlink Polyfeb Limited

**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**

During the financial year 2016-17, there held 13 meetings of the Board of Directors.

#### **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 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. Managerial Remuneration**

- During the year there is no increase in remuneration of directors and KMP:
- The Board, on the recommendation of the NR Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:
  - Basic Pay
  - Perquisites and Allowances
- There are 129 permanent employees on the rolls of company:
  - Work Place – 104
  - Corporate Office - 25
- Remuneration to Non-Executive Directors: The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

Remuneration to other employees: Employees remuneration shall be determined within the appropriate qualifications and work experience and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## **12. Details of Subsidiary**

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

### **M/s Sanjita Polymet Ltd. (Wholly Owned Subsidiary)**

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 195.28 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.

## **13. Statutory Auditors**

The Auditors of the Company M/s V J M & Associates, Chartered Accountants, Delhi hold office until the conclusion of forthcoming Annual General Meeting and being eligible, offer them for appointment. The Company has also received intimation to the effect that their reappointment, if done, would be within the limits laid down under Section 139(1) of the Companies Act, 2013.

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.

## **14. Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014, M/s Cheena & Associates has been appointed as Cost Auditors for the year 2017-18.

**15. 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.

**16. 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.

**17. Disclosure on Employee Stock Option/Purchase Scheme**

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

**18. 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 of the Company, strengthen internal controls & look into all transactions having monetary implications on the functioning of the Company. 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 Clause 52 of the Listing Agreement of the Stock Exchange. The audit committee will also do the function required for vigil mechanism of the company.

The Committee consist of three Directors. 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 Scope of the functioning of the Audit Committee is to review, from time to time, the internal control procedures, the accounting policies of the Company 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 review of:

- 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, the quarterly financial statements before submission to the Board for approval.
- 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.

#### **19. 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 Vigil Mechanism ("the Policy") has been formulated with a view to provide a mechanism for employees of the Company to approach the Ethics Counsellor / Chairman of the Audit Committee of the Company."

#### **20. Nomination and Remuneration Committee**

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.

Pursuant to the provisions of Section 178 of the Companies Act, 2013, a Nomination and Remuneration Committee be constituted consisting of –

Mr. Sanjeev Kr. Jain      - Non Executive, Independent Director

Mr. Surender Kumar Gupta      - Non Executive, Independent Director

CA Saurabh Gupta      - Non Executive, Independent Director

As members to carry out such functions set out in Section 178 of the Companies Act, 2013 and that the quorum shall be any two Directors personally present including the Chairman.”

#### **21. Stakeholders Relationship Committee**

Pursuant to the provisions of Section 178(5) of the Companies Act, 2013 a Stakeholders Relationship Committee be constituted consisting of –

Mr. Surender Kumar Gupta        - Non Executive, Independent Director

Mr. Sanjay Gupta                - Managing Director

Mr. Sanjeev Kr. Jain            - Non Executive, Independent Director

As members to consider and resolve complaints/ grievances of the security holders of the Company so as to ensure that timely relief is extended to stakeholders/investors in respect of their complaints.

The terms of reference of the Stakeholders Relationship Committee include the following:

1. It shall have the authority 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.
2. To investigate any activity within its terms of reference.
3. To seek any information from any employee.
4. To seek information from share transfer agents.
5. To obtain outside legal or other professional advice.
6. To secure attendance of outsiders with relevant expertise, if it consider necessary.
7. To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.



8. To approve share transfer / transmission securities periodically, whether by circular resolution or otherwise.
9. To look into redressing of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non receipt of declared dividends etc.
10. To oversee the performance of the Registrar and transfer Agents an recommended measures or overall improvement in the quality of investors services.

**22. 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.

**23. Extract Of The Annual Return**

The extract of annual return as on the financial year ended March 31, 2017 in Form No. MGT-9 is attached with this report.

**24. 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 31.03.2017 affecting the financial position of the Company.

**25. Details of significant and material orders passed by the regulators/courts /tribunals impacting the going concern status and the Company's operations in future**

During the year there are no significant and material orders passed by the regulators/ courts /tribunals impacting the going concern status and the Company's operations in future.

**26. 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.

## **27. 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.

## **28. Particulars of loans, guarantees or investments under section 186**

- Details of loans, guarantee/security provided :

There were no loans, guarantees or security made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

- Details of investments:

SL No.	Date of investment	Name of investee	Purpose for which the proceeds	Equity Shares	Amount
1	31/03/2017	Sanjita Polymet Ltd	For Making investment in Wholly owned Subsidiary Company	450000USD	2,91,77,370

## **29. Particulars of contracts or arrangements with related parties**

Date and No. Contract or Arrangement	Name of Parties to Contract	Particulars of Contract	Name of Directors Interested
1 <sup>st</sup> April 2016-31 <sup>st</sup> March, 2017	Shakuntla Gupta	Rent paid to Mrs. Shakuntla Gupta of Rs. 4.50 lacs	Shakuntla Gupta

1 <sup>st</sup> April 2016- 31 <sup>st</sup> March, 2017	Rita Gupta	Rent paid to Mrs. Rita Gupta of Rs. 4.50 lacs	Rita Gupta
1 <sup>st</sup> April 2016- 31 <sup>st</sup> March, 2017	Sanco Industries Ltd & Sanjita Polymet Ltd	Co. Invested in shares of M/s Sanjita Polymet Ltd for rs.1,95,28,237.00	Sidhant Gupta
1 <sup>st</sup> April 2016- 31 <sup>st</sup> March, 2017	Sanjay Gupta	Reimbursement of corporate Expenses to Mr. Sanjay Gupta of Rs. 105.27 lacs against the payment of credit card used for company expenditure.	Sanjay Gupta
1 <sup>st</sup> April 2016- 31 <sup>st</sup> March, 2017	Sanco Industries Ltd & Sanco Enterprises (P) Ltd	Co. Sale Investment to M/s Sanco Enterprises (P) Ltd for rs.3,35,13,500.00	Sanjay Gupta, Sidhant Gupta Rita Gupta

### **30. 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 the requirements of the SME Listing Agreement and has implemented all the mandatory stipulations prescribed there under. Report on Corporate Governance for the year ended March 31, 2017 in terms of Clause 52 of the SME Listing Agreements entered into with the Stock Exchanges in India 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.

### **31. 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.

**32. Fraud Reporting**

During the year, the company has reported no frauds.

**33. Revision of financial statements or Board's Report**

No revision of financial statements or Board's Report.

**34. Details of debenture trustees**

The provisions related to debenture trustees are not applicable for the company.

**35. 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

**36. Details of unclaimed NCDs**

The provisions related to unclaimed NCDs are not applicable for the company.

**37. Details of Downstream Investment**

The provisions related to downstream investment is not applicable for the company.

**38. Details of Voluntary Delisting**

The provisions related to voluntary delisting is not applicable for the company.

**39. 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.)**

Foreign Exchange Out goes: 76.85

Foreign Exchange earning NIL

#### **40. 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.

#### **41. Directors' Responsibility Statement**

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

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) The directors had prepared the annual accounts on a going concern basis; and
- (v) 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.

- (vi) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**42. 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 and on behalf of the Board of Directors:**

Sd/-

Mr. Sanjay Gupta

(Managing Director)

Sd/-

Mr. Sidhant Gupta

(Director)

**Place: Delhi**

**Date: 29.05.2017**

**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 2017**

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 Ltd**
- iv. Category/ Sub-Category of the Company: **Listed Public Limited Company**
- v. Address of the Registered office and contact details: **9/51, Bazar Gali Vishwas Nagar Delhi-110032**
- 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

**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.	Nameand Description of Main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	PVC Pipes	22207	27.24



2.	PVC Wires & Cables	27320	15.00
3.	Copper Wire Rod	NA(Trading)	55.76

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

S. No.	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/Associate
1.	Sanco Enterprises Private Ltd	U00000DL190PTC040854	Associate
2.	Superlink Polyfeb Ltd.	U25209DL2002115859	Associate
3.	Sanjita Polymet Ltd. (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	5903300		5903300	68.88	6253460	0	6253460	60.81	8.07
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.	26700	0	26700	0.31	32040	0	32040	0.31	0
e) Banks/FI	0	0	0		0	0		0	0
<b>Sub-total(A)(1)</b>	<b>5930000</b>	<b>0</b>	<b>5930000</b>	<b>69.19</b>	<b>6285500</b>		<b>0</b>	<b>61.12</b>	<b>8.07</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>0.00</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>5930000</b>	<b>0</b>	<b>5930000</b>	<b>69.19</b>	<b>6285500</b>	<b>0</b>	<b>6285500</b>	<b>61.12</b>	<b>8.07</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) FII's	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>	<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>2. Non-Institutions</b>									0
a) Bodies Corp.	1208000	0	1208000	14.09	998740	0	998740	9.72	4.37
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.2 lakh	432000	0	432000	5.04	1715856	1	1715857	16.6847	11.6447
ii. Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1000000	0	1000000	11.67	648144	0	648144	6.3025	5.3675
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>2640000</b>	<b>0</b>	<b>2640000</b>	<b>30.80</b>	<b>3998499</b>	<b>1</b>	<b>3998500</b>	<b>38.8808</b>	<b>8.08</b>

<b>C. Shares held by Custodian or GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total = (A+B+C)</b>	8570000	0	8570000	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			% of total shares of the company
		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	Shakuntla Gupta	502000	5.8576	0	602400	5.8576	0	
2	Sanjay Kumar Gupta	833700	9.7281	0	2142160	20.83	0	1
3	Sanjay Gupta	3362800	39.2392	0	1109360	10.7872	0	2
4	Sanco Enterprise Pvt Ltd	26700	0.3116	0	32040	0.3116	0	
5	Mansi Gupta	10000	0.1167	0	492000	4.7841	0	4
6	Sidhant Gupta	30100	0.3512	0	528120	5.1354	0	4
7	Seema Jain	40000	0.4667	0	48000	0.4667	0	
8	Sadhna Singhal	140000	1.6336	0	168000	1.6336	0	
9	Rita Gupta	156800	1.8296	0	692160	6.7305	0	4
10	Anurag Gupta	699800	8.1657	0	471260	4.5825	0	3
11	Om Prakash Gupta	120500	1.4061	0	0	0	0	1
12	Anil Kumar Sharma	7600	0.0887	0	0	0	0	0
	<b>Total</b>	5930000	69.1949		6285500	61.1192	0	8

**iii. Change in Promoters' Shareholding**

There is change in promoter & promoter group shareholding because of bonus inter se promoter transfers and sale of the promoter's shareholding during the year.

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

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	Share India Securities Limited	0	0	0	280722	2.7296	0	2.7296
2	Wind Pipe Finvest Private Limited	0	0	0	250000	2.4309	0	2.4309
3	Raju Mehta HUF	0	0	0	121400	1.1804	0	1.1804
4	Ajay Kumar Bokadia	0	0	0	113700	1.1056	0	1.1056
5	Sangeeta Pareekh	0	0	0	100000	0.972	0	0.972
6	Pawan Kumar Sarawgi	96000	1.120	0	76800	0.7467	0	0.3733
7	Premlatha	0	0	0	67100	0.6524	0	0.6524
8	Bhikamchand Rajesh	0	0	0	62500	0.6077	0	0.6077
9	Mitesh Kumar Mahendra Kumar Mehta	0	0	0	59675	0.5802	0	0.5802
10	CPR Capital Services Ltd	0	0	0	54040	0.5254	0	0.5254
	<b>Total</b>	96000	1.120	0	1185937	11.5309	0	11.1575

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

Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1. Sanjay Gupta	For each of the Directors and KMP	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	833700	9.7281		
	Date wise increase/ decrease in shareholding during the year	1308460	11.1019		
	At the end of the year			2142160	20.83

Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2. Sidhant Gupta	For each of the Directors and KMP	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	30100	0.35		
	Date wise increase/ decrease in shareholding during the year	498020	4.7854		
	At the end of the year			528120	5.1354

Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the company	No.of Shares	% of total shares of the company
3. Rita Gupta	<b>For each of the Directors and KMP</b>				
	At the beginning of the year	156800	1.834		
	Date wise increase/ decrease in shareholding during the year	535360	4.8965		
	At the end of the year			692160	6.7305

Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the company	No.of Shares	% of total shares of the company
4. Anurag Gupta	<b>For each of the Directors and KMP</b>				
	At the beginning of the year	699800	8.1657		
	Date wise increase/ decrease in shareholding during the year	-228540	-3.5832		
	At the end of the year			471260	4.5825



**I. Indebtness**
**II. Indebtness**

Indebtedness of the Company including interest outstanding/accrued but not due for payments (Secured loan)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i.	Principal Amount	2150.52	1179.75	0	0
ii.	Interest due but not paid	0	0	0	0
iii.	Interest accrued but not due	7.20	0	0	0
<b>Total (i+ii+iii)</b>		2157.72	1179.75	0	0
<b>Change in Indebtedness during the financial year</b>	Addition	12284.33	3437.82	0	0
	Reduction	11422.74	3452.10	0	0
<b>Net Change</b>		861.59	(14.28)	0	0
<b>Indebtedness at the end of the financial year</b>					
i.	Principal Amount			0	0
ii.	Interest due but not paid	0	0	0	0
iii.	Interest accrued but not due	0	4.19	0	0
<b>Total (i+ii+iii)</b>		3019.31	1169.66	0	0

**III. 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	
	Gross salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 (Remuneration up to December 2015, as she has given her resignation on 29 <sup>th</sup> December 2015)	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.	Commissionas % of profit 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	
1.	Gross salary		
	(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.	Commissionas % of profit 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	Deepak Gupta	Sanjeev Kumar Jain	

	1. Independent Directors Fee for attending board meeting/committee meetings Commission Others, please specify	NIL	NIL	NIL	NIL
	<b>Total (1)</b>	NIL	NIL	NIL	NIL
	2. Other Non-Executive Directors Fee for attending board/committee meetings Commission Others, please specify	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	NIL	NIL	NIL	NIL
	<b>Total (B) = (1+2)</b>	NIL	NIL	NIL	NIL
	<b>Total Managerial Remuneration</b>	NIL	NIL	NIL	NIL
	<b>Overall Ceiling as per the Act</b>	NIL	NIL	NIL	NIL

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 Value of perquisites u/s 17(2) Income-Tax Act, 1961  Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	3,60,000 p.a	4,20,000 p.a	7,80,000 p.a.
2	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission as % of profit Others specify.	0	0	0
5.	Others, please specify	0	0	0
	<b>Total</b>	3,60,000 p.a	4,20,000 p.a	7,80,000 p.a.

**IV. 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				
Compoundin	NIL				
Other officers in default					
Penalty	NIL				
Punishment	NIL				
Compoundin	NIL				

FORM NO. MR-3

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

**SECRETARIAL AUDIT REPORT  
For the Financial Year Ended 31.03.2017**

To,  
The Members,  
Sanco Industries Limited  
9/51 Bazar Gali  
Vishwas Nagar  
Delhi - 110032

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 to **Sanco Industries Limited** here in after referred to as ("**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 **Sanco Industries Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> Day of March, 2017** complied with the statutory provisions listed here under 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 **Sanco Industries Limited ("the Company")** for the financial year ended on **31<sup>st</sup> Day of March, 2017** 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 there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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, 1992
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s),

During the period under review the Company has 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 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 Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting, however, Company does not have proof of payment of sitting fee to the directors.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

**Date: 29 May, 2017**

**Place: Delhi**

**SAS & Associates  
Company Secretaries**

**Sd/-  
Shazan Ali  
Partner  
MN: 8748  
COP No. 9354**

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



**ANNEXURE-A**

To,

The Members,

**Sanco Industries Limited**  
**9/51 Bazar Gali**  
**Vishwas Nagar**  
**Delhi-110032**

Our report of even date is to be read along with this letter.

- 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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process 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) Wherever required, we have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of provisions of corporate and other applicable laws, rules, regulations & standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

**Date: 29 May, 2017**  
**Place: Delhi**

**SAS & Associates**  
**Company Secretaries**

**Sd/-**

**Shazan Ali**  
**Partner**  
**MN: 8748**  
**COP No. 9354**

## 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

### Promoters experience & their Shareholding

Our promoters have been involved in the business for over two and a half decades. Our promoters & promoters group currently holds 69.12% shareholding of the company.

### Factors that may affect Results of Operations

Except as otherwise and the following important factors could cause actual results to differ materially from the expectations include, among others:

#### 1) General economic and business conditions

As a company operating in India, we are affected by general economic and business conditions in the markets in which the Company operates and in the local, regional and national and international economies.

Over the last few months, several measures have been announced by the Government, which should bring back the growth momentum within the country. In that context, I expect that the

next few years should be an exciting journey for our Company in the form of better growth and expansion into newer product segments.

2) Our ability to successfully implement its strategy and its growth and expansion plans

The Company's position as one of the market leader is due to its persistent efforts and emphasis in the following areas:

- Product quality
- Continuous product improvement
- Creating customer preferences
- Competitive pricing and extremely competitive cost structure
- Dynamic approach to situations
- Strong and dependable distribution channel spread all over the Country

Our Company's future prospects predominately depend upon our managerial capabilities and capacities to undertake such growth oriented projects. . We would continue to pursue such development strategies which would not only enhance existing operations but also focus on newer opportunities in diversified areas

3) Factors affecting industrial activity

Any change in the factors such as industrial policies, tariffs, excise duties, improper relationships with our customers, etc. which may affect the activities of the steel, inventory, fluctuations in commodity prices, oil & gas, pharmaceutical industry etc. may affect our results of operation.

4) Increasing competition in the industry

We face competition from some of the domestic companies like AKG Industries, Dimple Plastics Pvt Ltd. (Setia Pipes) and NavShikhaPolypackPvt. Ltd. (Polypack Pipes).

5) Cyclical or seasonal fluctuations in the operating results

Cyclical or seasonal fluctuations in the operating results of the company refer primarily to systematic variations in demand for products and services in a cyclical fashion at different within a recurring time period. The reason for seasonal variations is changes in the environment or other cultural factors cause people to have different types of requirements at different times of the seasonality time period may affect the enduring financial performance at large.

6) Changes in laws and regulations that apply to the industry

Our business is subject to numerous laws, regulations and policies. Changes in the laws, regulations and policies, including the interpretation or enforcement thereof that affect, or will affect, our business. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals our business may be affected.

7) Changes in fiscal, economic or political conditions in India

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

8) Changes in the foreign exchange control regulations, interest rates and tax laws in India

Changes in the laws, foreign exchange control regulation and policies, including the interpretation or enforcement thereof, that affect, or will affect, our business, including changes in accounting standards, tax laws and regulations, trade rules and customs regulations, and the outcome and expense of legal or regulatory proceedings, and any action we may take as a result could adversely affect our financial results.

### **Outlook**

- As GST is been rolled out in the country, and most of the tax evasion and unorganised sector is already wiped from the industry.
- 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.
- Future growth of India PVC pipes and fittings Market is expected to be led by rapidly increasing population leading to increased demand for production and expanding housing sector and significant role played by the government in the development of infrastructure and real estate sector in the country.

### **Overview of Our Results of Operations**

The following discussion of the financial condition and results of operations for the financial year ended March 31, 2017 & 2016.

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

Particulars	For the Financial year	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
	(In Rs. Lacs)	(In Rs. Lacs)
Income		
Revenue from operations	10783.04	13999.23
Other income	22.15	8.06
<b>Total Income</b>	<b>10805.19</b>	<b>14007.29</b>
Expenses		
Cost of raw material and components consumed	3037.67	3854.17
Purchase of Stock in Trade	6503.22	8530.73
Changed in inventories of finished goods and traded goods	(291.15)	94.93
Employee Benefits Expenses	202.41	179.86
Depreciation and Amortization Expenses	98.78	116.76
Finance Costs	637.57	596.06
Other Expenses	329.57	317.33
Exceptional Items	131.38	(4.50)
Total Expenditure		13689.84
Profit Before Tax	418.50	312.95
Less: Tax Expense		
Current tax expense	118.84	107.99
Taxes for earlier year	-	(5.51)
Deferred tax (credit)/ charge	12.14	8.32
Total Tax Expense	130.98	110.8
Profit After Taxation	311.80	192.12

### Comparison of FY 2017 with FY 2016:

#### Total Income

Total Income for FY 2017 was 10805.19 lacs as compared to Rs. 14007.29 lacs in FY 2016 showing a decrease of 22.86%. The decrease in income was mainly due to unfavorable market conditions and demonetization in the 3<sup>rd</sup> quarter.

#### Expenditure:

Cost of Raw Materials consumed decreased to 3037.67 lacs in FY 2017 against 3854.17 lacs in FY 2016. The decrease of 21.18% in materials consumed was in line with the decrease in the production of PVC Conduit Pipes and PVC Wires and trading of metal products due to economical slow down and demonetization in the 3<sup>rd</sup> quarter.

Our employee benefits expenses increased to Rs 202.41 lacs in FY 2017 against Rs. 179.86 lacs in FY 2016, showing an increase of 12.53%.

Other expenses increased to 329.57lacs in FY 2017 as compared to 317.33 lacs in FY 2016. The increased of around 3.85% on account of increase in payment of import custom duty, freight & forwarding expenses toward import of raw material and other routine expenses.

Depreciation and Amortization expenses:

Depreciation on fixed assets decreased to 98.78lacs in FY 2017 from 116.76lacs in FY 2016. A decrease of 15.39%

Finance costs:

Finance costs increased to 637.57 lacs in FY 2017 against 596.06 lacs in FY 2016. An increase of 6.96% was primarily due to increase in various short & long term borrowings availed by the Company.

Profit after Tax

PAT increased to 311.80 lacs in FY 2017 from 192.12lacs in FY 2016. And increased of 62.29% in PAT during FY 2017. The growth in profit is mainly driven by the expansion to new markets by way of appointing new distributors.

**MANAGING DIRECTOR AND CFO CERTIFICATION**

To,  
The Board of Directors,  
Sanco Industries Ltd.

We, Sanjay Gupta, Managing Director and Vipul Singhal, 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 2017 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.

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

Sd/-  
**Vipul Singhal**  
(Chief Financial Officer)

Date: 29<sup>th</sup> May 2017  
Place: Delhi

## **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**

The Company has 3 Executive Directors, 1 Non-Independent Additional Director and the number of Independent Directors is 3. As on 31st March, 2017, the Company has 7 Directors on its Board, of which 3 Directors are independent. The number of Non- Executive Directors (NEDs) is more than 50% of the total number of Directors. *The Company is not in compliance with the Regulation 17 of the LODR pertaining to compositions of directors. (In the upcoming Board Meeting Company is going to appoint an Independent Director).*

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 at last AGM (Yes/No)	No. of Director-ships in other public Limited Cos.	No. of Chairmanship/Memberships of Committees in other Public Ltd. Cos. *	
					Chairmanship	Membership
Mr. Sanjay Gupta	Non Independent Executive Chairman	13	Yes	1	Nil	Nil
Mr. Sidhant Gupta	Non Independent Executive Director	11	Yes	1	Nil	Nil
Mrs. Rita Gupta	Non Independent Executive Director	13	Yes	-	Nil	Nil
Mr. Surender Kumar Gupta	Independent Non-Executive Director	3	NA	-	Nil	Nil
CA Saurabh Gupta	Independent Non-Executive Director	10	Yes	-	Nil	Nil
CA Sanjeev Kr. Jain	Independent Non-Executive Director	12	Yes	-	Nil	Nil
Mr. Anurag Gupta	Additional Director	1	NA	-	Nil	Nil

**Notes:-**

- During the Financial Year 2016-17, Thirteen (13) Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 18<sup>th</sup> April 2016, 30<sup>th</sup> May, 2016, 30<sup>th</sup> June, 2016, 4<sup>th</sup> July 2016, 1<sup>st</sup> August, 2016, 13<sup>th</sup> August, 2016, 23<sup>rd</sup> August, 2016, 29<sup>th</sup> August 2016, 29<sup>th</sup> September, 2016, 15<sup>th</sup> November 2016, 26<sup>th</sup> December, 2016, 16<sup>th</sup> January, 2017 and 15<sup>th</sup> February, 2017.
- \*Only three Committees, namely, Audit Committee and Shareholders'/Investors' Grievance Committee, Nomination and Remuneration Committee have been considered.
- The information as required under Regulation 17 of LODR is being made available to the Board.
- 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 10<sup>th</sup> February, 2017, 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, 2017. 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 by the Board from time to time. The Board periodically reviews the minutes of the meetings of Audit Committee & Shareholders Grievance/Transfer Committee. Composition, terms of reference, number of meetings and related attendance etc., of these committees are detailed.

### **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 of the Company, strengthen internal controls & look into all transactions having monetary implications on the functioning of the Company. 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.

As on March 31, 2017, the Committee had three Directors. 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 Scope of the functioning of the Audit Committee is to review, from time to time, the internal control procedures, the accounting policies of the Company 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 review of:

- 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, the quarterly financial statements before submission to the Board for approval.
- 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.

The CFO of the Company is permanent invitees to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee. During the year, 4 (Four) meetings of the Audit Committee were held on 30<sup>th</sup> May, 2016, 26<sup>th</sup> August, 2016, 15<sup>th</sup> November, 2016 and 15<sup>th</sup> February, 2017 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	2
Mr. Sanjay Gupta	Member	4

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

The Nomination and Remuneration Committee shall be deemed to be "Nomination and Remuneration Committee" within the meaning of Regulation 19 of LODR, Section 178 of the Companies Act, 2013 and

for all other purposes as may be required under any / all Acts, Rules, Regulations, Circulars etc, for the time being or as amended from time to time.

The CFO of the Company is permanent invitees to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee. During the year, one meeting of the Nomination and Remuneration Committee was held as on 15<sup>th</sup> November, 2016.

NAME OF THE MEMBER	CATEGORY	NO. OF MEETINGS ATTENDED
CA Sanjeev Kr. Jain	Chairman	1
Mr. Surender Kumar Gupta	Member	1
CA Saurabh Gupta	Member	1

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 to specifically consider and resolve the grievances of security holders of the Company. The Stakeholders Relationship Committee consists of the following directors:

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

The CFO of the Company is permanent invitees to the meetings of the Committee. The Company Secretary acts as Secretary to the Committee. During the year, no meetings of the Stakeholders relationship Committee was held during the year, in due compliance with the stipulated provisions. The attendance record of members of the Committee is given as above.

The terms of reference of the Committee include the following:

1. It shall have the authority 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.
2. To investigate any activity within its terms of reference.
3. To seek any information from any employee.
4. To seek information from share transfer agents.
5. To obtain outside legal or other professional advice.
6. To secure attendance of outsiders with relevant expertise, if it consider necessary.
7. To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
8. To approve share transfer / transmission securities periodically, whether by circular resolution or otherwise.

9. To look into redressing of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
10. To oversee the performance of the Registrar and transfer Agents and recommended measures or overall improvement in the quality of investors services.

Details pertaining to the numbers of complaints received and resolved and the status thereof during the financial year ended 31<sup>st</sup> March 2017 are given as follows:

Detail of complaints received/resolved during the year

❖ No. of Complaints received during the year :	Nil
❖ No. of Complaints not resolved to the satisfaction of Shareholders :	Nil
❖ No. of Pending Complaints :	Nil
❖ No. of Pending share transfer as on 31.03.2017:	Nil

## GENERAL BODY MEETING

### (I) Annual General Meeting (AGM) Detail

- The Annual General Meeting for the year 2014 & 2015 were held at "**Sancos**"D-9, Aditya Mega Mall, CBD Ground, Shahdara, Delhi-110032.
- The last Annual General Meeting was held at "**TAJ PALACE**" Sardar Patel Marg, Delhi-110021
- The other detail is as follows:

YEARS	DAY	DATE	TIME	SPECIAL RESOLUTION PASSED
2014	Monday	25.08.2014	11.30A. M.	<ul style="list-style-type: none"> <li>Authorization to borrow funds for the company</li> <li>Increase in the remuneration of Mr. Sidhant Gupta (whole time director of the company)</li> </ul>
2015	Wednesday	30.09.2015	12.30 PM	NIL
2016	Friday	29.07.2016	11:30 AM	Bonus Issue

### (II) Extra Ordinary General Meeting Detail

During the period no Extra Ordinary General Meeting was held.

### (III) Postal Ballot

During the period no Postal ballot was held

## DISCLOSURES

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

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, 2016. There have been no materially significant related party transactions which may have a potential conflict with the interests of the Company.

**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.**

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 and affirmation that no Personnel have been denied access to the audit committee.**

The Company promotes ethical behavior in all its business activities and has put in place mechanism of reporting illegal or 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.

**(i) 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.

## **MEANS OF COMMUNICATION**

**(I) Half Yearly/ Annual Results**

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)

**(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	: Thursday, September 28, 2017 at 3.30 P.M.
Venue	: D-161, First Floor, Surajmal Vihar, Delhi-110092
Period of Book Closure	: September 22, 2017 10:00 A.M. to September 28, 2017 6:00 P.M.
Dividend Payout Date	: N. A.

### (II) Listing on Stock Exchange

The company's shares are listed with NSE stock exchange.

The details regarding the Stock Exchange and Stock code are as under:

#### *Name of the Stock Exchange along with its Address Symbol*

National Stock Exchange Limited

**SANCO**

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

### (III) 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, 2016 to March, 2017 are as under:

Month	Share Prices		Volume	Net turnover (In Lacs)
	High	Low		
April 2016	47.85	27.10	256000	102.080
May 2016	53.45	43.00	1104000	516.936
June 2016	51.85	41.40	1920000	921.280
July 2016	43.40	30.10	2344000	779.684
August 2016	44.80	31.00	942400	322.8824
September 2016	69.75	46.30	1008000	604.3344
October 2016	104.05	69.10	1939200	163.6012
November 2016	117.40	93.90	1011185	107.4379
December 2016	130.95	99.00	879252	973.1989
January 2017	124.70	102.00	1038678	116.4289
February 2017	145.00	114.05	1035928	130.988
March 2017	130.00	107.85	442563	519.427

\*Source: www.nseindia.com

#### **(IV) Distribution of Shareholding and Shareholding Pattern**

The Distribution of shareholding and shareholding pattern of the shares as on 31.03.2017 are as follows:

Category	No. of Shareholders	No. of Shares	No. of Shares in Demat Form	% of Shareholding
Promoters/ Promoters Group	10	6285500	6285500	61.12%
Non Promoter Institutions (Bank/Mutual Fund/ State Govt./FIs/FIIIs)	NIL	NIL	NIL	NIL
Other Public Non Institutions (Individual/Body Corporate/ NRIs)	667	3998500	3998500	38.88%

#### **(V) 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 31.03.2017, 10283999 Equity Shares aggregating to 100% of the total Equity Capital is held in dematerialized form, of which 52.765% (5426307 Equity Shares) of total equity capital is held in NSDL & 47.235% (4857692 Equity Shares) of total equity capital is held in CDSL as on 31.03.2017 and one (1) share is in physical form.

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

#### **(VI) 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)

#### **(VII) Plant Location**



**Works (Existing)**

Village Satiwala,  
Tehsil Paonta Sahib,  
Himachal Pradesh – 173025

**(VIII) 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: [ipo@sancopipes.com](mailto:ipo@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.

**Date: 29<sup>th</sup> May, 2017**  
**Place: New Delhi**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of **M/s Sanco Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

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

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its Profit and its Cash Flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our have been received from the branches not visited by us.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in the agreement with the books of accounts and with the returns received from the branches not visited by us.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure-B'; and

- (g) With respect to the other matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as on 31<sup>st</sup> March 2017 on its financial position in its Financial Statement- Refer Note 40 (A) to the Financial Statement.
  - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Provident Fund by the Company.
  - iv. The company has provide requisite disclosures in its financial statements – refer note no.36 as relating to holding and dealing in Specified Bank Notes (SBN's) during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the Company.

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

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

**Date: 29<sup>th</sup> May, 2017  
Place: Delhi**

**ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report of even date of M/s Sanco Industries Limited (“the Company”), for the year ended on 31<sup>st</sup> March, 2017, we report that:

**1. In respect of Fixed Asset of the Company:**

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

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employee's State Insurance, and Income Tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, and other applicable statutory dues have been generally deposited regularly with the appropriate authorities *except in certain cases where Provident Fund, Employee's State Insurance, Tax deducted at source, Sales Tax and Service tax where there have been delays in deposit.*
  - b) According to the information and explanation given to us, there are no dues of custom duty, sales tax and service tax which have not been deposited on account of any dispute. However, following amount are involved (Gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues:
    - i. Aggregate Income Tax of Rs.8.94 Lakh, pending before CIT (Appeals) related to AY 2013-14.
    - ii. Aggregate Income Tax of Rs.63.33 Lakh, pending before CIT (Appeals) related to AY 2014-15.
8. Based on the audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institutions, banks or dues to debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of

the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However the Company has issue fully paid 1714000 number equity share as Bonus Share to its member in the ratio of 1:5 (Record date for issue of bonus share 11<sup>th</sup> August 2016)

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. In our opinion, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

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

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

**Date: 29<sup>th</sup> May, 2017  
Place: Delhi**



**ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT**

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

We have audited the internal financial controls over financial reporting of M/s Sanco Industries Limited ('the Company') as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and Directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

#### **Other Deficiencies identified**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For VJ M & Associates**

**Chartered Accountants**

**Firm's Regn. No. : 027535N**

**Sd/-**

**CA. Kavir Vijay  
(Partner)**

**Membership No. 517014**

**Date: 29<sup>th</sup> May, 2017**

**Place: Delhi**

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

			4,689.22	
(c) Cash and Bank balances	20	180.76	139.23	
(d) Short - Term Loans and Advances	21	568.79	201.39	
(e) Other Current Assets	22	1.24	1.01	
		<u>8,292.49</u>		6,344.03
<b>Total</b>		<u><b>9,769.90</b></u>		<u><b>8,243.14</b></u>

Corporate information & Significant accounting policies 1 & 2

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

"As per our Report of even date attached"

For & on behalf of  
V J M & Associates  
Chartered Accountants

FRN : 027535N

Kavit Vijay

Partner  
M. No. : 517014

Place : Delhi

Date : 29th May 2017

Managing  
Director

Non  
Executive  
Independent Director

For & on behalf  
of Board of  
Directors

Director

Company  
Secretary

Chief Finance  
Office

Sanco Industries Limited				
Statement of Profit and Loss Account for the Year Ended on 31st March 2017				
Rs. in Lakh				
Particular		31st March 2017	31st March 2016	
<b>I</b>	<b>Income</b>			
	Revenue from operations (Gross)	23	11,076.74	13,999.23
	Less: Excise Duty		293.70	-
			10,783.04	13,999.23
<b>II</b>	Other income	24	22.15	8.06
<b>III</b>	<b>Total income (I + II)</b>		<b>10,805.19</b>	<b>14,007.29</b>
<b>I</b>	<b>Expenses</b>			
<b>V</b>	Cost of materials consumed	25	3,037.67	3,854.17
	Purchases of stock-in-trade		6,503.22	8,530.73
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	(291.15)	94.93
	Employee benefits expense	27	202.41	179.86
	Other expenses	28	329.57	317.33
	<b>Total</b>		<b>9,781.72</b>	<b>12,977.02</b>
<b>V</b>	<b>Profit before Interest, Tax, Depreciation &amp; Amortisation (III-IV)</b>		<b>1,023.47</b>	<b>1,030.27</b>
	Finance costs	29	637.57	596.06
	Depreciation	12	74.09	92.07
	Amortisation of Expenses		24.69	24.69
<b>V</b>	<b>Profit/(Loss) Before Exceptional, Prior Period items and Tax</b>		<b>287.12</b>	<b>317.45</b>
<b>I</b>	Exceptional Items	30	131.38	(4.50)
<b>V</b>	<b>Profit/(Loss) Before Prior Period items and Tax</b>		<b>418.50</b>	<b>312.95</b>
<b>II</b>	Prior Period Items	31	-	10.03
<b>V</b>	<b>Profit/(Loss) Before Tax</b>		<b>418.50</b>	<b>302.92</b>
<b>III</b>				

IX	<b>Tax Expense</b>		
	Current tax	118.84	107.99
	Taxes for earlier year	-	(5.51)
	Deferred tax	12.14	8.32
X	<b>Profit/(Loss) for the year (VIII - IX)</b>	<b>311.80</b>	<b>192.12</b>
	<b>Earnings per equity share</b>	<b>32</b>	
	Basic	3.03	1.87
	Diluted	3.03	1.87

Corporate information & Significant

accounting policies

1 & 2

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

"As per our Report of even date attached"

For & on behalf of

V J M & Associates

Chartered Accountants

FRN : 027535N

Managing Director

For & on behalf of  
Board of Directors

Director

Kavit Vijay

Partner

M. No. : 517014

Non Executive  
Independent Director

Company Secretary

Place : Delhi

Date : 29th May 2017

Chief Finance Office

Sanco Industries Limited		
Cash Flow Statement for the Year Ended on 31st March 2017		
	Rs. in Lakh	
Particular	31st March 2017	31st March 2016
<b>Cash Flow From Operating</b>		
<b>A. Activities</b>		
Net Profit Before Tax But After Exceptional / Extraordinary Items	418.50	302.92
Adjustments For Non-Cash Items:		
Depreciation and Amortization of Expenses	98.78	116.76
Interest and Finance Expense	637.57	596.06
Interest Income	(14.26)	(6.26)
Miscellaneous Income	0.03	(0.12)
Loss / (Profit) on Fixed Assets Sold / Discarded (Net)	(131.38)	-
Provision For Gratuity and Leave Encashment	6.30	13.51
Unrealized Foreign Exchange Loss / (Income)	6.18	1.37
Prior Period (Expenses) / Income (Net)	-	10.03
<b>Operating Profit Before Working Capital Changes</b>	<b>1,021.72</b>	<b>1,034.27</b>
Adjustments For Changes In Working Capital :		
(Increase)/Decrease In Trade Receivables	(301.49)	(1,803.08)
(Increase)/Decrease In Other Non Current	(121.78)	(22.26)
(Increase)/Decrease In Other Current Assets	(0.23)	13.22
(Increase)/Decrease In Long-Term Loans and Advances	(0.10)	0.50
(Increase)/Decrease In Short-Term Loans and Advances	(367.40)	421.27
(Increase)/Decrease In Inventories	(904.45)	0.81
Increase/(Decrease) In Trade Payables	276.52	425.97
Increase/(Decrease) In Other Current Liabilities	214.09	(54.86)
<b>Cash Generated From/(Used In) Operations</b>	<b>(183.14)</b>	<b>15.84</b>
Taxes (Paid) / Received (Net of Withholding Taxes TDS)	107.99	54.82
Prior Period (Expenses) / Income (Net)	-	10.03
<b>Net Cash From/(Used In) Operating Activities</b>	<b>(291.13)</b>	<b>(49.01)</b>



<b>Cash Flow From Investing Activities</b>		
<b>B.</b>		
Purchase of Fixed Assets		
Additions During the Year	(2.58)	(3.87)
Capital Work In Progress		
Deductions / (Additions)		
During the Year	-	(2.99)
Proceeds from Sale of Non		
Current Investments	440.14	10.11
Purchase of Non Current		
Investments	(195.28)	(92.32)
Interest Received (Revenue)	14.26	6.26
<b>Net Cash From/(Used In)</b>		
<b>Investing Activities</b>	<b>256.56</b>	<b>(82.81)</b>
<b>Cash Flow From Financing Activities</b>		
<b>C.</b>		
Proceeds From Long-Term		
Borrowings	228.67	52.13
Repayment Of Long-Term		
Borrowings	(42.95)	(67.31)
Proceeds From Short Term		
Borrowings	906.91	873.42
Repayment Of Short-Term		
Borrowings	(378.96)	(91.09)
Interest and Finance Expense	(637.57)	(596.06)
<b>Net Cash From/(Used In)</b>		
<b>Financing Activities</b>	<b>76.10</b>	<b>171.09</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents</b>	<b>41.53</b>	<b>39.27</b>
Cash & Cash Equivalents -		
Opening Balance	139.23	99.96
Cash & Cash Equivalents -		
Closing Balance	180.76	139.23
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>	<b>41.53</b>	<b>39.27</b>

**NOTES:**

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

follows:

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

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

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

Managing Director

For & on behalf of  
Board of Directors

Director

Kavit Vijay

Partner  
M. No. : 517014

Non Executive  
Independent Director

Company Secretary

Place : Delhi  
Date : 29th May 2017

Chief Finance Office

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017****1. Corporate information**

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

**2. Significant accounting policies****a. Basis of preparation of financial statements**

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

**b. Use of estimates**

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

**c. Tangible fixed assets**

Tangible fixed assets are stated at cost of acquisition or construction, or at revalued amounts, net of impairment loss if any, less accumulated depreciation/amortisation. The Company capitalizes

all costs including costs of duties & taxes attributable to acquisition or construction of fixed assets, upto the date the assets are put to use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognized.

**d. Intangible fixed assets**

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

**e. Borrowing costs**

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

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

**f. Depreciation**

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

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

**g. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment based on internal /external factors. An impairment loss is

recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures it on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

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

#### **h. Revenue recognition**

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

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

#### **i. Foreign currency transactions**

##### Initial Recognition

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

##### Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair

value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### Exchange Differences

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

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

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

#### **j. Forward exchange contracts to hedge foreign currency risks**

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

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

#### **k. Investments**

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

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

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

#### **l. Inventories**

Raw materials, components, stores and spares are valued at the lower of cost and net realizable value. Cost is determined on FIFO basis. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

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

#### **m. Retirement benefits**

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

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

#### **n. Income and deferred taxes**

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

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

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

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

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

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

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

**o. Cash and cash equivalents**

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

**p. Earnings per share**

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

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



**q. Provisions**

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

the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**r. Contingent liabilities**

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

Rs. in Lakh

**EQUITY AND LAIBILITIES**
**Shareholders' funds**
**3. Share capital**
**Authorised**

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

**31st March  
2017**
**(Rupees)**

1,400.00

**31st March  
2016**
**(Rupees)**

1,400.00

**Issued, subscribed and fully paid up**

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

1,028.40

857.00

**1,028.40**
**857.00**
**a. Reconciliation of the shares outstanding**
**Equity Shares**
**31st March 2017**
**Number Rupees**
**31st March 2016**
**Number Rupees**
**Authorised**

Opening balance

14000000

1,400.00

14000000

1,400.00

Add Addition During the Year

-

-

-

-

Closing balance

**14000000**
**1,400.00**
**14000000**
**1,400.00**
**Issued, Subscribed and Fully Paid Up**

Opening balance

8570000

857.00

8570000

857.00

Shares issued / Bonus shares issued

1714000

171.40

-

-

Shares bought back

-

-

-

-

Other movements - Forfeited shares

-

-

-

-

Closing balance

**10284000**
**1,028.40**
**8570000**
**857.00**
**b. Rights, Preferences and restrictions attaching to each class of shares**
**Equity shares**

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

entitled to one vote per share.

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

**Shares held by each shareholder holding more than**

**c. 5% shares**

Name of the Equity shares Holder	31st March 2017		31st March 2016	
	No. of Shares	% Shares	No. of Shares	% Shares
Mr. Sanjay Gupta	2142160	20.83%	833700	9.73%
Mrs. Rita Gupta	692160	6.73%	156800	1.83%
Ms. Shakuntla Gupta	602400	5.86%	502000	5.86%
Ms. Sidhant Gupta	528120	5.14%	30100	0.35%
Mr. Anurag Gupta	471260	4.58%	699800	8.17%
M/s Sanjay Gupta HUF	1109360	10.79%	3362800	39.24%
M/s Shri Parasram Holdings Private Limited	250	0.00%	520000	6.07%

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

4. Reserves and surplus	31st March 2017	31st March 2016
<b>Securities premium account</b>		
Opening balance	226.00	226.00
Add: Addition during the year	-	-
Less: Utilized during the year	171.40	-
<b>Closing balance</b>	<b>54.60</b>	<b>226.00</b>
<b>General reserve</b>		
Opening balance	-	133.19
Add: Additions during the year (Depreciation Written Back)	-	-
Less: Utilized during the year	-	133.19
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**Investment Revaluation Reserve**

Opening balance	4.07	-
Add: Addition during the year	-	4.07
Less: Utilized during the year	4.07	-
<b>Closing balance</b>	<b>-</b>	<b>4.07</b>

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

<b>Opening balance</b>	1,619.61	1,445.13
Add: Net profit after tax transferred from statement of profit & loss	311.80	192.12
Amount available for appropriation	<b>1,931.41</b>	<b>1,637.25</b>
Less: Appropriations		
Proposed dividend equity shares	-	-
Interim dividend equity shares	-	-
For Fixed Assets/Investments revaluation	1.94	17.64
Total appropriations	<b>1.94</b>	<b>17.64</b>
<b>Closing balance</b>	<b>1,929.47</b>	<b>1,619.61</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>1,984.07</b>	<b>1,849.68</b>

**NON-CURRENT LIABILITIES**

	Non - current		Current	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
<b>5. Long term borrowings</b>				
<b>Term loans</b>				
<b>Secured</b>				
From Banks				
- Vehicle Loan	5.50	8.98	3.41	2.65
(The loan was secured against Hypothecation of Cars and Vehicle)				
From Financial Institutions	12.10	23.43	43.07	38.41
(The loan was secured against Personal guarantee, Collateral money `6,04,400 In Previous Year (^ 4,44,400)				
From LIC	95.68	123.82	-	-
(The loan was secured against Key				

Management Personal Policy)

	113.28	156.23	46.48	41.06
	Non - current		Current	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
<b>Unsecured</b>				
From Financial Institutions & Directors	319.01	90.34	149.28	13.87
	<b>319.01</b>	<b>90.34</b>	<b>149.28</b>	<b>13.87</b>
<b>Total Borrowings</b>	<b>432.29</b>	<b>246.57</b>	<b>195.76</b>	<b>54.93</b>

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

	31st March 2017	31st March 2016
<b>6. Trade Payables</b>		
Micro, Small and Medium Enterprises (refer note 41)	-	-
Other Trade Payables	-	-
	<b>-</b>	<b>-</b>

## 7. Provisions Long Term

### Provision for Employees' Benefits

Provision for Gratuity	15.63	11.96
Provision for Leave Encashment	1.01	0.55

	<b>16.64</b>	<b>12.51</b>
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## CURRENT LIABILITIES

## 8. Short term borrowings

### Secured

From banks	2,706.92	1,801.85
------------	----------	----------

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

From Other 152.62 151.38  
(Aditya Birla Finance Pvt Ltd under Channel  
Financing Scheme secured against  
mortgage of residential flat in the name  
of Director)

<b>Sub Total</b>		
<b>A</b>	<b>2,859.54</b>	<b>1,953.23</b>

#### **Unsecured**

From Bank 528.01 624.80  
(Axis Bank Ltd. & Yes Bank Ltd. under Channel  
Financing Scheme)

From Other 163.37 347.09  
(from Aditya Birla Finance Pvt Ltd under Channel  
Financing Scheme)

Bank Overdraft 5.80 5.20

From Other  
(from NSIC under Raw Material  
Assistance Scheme) - 98.45  
(Against Bank Guarantee)

<b>Sub Total B</b>	<b>697.18</b>	<b>1,075.54</b>
--------------------	---------------	-----------------

<b>Total</b>	<b>3,556.72</b>	<b>3,028.77</b>
--------------	-----------------	-----------------

	<b>31st</b>
<b>31st March</b>	<b>March</b>
<b>2017</b>	<b>2016</b>

#### **9. Trade Payables**

Micro, Small and Medium Enterprises (refer note 41)	-	-
Others	2,251.62	1,975.57
	<b>2,251.62</b>	<b>1,975.57</b>

#### **10. Other Current Liabilities**

Current maturities of long term borrowings (refer note 5)	195.76	54.93
Payables for expenses	115.60	47.23
Advance from customers	21.73	37.69

Duties and taxes	41.85	21.00
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<b>374.94</b>	<b>160.85</b>
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**11. Provisions Short Term****Provision for Employees' Benefits**

Provision for Gratuity	0.53	0.48
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Provision for Leave Encashment	0.04	0.02
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Provision for Bonus	5.81	3.70
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<b>6.38</b>	<b>4.20</b>
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**Others**

Provision for tax	118.84	107.99
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<b>118.84</b>	<b>107.99</b>
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<b>125.22</b>	<b>112.19</b>
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**ASSETS**  
**NON-CURRENT ASSETS**

Rs. in Lakh

**12. Fixed assets**

Particulars	Original cost				Depreciation/Amortization					Net book value	
	As at 01.04.2016	Additions during the year	Adjustments during the year	As at 31.03.2017	Upto 01.04.2016	For the year	Adjustments during the year	Deductions during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Tangible assets</b>											
Land - Freehold	6.62	-	-	6.62	-	-	-	-	-	6.62	6.62
Land - Leasehold	7.55	-	-	7.55	-	-	-	-	-	7.55	7.55
Factory Building	155.47	-	-	155.47	72.09	7.90	-	-	79.99	75.48	83.38
Plant & Machinery	597.83	-	-	597.83	277.48	60.33	-	-	337.81	260.02	320.35
Furniture & fittings	0.55	-	-	0.55	0.44	0.02	-	-	0.46	0.09	0.11
Vehicles	64.09	-	-	64.09	50.38	3.88	-	-	54.26	9.83	13.71
Office Equipment	7.68	0.15	-	7.83	5.42	1.10	-	-	6.52	1.31	2.26
Computer	4.85	2.43	-	7.28	4.14	0.80	-	-	4.94	2.34	0.71
(A)	<b>844.64</b>	<b>2.58</b>	<b>-</b>	<b>847.22</b>	<b>409.95</b>	<b>74.03</b>	<b>-</b>	<b>-</b>	<b>483.98</b>	<b>363.24</b>	<b>434.69</b>
<b>Intangible assets</b>											
Computer software	0.14	-	-	0.14	0.05	0.06	-	-	0.11	0.03	0.09
(B)	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>0.14</b>	<b>0.05</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>0.11</b>	<b>0.03</b>	<b>0.09</b>
<b>Capital Work-in-Process</b>											
Software	2.99	-	-	2.99	-	-	-	-	-	2.99	2.99
(C)	<b>2.99</b>	<b>-</b>	<b>-</b>	<b>2.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.99</b>	<b>2.99</b>



**SANCO INDUSTRIES LIMITED**

<b>Total (A+B)</b>	<b>844.78</b>	<b>2.58</b>	<b>-</b>	<b>847.36</b>	<b>410.00</b>	<b>74.09</b>	<b>-</b>	<b>-</b>	<b>484.09</b>	<b>363.27</b>	<b>434.78</b>
<b>Previous Year</b>	<b>825.36</b>	<b>3.87</b>	<b>15.54</b>	<b>844.77</b>	<b>151.62</b>	<b>92.07</b>	<b>15.48</b>	<b>150.83</b>	<b>409.98</b>	<b>434.78</b>	
<b>Capital Work-in-Process</b>	<b>2.99</b>									<b>2.99</b>	

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

**13. Non-current investments**
**Non Trade Investments, Unquoted**
**Investment in Equity Instruments**
**Investment in Subsidiaries**

M/s Sanjita Polymet Limited (Hong Kong,)

291.77 102.52

M/s Superlink Polyfeb Limited

- 302.76

**Other Investment**

Deposit with LIC

107.00 113.00

**398.77 518.28**

**Non Trade Investments**

M/s Sanjita Polymet Limited (Hong Kong,)

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

M/s Superlink Polyfeb Limited

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

**31st March 2017 31st March 2016**

**14. Deferred Tax Asset (net)**
**Deferred tax asset**
**Opening Balance**

4.95 13.27

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

3.84 (16.84)

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

2.21 2.23

Other Timing Difference

6.10 6.29

**Net Deferred Tax Asset**

**17.10 4.95**

**15. Long Term Loans and Advances**

**Security deposits**

Secured, considered good	0.10	-
Unsecured, considered good	-	-
Doubtful	-	-
	<b>0.10</b>	<b>-</b>
Less :Provision for bad and doubtful advances	-	-
	<b>0.10</b>	<b>-</b>

**16. Trade Receivables**

Outstanding for period exceeding one year from the due date of payment

Secured, considered good	-	-
Unsecured, considered good	446.06	786.09
Doubtful	-	-
	<b>446.06</b>	<b>786.09</b>
Less :Provision for doubtful receivables	-	-
	<b>446.06</b>	<b>786.09</b>

(In Previous year Out of total Non Current Debtors of ` 786.09 outstanding for the period more than 1 year is ` 390.55 only, where in Current year ` 446.06 is more than 1 year.

**17. Other Non- Current Assets**

Deposits with Bank original maturity of more than 12 months @	1.94	51.79
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(@ Bank deposits held as first charge on Letter of Credit and Bank Guarantees ` 1.94 (In P.Y ` 51.79)

**Unamortized expenditure**

Unamortized Capital Expenditure	19.74	44.43
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**Others**

MAT Credit Entitlement	11.05	55.80
Other Assets	216.39	-

<b>Total</b>	<b>249.12</b>	<b>152.02</b>
	<b>31st March 2017</b>	<b>31st March 2016</b>

**18. Inventories**

Raw Materials and components	1,118.33	505.03
Finished goods	496.71	552.23
Stock in trade	602.59	255.92

<b>2,217.63</b>	<b>1,313.18</b>
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All inventories are valued at lower of cost and net realizable value.

## 19. Trade Receivables

Outstanding for period Less than 1 years from the due date of payment

Secured, considered good

Unsecured, considered good\*

Doubtful

-	-
5,324.07	4,689.22
-	-
<b>5,324.07</b>	<b>4,689.22</b>

Less :Provision for doubtful receivables

-	-
<b>5,324.07</b>	<b>4,689.22</b>

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

## 20. Cash and Bank Balances

Cash and cash equivalents

Balances with banks

- In current accounts

Cash on hand

Deposits with original maturity of less than 3 months #

Deposits with original maturity of more than 3 months but less than 12 months #

8.56	18.69
13.89	29.07
29.29	-
129.02	91.47
<b>180.76</b>	<b>139.23</b>

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

# Bank deposit held as security against the loan outstanding with Intec Capital Ltd.

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

# Bank deposits held as first charge on Channel Finance with Yes Bank

6.04	-
96.37	91.47
55.75	-

# Bank deposits held as security with Sales Tax Deptt. Himachal Pradesh	0.15	-
<b>21. Short Term Loans and Advances</b>		
<b>Security Deposits</b>		
Secured, considered good	-	-
Unsecured, considered good *	2.06	7.93
Doubtful	-	-
	<b>2.06</b>	<b>7.93</b>
Less :Provision for bad and doubtful advances	-	-
	<b>2.06</b>	<b>7.93</b>
(* security deposit Nil on 31 March 2017 ( 4.44 on 31 March 2016) is secured against the loan outstanding with Intec Capital Ltd.)		
<b>Advances Recoverable in Cash or Kind</b>		
Secured, considered good	-	-
Unsecured, considered good	-	22.00
Doubtful	-	-
	-	<b>22.00</b>
Less :Provision for bad and doubtful advances	-	-
	-	<b>22.00</b>
	<b>31st March 2017</b>	<b>31st March 2016</b>
<b>Other Loans &amp; Advances</b>		
Advance to employees	1.96	2.03
Advance to Suppliers	444.24	154.93
Additional Custom Duty recoverable	9.34	3.90
VAT & CST recoverable	48.69	8.06
Service tax recoverable	0.32	2.54
TDS Receivable	1.40	-
Excise duty Refundable	58.82	-
Other Recoverable	1.96	-
	<b>566.73</b>	<b>171.46</b>
<b>Total</b>	<b>568.79</b>	<b>201.39</b>
<b>22. Other Current Assets</b>		
Interest Accrued	0.14	-
Prepaid expenses	1.10	1.01

<b>Total</b>	<b>1.24</b>	<b>1.01</b>
<b>23. Revenue from operations</b>		
Sale of products		
A. - Finished goods (Gross)	4893.69	4,958.06
B. - Traded goods	6,183.05	9,041.17
	11,076.74	13,999.23
Less: Excise Duty on Finish Goods	293.70	-
<b>Revenue from operations (A+B)</b>	<b>10,783.04</b>	<b>13,999.23</b>
<b>Details of products sold</b>		
<b>Finished Goods :-</b>		
PVC Wires & Cables	1,617.75	3,192.67
PVC Pipes,Accessories & Allied Goods	2,937.37	1,710.77
Other	44.87	54.62
	4,599.99	4,958.06
<b>Traded Goods :-</b>		
Copper Wire Rod	6,013.02	8,292.74
PVC Resin	48.33	673.75
Calcium Carbonate	14.96	25.21
LED Lights & Panels	62.01	9.62
PVC Insulated Tapes	21.59	17.31
Others	23.14	22.54
	6,183.05	9,041.17
	10,783.04	13,999.23
<b>24. Other income</b>		
<b>Interest income</b>		
- Fixed deposits	14.26	6.26
Miscellaneous income	1.71	1.80
Net Gain on Foreign Currency Transactions	6.18	-
	22.15	8.06
<b>25. Cost of Raw Materials Consumed</b>		
Inventory opening balance	505.03	410.91
Add : Purchases	3,650.97	3,948.29

	<b>4,156.00</b>	<b>4,359.20</b>
Less : Inventory closing balance	1,118.33	505.03

Cost of Raw Materials Consumed	<b>3,037.67</b>	<b>3,854.17</b>
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**Details of Raw Materials and Components Consumed**

PVC Resin	<b>2,151.91</b>	2,020.85
Others	<b>885.76</b>	1,833.32
	<b>3,037.67</b>	<b>3,854.17</b>

**Details of Closing Inventory**
**Raw materials and components**

PVC Resin	25.02	273.10
Others	1093.31	231.93
	<b>1118.33</b>	<b>505.03</b>

<b>31st March 2017</b>	<b>31st March 2016</b>
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**26. Changes in inventories**

Inventory opening balance		
Finished goods	552.23	281.55
Traded goods	255.92	621.53

Inventory closing balance		
Finished goods	496.71	552.23
Traded goods	602.59	255.92

<b>Increase/Decrease in inventories</b>	<b>(291.15)</b>	<b>94.93</b>
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**Details of inventory**
**Traded goods**

Copper Wire Rod	495.11	119.97
Copper Wire	39.62	-
Calcium Carbonate	-	19.35
LED Lights & Panels	35.21	73.64

PVC Insulated Tapes	30.71	39.35
Others	1.94	3.24
	<b>602.59</b>	<b>255.55</b>

**Finished goods**

PVC Wires & Cables	341.92	21.96
PVC Pipes,Accessories & Allied Goods	154.40	507.52
Other	0.39	22.75
	<b>496.71</b>	<b>552.23</b>

**27. Employee benefits expense**

Salaries and wages	137.63	119.10
Director Remuneration	16.80	16.80
Contribution to provident and other funds	12.36	9.54
Bonus	5.96	6.18
Gratuity	5.08	2.24
Leave Encashment	0.60	0.59
Staff welfare expense	8.08	9.51
Keyman Insurance Premium	15.90	15.90
	<b>202.41</b>	<b>179.86</b>
	<b>31st</b>	<b>31st</b>
	<b>March</b>	<b>March</b>
	<b>2017</b>	<b>2016</b>

**28. Other expenses**
**Manufacturing Expenses:**

Power and Fuel	81.28	83.75
Freight and forwarding charges	83.59	69.50
Repairs and Maintenance		
- Plant and machinery	8.44	8.42
	<b>173.31</b>	<b>161.67</b>

**Administrative and Other Expenses:**

Electricity & water charges	2.06	2.26
Communication costs	3.91	3.78
Rent	14.64	12.20
Rates and taxes	2.12	6.97
Insurance	3.67	3.65
Repairs and maintenance		
- Computer	0.88	0.53
- Vehicle	0.76	1.51



Auditors' remuneration	1.50	1.72
Printing and stationery	2.25	3.33
Legal and Professional fees	30.32	23.66
Local Conveyance	5.70	7.81
Foreign exchange differences (net)	-	1.37
Membership & Subscription Fee	0.13	1.61
Miscellaneous expenses	15.14	7.82
	<b>83.08</b>	<b>78.22</b>

**Selling & Distribution Expenses**

Advertising and Sales promotion	16.30	3.35
Commission & brokerage	4.18	3.75
Discount Charges	-	21.42
Travelling and conveyance	13.16	15.85
Vehicle running & maintenance	26.68	33.07
Selling expenses	12.86	-
	<b>73.18</b>	<b>77.44</b>

<b>329.57</b>	<b>317.33</b>
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**29. Finance costs**

Bank charges	60.74	54.10
Interest Expenses		
- Paid to Bank	408.68	360.25
- Paid to Other	159.60	174.42
Processing charges and Other Cost	8.55	7.29

<b>637.57</b>	<b>596.06</b>
---------------	---------------

<b>31st</b>	<b>31st</b>
<b>March</b>	<b>March</b>
<b>2017</b>	<b>2016</b>

**30. Exceptional Item**

Excess Provision written Back	-	(4.50)
Profit On sale of Investments	131.38	-
	<b>131.38</b>	<b>(4.50)</b>

**31. Prior period items**

Prior Period Expenses	-	10.03
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	-	10.03
<b>32. Earnings per share</b>		
Profit/(loss) after tax	311.80	192.12
Less : Dividends on convertible preference shares & tax thereon	-	-
<b>Net profit/(loss) for calculation of basic EPS</b>	<b>311.80</b>	<b>192.12</b>
Add : Dividends on convertible Preference Shares & Tax thereon	-	-
Add : Interest on bonds convertible into equity shares (net of tax)	-	-
<b>Net profit/(loss) for calculation of diluted EPS</b>	<b>311.80</b>	<b>192.12</b>
<b>Weighted average number of equity shares in calculating basic EPS</b>	<b>1,02,84,000</b>	<b>1,02,84,000</b>
<b>Effect of dilution:</b>		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
Bonus Share Issued During the year	17,14,000	17,14,000
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>1,02,84,000</b>	<b>1,02,84,000</b>
<b>Basic earnings per share</b>	<b>3.03</b>	<b>1.87</b>
<b>Diluted earnings per share</b>	<b>3.03</b>	<b>1.87</b>

**33. Related party disclosures**
**Subsidiary company**

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

**Key Management Personnel and their Relative**

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

**Entities controlled by key management or their relatives**

- Sanco Enterprises Private Limited
- Superlink Polyfeb Limited

**(a) Summary of related party transactions**
**Rs. in Lakh**

Particulars	Subsidiary company(ies)		Entities controlled by Directors or their Relatives		Key Management Personnel or their Relatives	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
<b>Transactions</b>						
Investment	291.77	102.52	-	-	-	-
Sale of Investment	-	-	335.13	-	-	-
Unsecured Loan Received	-	-	-	-	490.00	-
Unsecured Loan Repaid	-	-	-	-	250.00	-

## SANCO INDUSTRIES LIMITED



Purchase of services	-	70.89	-	-	-	-
Remuneration	-	-	-	-	16.80	16.80
Reimbursement of expenses	-	-	-	-	105.27	45.26
Rent paid	-	-	-	-	9.00	9.00
<b>Balance outstanding</b>						
Receivable	-	-	216.39	-	-	-
Payables	29.18	40.16	-	-	264.29	20.01

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

Rs. in  
Lakh

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

- Sanjay Gupta (for reimbursement of expenses)	24.29	20.01
- Anurag Gupta	240.00	-
- Sanjita Polymat Limited	29.18	40.16

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

### 34. Segment information

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

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

#### Information about Business Segment - Primary

	Rs. in Lakh			
Reportable Segments	Manufacturing	Trading	Unallocable	Total
<b>Revenue</b>				
Gross Sale	4,893.69	6,183.05	-	11,076.74
Less: Excise Duty	293.70	-	-	293.70
Net Sale	<b>4,599.99</b>	<b>6,183.05</b>	-	<b>10,783.04</b>
Other Operative Income	-	-	-	-
<b>Total revenue</b>	<b>4,599.99</b>	<b>6,183.05</b>	-	<b>10,783.04</b>
<b>Results</b>				
Segment results (PBIT)	1,101.39	(45.32)	-	1,056.07
<b>Operating profit</b>	<b>1,101.39</b>	<b>(45.32)</b>	-	<b>1,056.07</b>
Finance costs	-	-	637.57	637.57
<b>Profit before tax</b>	<b>1,101.39</b>	<b>(45.32)</b>	<b>(637.57)</b>	<b>418.50</b>
Income taxes	-	-	106.70	106.70
<b>Net profit as at 31st March 2017</b>	<b>1,101.39</b>	<b>(45.32)</b>	<b>(744.27)</b>	<b>311.80</b>
Segment Assets	6,723.92	3,045.98	-	9,769.90
<b>Total Assets</b>	<b>6,723.92</b>	<b>3,045.98</b>	-	<b>9,769.90</b>

Segment Liabilities	2,036.91	1,243.70	3,476.82	6,757.43
<b>Total Liabilities</b>	<b>2,036.91</b>	<b>1,243.70</b>	<b>3,476.82</b>	<b>6,757.43</b>

**Other segment information**

Capital Expenditure:	-	-	7,197.25	7,197.25
Tangible Assets	363.24	-	-	363.24
Intangible Assets	0.03	-	-	0.03
Depreciation	74.09	-	-	74.09
Amortization	24.69	-	-	24.69

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

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

Name of the Company	Amount	Purpose
<b>Investment Name</b>		
- Sanjita Polymat Limited (Foreign Subsidiary)	291.77	General Investment in Equity Share Capital

**Corporate Guarantees Given**

- Sanjita Polymat Limited *	20.00	For Working Capital and Trade Finance requirement
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*\* Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD)*

**38. Leases**
**Operating lease**

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

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

**39. Capital and other**

**commitments**

(a) At 31st March 2017, the company has commitments of Nil (31st March 2016: ` 1.20/-) relating to the Software Purchase.

(b) At 31 March 2017, the company has capital commitments of US\$ 0.45 Lac (31st March 2015: US\$ 2.95 Lac) relating to further investment in subsidiary Sanjita Polymat Limited (Hong Kong).

(c) At 31st March 2017, the company has commitments of ` 5.25 Lakh/- (31st March 2016: ` Nil/-) relating to the Purchase of Machinery .

**40. Contingent liabilities not provided for in respect of :**

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

\* Details are as follow:

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

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

The company is contesting the demands and the management, including its tax advisors, believe that its position is likely to be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

# Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in US\$)

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



Based on the information available with the Company regarding the status of suppliers as define under MSMED Act, 2006, there was no principal amount overdue and on interest was payable to the Micro, Small and Medium Enterprises as on 31st March 2017 as per the terms of the contract as at 31st March, 2017.

**42. Value of imports calculated on CIF basis**

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

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

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

**44. Imported and indigenenous Raw Materials Consumed**

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

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

**45. Confirmation of debit & credit balances**

Debit and credit balances of sundry creditors, sundry debtors, loans and advances to the extent not confirmed are subject to confirmation and reconciliation with the parties as at March 31, 2017.

**46. Value of current assets loans and advances**

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

**47. Unhedged Foreign Currency Exposure**

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

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

**49.** Depreciation on tangible assets is provided on the reducing balance method over the useful lives of assets estimated by the Management.

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

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

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

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

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

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

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

**51. Previous year's figures**

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

"As per our Report of even date  
attached"

For & on behalf of

V J M & Associates  
Chartered Accountants  
FRN : 027535N

For & on behalf of  
Board of Directors

Managing Director

Director

Kavit Vijay  
Partner  
M. No. : 517014

Non Executive  
Independent  
Director

Company Secretary

Place : Delhi  
Date : 29th May 2017

Chief Finance  
Office



**SANCO INDUSTRIES LIMITED**

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