

**K.G. SHARMA & CO.**

**CHARTERED ACCOUNTANTS**

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, 201, ANUPAM BHAWAN, COMMERCIAL COMPLEX, AZADPUR, DELHI-110033

## **Independent Auditors' Report**

**To**

**Mr. Arunava Sikdar**

**Resolution Professional**

**(Appointed under Insolvency & Bankruptcy Code 2016)**

**Sanco Industries Limited**

### **Qualified Opinion**

We have audited the accompanying standalone financial statements of SANCO INDUSTRIES LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial Statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required give a true and fair view, except on matters specified in the para below, in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity for the year ended on that date.

### **Basis for Qualified Opinion**

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the financial statements give true and fair view except on the followings matters:

1. Company, at present, is under the Corporate Insolvency Resolution Process ("CIRP") in terms of provisions of Insolvency & Bankruptcy Code, 2016 ("IBC/the Code") since 29.07.2022 vide order of the Hon'ble National Company Law Tribunal, New Delhi. The Company has received various claims which are in excess of the amounts in the books of accounts by INR 3,360.87 lakhs. No provisioning of the same has been made in the books of accounts as at the date of Balance Sheet as the same is pending for the final order of NCLT. Summary of differences is as follows:



**Independent Auditors' Report on the Standalone Financial Statements of SANCO INDUSTRIES LIMITED for the year ended 31 March 2023 (Cont'd)**

Particulars	Claim Amount Received by IRP/RP (INR in Lakhs)	Amount as per Books (INR in Lakhs)	Difference (INR in Lakhs)
Secured Financial Creditors (Banks)	6,784.43	4,534.98	2,249.45
Employees	3.15	1.72	1.44
Govt Dues (PF & ESI)	22.76	20.06	2.70
GST Tax Demand	769.92	-	769.92
VAT Demand	293.74	-	293.74
Operational Creditors	367.14	333.25	33.89
National Stock Exchange of India	9.74	-	9.74
<b>Total</b>	<b>8,250.87</b>	<b>4,890.00</b>	<b>3,360.87</b>

2. Company has not made available to us the statement of Investments amounting to INR 46.72 lakhs, in the absence of which we are unable to comment on the existence of the asset as at the date of Balance Sheet.
3. Company has not made available to us balance confirmation pertaining to amount receivables under the following head as at the date of Balance Sheet:
  - a. Trade Receivable – INR 4,838.55 lakhs
  - b. Advances to Supplier – INR 238.01 lakhs
  - c. Advances to Creditor for Expenses – INR 33.22 lakhs
  - d. Loans & Advances (Others) – INR 525.09 lakhs

Company has not created any provision on above mentioned financial assets despite these balances being outstanding for long term. Owing to the non-availability of balance confirmation, we are unable to comment on the existence of the debt as at the date of Balance Sheet.

4. Company under the management of Resolution Professional appointed under the Insolvency & Bankruptcy Code 2016, has got Transaction Audit performed from an external entity. However, findings of the same have not been made to us for consideration.

### **Emphasis of Matter**

We draw attention to Note 31 of Standalone Financial Statements wherein Company has current ratio of 0.04 and debt-equity ratio of -10.94 and further to Note 33(a), 33(b), 33(e) wherein it is specified that the financial statements are prepared on going concern as the CIR process is still going on. However, the prospects of the company, as such, would be determined on the completion of CIRP.

Our Opinion is not modified in respect of this matter.



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**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information,

we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditors' report.

**Responsibilities of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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





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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. 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;



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- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. we could not get any written representations from the directors as on 31<sup>st</sup> March 2023 and unable to comment on whether any director is disqualified or not as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to adequacy of the internal financial controls over financial reporting of the company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' to this report; and
- g. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, at present, is under the Corporate Insolvency Resolution Process ("CIRP") in terms of provisions of Insolvency & Bankruptcy Code, 2016("IBC/the Code") since 29.07.2022 vide order of the Hon'ble National Company Law Tribunal, New Delhi.
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023.

As required by the Companies (Auditor's Report) Order, 2020 ("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, statement on the matters specified in paragraphs 3 and 4 of the Order.

For **K. G. Sharma & Co.**  
Chartered Accountants  
Firm registration number: 005240N



**Sanjeev Kumar Jain**  
Partner  
Membership No.: 089416

**UDIN: 23089416BGYMXN8620**  
**Place: Delhi**  
**Date: 31/05/2023**

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

(Referred to in paragraph 1 of the Independent Auditor's report of even date to the members of **M/s SANCO INDUSTRIES LIMITED** on the Financial Statements as on and for the year ended 31<sup>st</sup> March 2023.)

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - b. According to the information and explanation given to us and physical verification of property, plant and equipment was conducted by Interim Resolution Professional during the year. However, no reconciliation was prepared of physical assets vis-à-vis books' assets. Hence, we are unable to comment on whether any discrepancy was noted or not.
  - 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 immovable properties disclosed in the standalone financial statements is held in the name of the Company.
  - d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
  - e. According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii.
  - a. The inventory has been physically verified by the Interim Resolution Professional appointed under the Insolvency & Bankruptcy Code, 2016 during the year. However, no reconciliation was prepared of physical inventory vis-à-vis books' inventory. Hence, we are unable to comment on whether any discrepancy was noted or not. Further, we are also unable to comment on the valuation of the inventory in the absence of the valuation report.
  - b. According to the information and explanations given to us, the Company has not been sanctioned working capital limits from banks or financial institutions in excess of INR 5 crores. Accordingly, clause 3(ii)(b) of the Order is not applicable.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has neither made any investments, nor provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, clause (iii)(a) to clause (iii)(f) of the Order are not applicable.
- iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments, nor provided any guarantee or security or granted any loans or advances. Hence, provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") was not required to be complied with. Accordingly, clause (iv) of the Order is not applicable.





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- v. The Company has accepted deposits in contravention of Section 73 to Section 76 of Companies Act 2013 read with Companies (Acceptance of Deposit) Rules 2014 details of which are as follows:

Name of the Party	Relationship	Amount (In Lakhs)	Reason of Non-Compliance
Shakuntla Gupta	Relative of Director	18.50	Receipt of loan from Relative of Director by Public Limited Company

Further, Company also has outstanding loans in contravention of the aforementioned sections, details of which are as follows:

Name of the Party	Relationship	Amount (In Lakhs)	Remarks
Anurag Gupta	Relative of Director	48.50	Outstanding Loan from Relative of Directors of a Public Limited Company in contravention of Sec 73 to Sec 76 of Companies Act 2013 read with Deposit Rules.
Mansi Gupta	Relative of Director	25.00	
Rita Gupta	Relative of Director	240.00	
Shakuntla Gupta	Relative of Director	138.50	
<b>Total</b>		<b>452.00</b>	

- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013, for any of the services rendered or goods sold by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

vii.

- a. The Company does not have liability in respect of service tax, duty of excise and sales tax during the year since effective July 01, 2017, these statutory dues has been subsumed into goods and services tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, value added tax, cess and other statutory dues have not been regularly deposited by the Company with the appropriate authorities, delays of which are material.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, value added tax, cess and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

S.No.	Name of the Liability	Amount (in Lacs)
1	Provident Fund	12.54
2	ESI	7.51
3	Income Tax Payable	303.92

- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no statutory dues relating to goods and services



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tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues have been in arrears as on March 31, 2023 on account of any dispute, except as follows:

S.No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount (In Lakhs)
1	Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 14-5	63.33 (Order passed in favour of company)
2	Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 12-13	Copy of assessment order not provided by management
3	Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 17-18	Copy of assessment order not provided by management

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income tax Act, 1961 as income during the year.

ix.

- a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has defaulted in repayment of loans and borrowings and in the payment of interest thereon to lenders.

Name of Bank	Nature of Dues	Amount (INR In Lakhs)	Due Date	Status
South India Bank (CC A/c)	Principal & Interest	1,363.76	Various dates	The Company's bank account has become Non-Performing Asset (NPA) as per banking rules and regulations.
UBI Delhi (CC A/c)	Principal & Interest	3,127.79	Various dates	The Company's bank account has become Non-Performing Asset (NPA) as per banking rules and regulations.
Aditya Birla Finance Limited	Principal & Interest	46.00	Various dates	The Company is irregular in paying the outstanding amount.
<b>Total</b>		<b>4,537.55</b>		

- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has neither obtained term loan





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nor had any outstanding balance at the beginning of the year. Accordingly clause (ix)(c) of the Order is not applicable.

- d. According to the information and explanation given to us and on the basis of our examination of the records of the Company, we believe the Company has not used funds raised on short-term basis for long-term purposes.
- e. According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture as defined under Companies Act, 2013.
- f. According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint venture (as defined under Companies Act, 2013).

x.

- a. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

xi.

- a. The Resolution Professional, appointed by The Hon'ble National Company Law Tribunal, has got Transaction Audit performed by an external entity and the findings of same have not been shared with us citing the confidentiality imposed by the provisions of Insolvency & Bankruptcy Code 2016. Accordingly, we are unable to comment on whether the fraud by the Company or on the Company was committed or reported during the year.
- b. According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the transactions with the related parties are not in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and however the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv.

- a. In the absence of complete information and explanations and based on our audit procedures, we are unable to comment on whether the Company has an adequate internal audit system considering the size and nature of its business.
- b. No Internal audit report has been made available to us for consideration.



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- xv. In our opinion and according to the information and explanations given to us, the Company has sold asset (car) to director and person connected with director against their outstanding loans which are in our opinion covered under the provisions of Section 192 of the Companies Act, 2013. Based on the information and explanation given to us, no approval for the same was obtained in a general meeting of the Company. Details of transactions are as follows:

Asset Name	Transaction Type	Name of Party	Relationship	Amount (In Lakhs)
Honda Civic Car	Sale	Sanjay Gupta	Director	0.58
Maruti Car (Alto K_10)	Sale	Sanjay Gupta	Director	0.29
Honda City Car	Sale	Sidhant Gupta	Person Connected with Director	2.82

- xvi.
- The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
  - The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
  - The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
  - According to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, the clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred cash losses of INR 19.34 Crores in the current financial year and INR 52.89 lakhs in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix. The Company, at present, is under the Corporate Insolvency Resolution Process ("CIRP") in terms of provisions of Insolvency & Bankruptcy Code, 2016("IBC/the Code") since 29.07.2022. The Company has already defaulted on loans repayment. According to the limited information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and management plans and based on our examination of the evidence supporting the assumptions, we believe that material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report.
- xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.



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- xxi. The Company is holding company of 'Sanjita Polmet Limited'. No signed Financials Statements with the Auditor's report have been made available to us. Hence, we are unable to comment on whether there was any qualification or adverse remark was made by their respective auditor.

**For K. G. Sharma & Co.**  
Chartered Accountants  
Firm registration number: 005240N



**Sanjeev Kumar Jain**  
Partner  
Membership No.: 089416



**UDIN: 23089416BGYMXN8620**  
**Place: Delhi**  
**Date: 31/05/2023**



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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SANCO INDUSTRIES LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of SANCO INDUSTRIES LIMITED (the "Company") as of March 31<sup>st</sup>, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

We could not get sufficient and appropriate audit evidences 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



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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, we are not in position to comment on whether the Company has an adequate internal financial controls system over financial reporting and whether such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2023.

**For K. G. Sharma & Co.**

Chartered Accountants

Firm registration number: 005240N



**Sanjeev Kumar Jain**

Partner

Membership No.: 089416

**UDIN: 23089416BGYMXN8620**

**Place: Delhi**

**Date: 31/05/2023**

**Sanco Industries Limited**  
**Standalone Balance Sheet**  
As at 31st March 2023  
(INR in lakhs, except for per share data and if otherwise stated)

Particulars	Notes	Standalone Audited	Standalone Audited
		As at 31st March' 2023	As at 31st March' 2022
<b>I ASSETS</b>			
(1) <b>Non-Current Assets</b>			
a) Property, Plant and Equipment	3	118.44	144.48
b) Capital Work-in-Progress	4	2.99	2.99
c) Financial Assets			
Investments	5	338.50	338.50
Trade receivables	6	4,838.85	4,708.02
Other Financial Assets	7	796.32	756.09
d) Deferred Tax Assets (Net)	8	8.67	8.67
<b>Total Non-Current Assets</b>		<b>6,103.77</b>	<b>5,958.75</b>
(2) <b>Current assets</b>			
a) Inventories	9	54.23	1,953.63
b) Financial Assets			
Cash and cash equivalents	10	179.64	99.23
Other financial assets	11	11.97	13.01
d) Other Current Assets	12	9.24	13.78
<b>Total Current Assets</b>		<b>255.08</b>	<b>2,079.65</b>
<b>TOTAL ASSETS</b>		<b>6,358.85</b>	<b>8,038.40</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	13	1,308.20	1,308.20
b) Other Equity	14	(1,807.60)	151.06
<b>Total Equity</b>		<b>(499.40)</b>	<b>1,459.26</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
a) Financial Liabilities			
Borrowings	15	793.85	876.25
b) Other Non-Current Liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>793.85</b>	<b>876.25</b>
<b>Current Liabilities</b>			
a) Financial Liabilities			
Borrowings	16	4,745.54	4,713.44
Trade payables			
- Micro enterprises and small enterprises	17	-	156.91
- Other than micro enterprises and small enterprises	17	777.63	505.24
Other Financial Liabilities	18	178.15	2.46
c) Other current Liabilities	19	363.08	324.83
<b>Total Current Liabilities</b>		<b>6,064.40</b>	<b>5,702.89</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,358.85</b>	<b>8,038.40</b>

**For K. G. Sharma & Co.**  
Chartered Accountants  
Firm registration number: 005240N

**Sanjeev Kumar Jain**  
Partner  
Membership No.: 089416



For and on behalf of the Board

**For SANCO INDUSTRIES LIMITED**

**Arunava Sikdar**  
**Resolution Professional**  
Resolution Professional

**UDIN: 23089416BGYMXN8620**  
Place: Delhi  
Date: 31/05/2023

Place: Delhi  
Date: 31/05/2023



**Sanco Industries Limited**  
**Standalone Statement of Profit and Loss**  
for the year ended March 31, 2023  
(INR in lakhs, except for per share data and if otherwise stated)

Particulars	Notes	31st March 2023	31st March 2022
<b>Income</b>			
Revenue from Operations	20	125.65	0.44
Other Income	21	1.36	72.61
<b>Total Income</b>		<b>127.01</b>	<b>73.05</b>
<b>Expenses</b>			
Cost of Materials Consumed	22	1,663.35	-
Purchase of stock-in-trade	23	-	16.97
Change in Inventories of Finished Goods, Stock in trade and WIP	24	236.05	(16.97)
Employee benefits expenses	25	5.97	14.21
Finance cost	26	0.21	0.16
Depreciation and Amortization expense	27	22.15	30.62
Other Business expenses	28	131.81	111.56
CIRP Expenses	29	26.14	-
<b>Total Expenses</b>		<b>2,085.68</b>	<b>156.55</b>
<b>Profit Before Tax</b>		<b>(1,958.67)</b>	<b>(83.50)</b>
Current Tax		-	-
Deffered Tax	8	-	-
<b>Profit for the period</b>		<b>(1,958.67)</b>	<b>(83.50)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>(1,958.67)</b>	<b>(83.50)</b>
Earnings per equity share (computed on the basis of profit for the year):			
(a) Basic EPS ordinary activities after tax for the period, for the year to date	30	(14.97)	(0.64)
(b) Diluted EPS ordinary activities after tax for the period, for the year to date	30	(14.97)	(0.64)

**For K. G. Sharma & Co.**  
Chartered Accountants  
Firm registration number: 005240N

**Sanjeev Kumar Jain**  
Partner  
Membership No.: 089416

**UDIN: 23089416BGYMXN8620**  
Place: Delhi  
Date: 31/05/2023



For and on behalf of the Board

**For SANCO INDUSTRIES LIMITED**

**Arunava Sikdar**  
Resolution Professional

Place: Delhi  
Date: 31/05/2023

**Sanco Industries Limited**  
**Standalone Statement of Changes in Equity**  
for the year ended March 31, 2023  
(INR in lakhs, except for per share data and if otherwise stated)

**A. Equity share capital**

Equity shares of Rs. 10 each issued, subscribed and fully paid

As at 1 April 2021

Issue of share capital

As at 31 March 2022

Issue of share capital

As at 31 March 2023

No.	Amount
115.12	1,151.20
15.70	157.00
130.82	1,308.20
-	-
130.82	1,308.20

**B. Other equity (refer note 17)**

Particulars	Reserves and Surplus				Total Other equity
	Securities Premium	Investment Revaluation Reserve	Retained earnings	Other Comprehensive Income (OCI)	
Balance as at 31.03.2020	54.60	-	2,457.17	7.17	2,518.92
Changes in accounting policy/prior period errors					-
Less: Revaluation reserve Transferred to Statement of Profit and Loss account as Investment sold					-
Total Comprehensive Income after tax	55.26		(2,339.61)	-	(2,284.35)
Balance as at 31.03.2021	109.86	-	117.54	7.17	234.57
Changes in accounting policy/prior period errors					-
Less: Revaluation reserve Transferred to Statement of Profit and Loss account as Investment sold					-
Total Comprehensive Income after tax			(83.50)	-	(83.50)
Balance as at 31.03.2022	109.86	-	34.03	7.17	151.06
Changes in accounting policy/prior period errors					-
Less: Revaluation reserve Transferred to Statement of Profit and Loss account as Investment sold					-
Total Comprehensive Income after tax			(1,958.67)		(1,958.67)
Balance as at 31.03.2023	109.86	-	(1,924.63)	7.17	(1,807.60)

For K. G. Sharma & Co.  
Chartered Accountants  
Firm registration number: 005240N

Sanjeev Kumar Jain  
Partner  
Membership No.: 089416

UDIN: 23089416BGYMXN8620  
Place: Delhi  
Date: 31/05/2023



For SANCO INDUSTRIES LIMITED

For and on behalf of the Board

*[Signature]*

Arjunava Sikdar  
Resolution Professional

Place: Delhi  
Date: 31/05/2023

**Sanco Industries Limited**  
**Standalone Statement of Cash Flows**  
for the year ended March 31, 2023  
(INR in lakhs, except for per share data and if otherwise stated)

Particulars	March 31, 2023	March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax	(1,958.67)	(83.50)
Depreciation and Amortization	22.15	30.62
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	-	-
Interest (Income) / Expense	(1.36)	0.06
Interest Expenses	-	-
<b>Operating Cash Generated Before Working Capital Changes</b>	<b>(1,937.88)</b>	<b>(52.82)</b>
<b>Change In Working Capital</b>		
(Increase) / Decrease in Trade Receivable	(130.83)	547.29
(Increase) / Decrease in Other Financial Assets	1.04	(4.85)
(Increase) / Decrease in Other Non-Current Assets	(40.23)	584.44
(Increase) / Decrease in Inventories	1,899.40	(137.25)
(Increase) / Decrease in Other Current Assets	4.54	50.13
Increase / (Decrease) in Non-Current Liabilities	-	(329.64)
Increase / (Decrease) in Trade Payables	115.48	(564.25)
Increase / (Decrease) in Other Financial Liabilities	175.69	(258.50)
Increase / (Decrease) in Other Current Liabilities	40.25	206.3935
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>127.46</b>	<b>40.95</b>
<b>B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of PPE, Intangible Assets and Investment Property	-	(0.86)
Proceeds of PPE, Intangible Assets and Investment Property	3.90	-
Interest Income Received / (Paid)	1.36	(0.06)
<b>Net Cash Flow From / (Used in) Investing Activities</b>	<b>5.26</b>	<b>(0.92)</b>
<b>C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	157.00
Repayment of Long Term Borrowings	(82.40)	(228.61)
Proceeds / (Repayment) of Short Term Borrowings	(178.23)	43.93
Interest Paid	-	-
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(260.63)</b>	<b>(27.68)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(127.92)</b>	<b>12.35</b>
Cash and Cash Equivalents at the beginning of the Period	(4,391.75)	(4,404.10)
Cash and Cash Equivalents at the end of the Period	<b>(4,519.66)</b>	<b>(4,391.75)</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	0.1900	97.92
Balances with Banks	-	-
On Current accounts	3.49	-
On Deposits accounts	175.96	1.31
Bank Overdraft	(4,699.30)	(4,490.98)
<b>Cash and cash Equivalent</b>	<b>(4,519.66)</b>	<b>(4,391.75)</b>

For K. G. Sharma & Co.  
Chartered Accountants  
Firm registration number: 005240N

Sanjeev Kumar Jain  
Partner  
Membership No.: 089416

UDIN: 23089416BGYMXN8620  
Place: Delhi  
Date: 31/05/2023



For and on behalf of the Board  
**For SANCO INDUSTRIES LIMITED**

Arunava Shukla  
Resolution Professional

Place: Delhi  
Date: 31/05/2023



3 Property, Plant and Equipment

Particulars	FreeHold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office equipment	Computers	Total
<b>Gross Block</b>								
As at April 01, 2019	6.61	55.90	339.42	0.11	72.52	4.42	3.31	482.29
Additions	-	-	0.17	-	-	-	-	0.17
Disposals	-	-	7.29	-	-	-	-	7.29
As at March 31, 2020	6.61	55.90	332.31	0.11	72.52	4.42	3.31	475.18
Additions	-	-	-	-	12.14	-	-	12.14
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2021	6.61	55.90	332.31	0.11	60.38	4.42	3.31	463.04
Additions	-	-	-	-	-	0.86	-	0.86
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2022	6.61	55.90	332.31	0.11	60.38	5.28	3.31	463.90
Additions	-	-	-	-	31.00	-	-	31.00
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2023	6.61	55.90	332.31	0.11	29.39	5.28	3.31	432.90
<b>Depreciation</b>								
As at April 01, 2019	-	14.42	157.12	0.03	29.90	2.81	2.78	207.06
Charged For the Period	-	3.93	34.84	0.00	10.81	0.62	0.17	50.36
On Disposals	-	-	6.37	-	-	-	-	6.37
As at March 31, 2020	-	18.34	185.59	0.03	40.70	3.43	2.95	251.05
Charged For the Period	-	3.55	26.89	0.00	4.18	0.27	-	34.90
On Disposals	-	-	-	-	2.85	-	-	2.85
As at March 31, 2021	-	21.90	212.48	0.03	47.73	3.70	2.95	288.80
Charged For the Period	-	3.22	22.85	0.01	3.46	0.90	0.18	30.62
On Disposals	-	-	-	-	-	-	-	-
As at March 31, 2022	-	25.12	235.33	0.04	51.19	4.60	3.13	319.42
Charged For the Period	-	2.91	17.84	0.05	1.08	0.26	-	22.15
On Disposals	-	-	-	-	27.10	-	-	27.10
As at March 31, 2023	-	28.03	253.17	0.09	25.18	4.86	3.13	341.57
<b>Net Block</b>								
As at March 31, 2021	6.61	34.00	119.82	0.075	12.65	0.73	0.36	174.25
As at March 31, 2022	6.61	30.78	96.97	0.07	9.19	0.68	0.18	144.48
As at March 31, 2023	6.61	27.87	79.13	0.02	4.21	0.42	0.18	118.44

Note : Gross Block as on 01.04.2016 represents deemed cost (Gross Block - Accumulated Depreciation) as per IndAS 101.

4 Capital work-in-progress

Rs in lakhs

Particulars	March 31, 2023	March 31, 2022
Capital Work-in-Progress	2.99	2.99

Ageing for Capital work-in-progress as on March 31st 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Property Temporary Suspended			2.99		

Ageing for Capital work-in-progress as on March 31st 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Property Temporary Suspended			2.99		



For SANCO INDUSTRIES LIMITED

Resolution Professional

**Sanco Industries Limited**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(INR in lakhs, except for per share data and if otherwise stated)

**5 Non Current Investments**

Particulars	March 31, 2023	March 31, 2022
<b>I Investment at Cost</b>		
<b>A Un-Quoted</b>		
<b>(i) Investment in Subsidiary Companies</b>		
Sanjita Polmet Limited (WOS)		
4.5 lakhs Equity share of \$1 each at Face Value	4.50	4.50
4.5 lakhs Equity share of INR 64.84 each at Face Value	291.77	291.77
<b>(ii) Other Investments</b>		
LIC of India	38.06	38.06
Star Union Dai-ichi Life Insurance	8.66	8.66
<b>Total Non Current Investments</b>	<b>338.50</b>	<b>338.50</b>

**6 Trade Receivables**

Particulars	March 31, 2023	March 31, 2022
Unsecured		
- Considered Good		3,073.27
- Doubtful	4,838.85	1,634.75
<b>Total</b>	<b>4,838.85</b>	<b>4,708.02</b>

**7 Other Financial Assets (Non-Current)**

Particulars	March 31, 2023	March 31, 2022
Advances to Suppliers	238.01	231.00
Advance to creditors for expenses	33.22	-
Loans & Advances (Other)	525.09	525.09
	<b>796.32</b>	<b>756.09</b>

**8 Deferred Tax Asset**

Particulars	March 31, 2023	March 31, 2022
<b>Deferred Tax Assets</b>		
As at last Balance Sheet	8.67	8.67



For SANCO INDUSTRIES LIMITED

Resolution Professional

**Adjustments**

Differences in Written Down Value in Block of Fixed Assets  
as per Tax Books and Financial Books

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

<b>Closing Deferred Tax Asset</b>	<b>8.67</b>	<b>8.67</b>
<b>Deferred Tax Expense Charged to Profit &amp; Loss Account</b>	<b>-</b>	<b>-</b>

**9 Inventories**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Finished Goods	54.23	290.28
Raw Materials	-	1,663.35
<b>Total</b>	<b>54.23</b>	<b>1,953.63</b>

**10 Cash and Cash Equivalents**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Cash on Hand	0.19	97.92
Balances with Banks		
-On Current Accounts	3.49	
-FDRs	175.96	1.31
<b>Total</b>	<b>179.64</b>	<b>99.23</b>

**11 Other Financial Assets (Current)**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Loans and Advances to Employees	0.64	1.03
Securities & Deposits	11.33	11.98
	<b>11.97</b>	<b>13.01</b>

**12 Other Current Assets**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Sales Tax Refund Receivable	6.92	10.11
GST Receivable		1.48
TDS Receivable	0.13	
MAT Credit Entitlement	2.19	2.19
<b>Total</b>	<b>9.24</b>	<b>13.78</b>



For SANCO INDUSTRIES LIMITED

Resolution Professional



**Sanco Industries Limited**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(INR in lakhs, except for per share data and if otherwise stated)

**13 Equity Share Capital**

**Particulars**

**March 31, 2023    March 31, 2022**

**Authorised**

Equity Shares of Rs. 10 each  
(March 31, 2023- 2,10,00,000, March 31,2022: 2,10,00,000)

2,100.00                      2,100.00

**Total**

**2,100.00                      2,100.00**

**Issued, Subscribed and Paid Up**

Equity Shares of Rs. 10 each, Fully Paid Up  
(March 31, 2023- 1,30,82,000, Mar 31,2020: 1,30,82,000)

1,308.20                      1,308.20

**Total**

**1,308.20                      1,308.20**

**13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**No. Lakhs**

**Rs. Lakhs**

**Equity Shares of Rs. 10 Each, Fully paid up**

At the end 31st March 2020

**115.12                      1,151.20**

Issued during the period - Bonus Issue

-                                      -

Issued during the period - Cash Issue

-                                      -

At the end 31st March 2021

**115.12                      1,151.20**

Issued during the period - Bonus Issue

15.70                              157.00

Issued during the period - Cash Issue

**130.82                      1,308.20**

At the end 31st March 2022

Issued during the period - Bonus Issue

-                                      -

Issued during the period - Cash Issue

-                                      -

At the end 31st March 2023

**130.82                      1,308.20**

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

The company has only one class of equity shares having a par value of Rs.

In the event of liquidation of the company, the holders of equity shares will

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

**No.**

**% of Holding**

**Equity Shares of Rs. 10 each Held By as on 31st March 2021**

Mr. Sanjay Gupta

16.11                              13.99

Mr. Sidhant Gupta

5.28                                      4.59

M/s Sanjay Gupta HUF

11.03                                      9.59

-

**Equity Shares of Rs. 10 each Held By as on 31st March 2022**

Mr. Sanjay Gupta

17.83                                      13.63

Mr. Sidhant Gupta

5.28                                      4.04

M/s Sanjay Gupta HUF

10.03                                      7.67

-

**Equity Shares of Rs. 10 each Held By as on 31st March 2023**

Mr. Sanjay Gupta

17.83                                      13.63

Mr. Sidhant Gupta

5.28                                      4.04

M/s Sanjay Gupta HUF

10.03                                      7.67



**For SANCO INDUSTRIES LIMITED**

**Resolution Professional**

**Sanco Industries Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

(INR in lakhs, except for per share data and if otherwise stated)

**14 Other Equity**

**a) Securities Premium**

Particulars	March 31, 2023	March 31, 2022
As per last Balance Sheet	109.86	109.86
<b>Total</b>	<b>109.86</b>	<b>109.86</b>

**b) Retained Earnings**

Particulars	March 31, 2023	March 31, 2022
As per last Balance Sheet	34.03	117.54
Profit/ (loss) for the Current Year	(1,958.67)	(83.50)
<b>Total</b>	<b>(1,924.63)</b>	<b>34.03</b>

**C) Other Comprehensive Income**

Particulars	March 31, 2023	March 31, 2022
As per last Balance Sheet	7.17	7.17
Other Comprehensive Income for the Current Year	-	-
<b>Total</b>	<b>7.17</b>	<b>7.17</b>
<b>Total other equity</b>	<b>(1,807.60)</b>	<b>151.06</b>



**For SANCO INDUSTRIES LIMITED**

**Resolution Professional**

**Sanco Industries Limited**

Notes to the Standalone Financial Statements for the year ended March 31, 2023  
(INR in lakhs, except for per share data and if otherwise stated)

**15 Long Term Borrowings**

Particulars	March 31, 2023	March 31, 2022
<b>Rupee Term Loans</b>		
<b>Unsecured</b>		
From Directors	748.85	831.25
From Other Related Party	45.00	45.00
<b>Total</b>	<b>793.85</b>	<b>876.25</b>

**16 Short Term Borrowings**

Particulars	March 31, 2023	March 31, 2022
<b>Bank Overdraft</b>		
Cash Credits and Working Capital Demand Loan from Banks (Secured)*	4,667.22	4,490.98
<b>Other Loans repayable on demand</b>		
<b>Secured</b>		
From Financial Institutions**	44.23	46.00
From Others		176.46
<b>Unsecured</b>		
Interim Finance for CIRP	32.09	
Interim Finance for CIRP (From Others)	2.00	
	<b>4,745.54</b>	<b>4,713.44</b>

\*Note - (Union Bank of India - Secured against Hypothecation of liquid current assets, Plant and Machinery, Immovable property and their personal guarantee of Director and relative)

\*\*Note- FI (Aditya Birla Finance Limited) had earlier submitted their claim before Resolution Professional. However, later the FI has withdrawn their claim.

**17 Trade payables**

Particulars	March 31, 2023	March 31, 2022
Trade Payables (including acceptances)		
(a) total outstanding dues of micro enterprises and small enterprises		156.91
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	777.63	505.24
	<b>777.63</b>	<b>662.15</b>

**18 Other financial liabilities**

Particulars	Current March 31, 2023	March 31, 2022
Salary & Wages Payable	3.15	2.46
EMD	175	
	<b>178.15</b>	<b>2.46</b>

**19 Other Current liabilities**

Particulars	March 31, 2023	March 31, 2022
Advance from Customers	6.00	-
Duties & Taxes	323.16	304.77
Employee Contributions Payable		20.06
Expense Payable	33.92	
	<b>363.08</b>	<b>324.83</b>



For **SANCO INDUSTRIES LIMITED**

Resolution Professional

**Sanco Industries Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2023**  
(INR in lakhs, except for per share data and if otherwise stated)

**20 Revenue From Operations**

**Sale of Goods**

- Finished goods
- Traded goods

**Gross Revenue from Operations**

2022-23	2021-22
125.65	0.44
-	-
<b>125.65</b>	<b>0.44</b>

**21 Other Income**

- Interest Income on deposits
- Claim settlement income
- Provision for GST

2022-23	2021-22
1.36	(0.04)
-	65.06
-	7.59
<b>1.36</b>	<b>72.61</b>

**22 Cost Of Materials Consumed**

- Inventory opening balance
- Add : Purchases
- Less : Inventory closing balance
- Cost of Raw Materials Consumed

2022-23	2021-22
1,663.35	1,543.07
-	120.28
1,663.35	1,663.35
-	1,663.35
<b>1,663.35</b>	<b>-</b>

**23 Purchase of stock-in-trade**

- Purchases - Trading Materials

2022-23	2021-22
-	16.97
-	<b>16.97</b>

**24 Changes in inventories of finished goods, stock in trade and work-in-progress**

**Inventories at the beginning of the Year**

- Finished Goods
- Work-in-progress

**Less : Inventories at the end of the Year \***

- Finished Goods
- Work-in-progress

**Net Change in Inventories**

2022-23	2021-22
290.28	273.31
-	-
<b>290.28</b>	<b>273.31</b>
54.23	290.28
-	-
<b>54.23</b>	<b>290.28</b>
<b>236.05</b>	<b>(16.97)</b>



For SANCO INDUSTRIES LIMITED

Resolution Professional



**25 Employee Benefits Expenses**

Salaries, allowances and benefits to employees  
 ARREAR (WAGES ACCOUNT)  
 Staff welfare expenses  
 Labour Welfare

2022-23	2021-22
5.28	12.84
	0.01
0.25	1.37
0.44	
<b>5.97</b>	<b>14.21</b>

**26 Finance Cost**

Interest  
 - Paid to Bank & Financial Institutions  
 - Paid to Others  
 Bank charges

2022-23	2021-22
	0.03
0.21	0.13
<b>0.21</b>	<b>0.16</b>

**27 Depreciation and Amortization expense**

Depreciation of property, plant and equipment.

2022-23	2021-22
22.15	30.62
<b>22.15</b>	<b>30.62</b>

**28 Other Business Expenses**

Audit Fees  
 Bad Debts A/C  
 BIS fees  
 Business Promotion and Advertisement  
 Car insurance  
 Car maintainance  
 Charity & Donations  
 Consultancy and other professional charges  
 Conveyance expenses  
 CS certification & retainership fee  
 Electricity and Power charges  
 Factory mainataince  
 Gratuity Account  
 GST ( Late Fee )  
 GST AUDIT FEES  
 Insurance  
 Listing Fee  
 MACHINERY MAINTAINENCE  
 MARKETING FEES  
 MISCELLANOUS EXPENSES  
 Office Building and Plant & Machinery  
 Office maintenance  
 Postal Expense  
 Printing and stationery  
 Publicity & Advertising  
 Retrenchment (service Pay Full & Final)  
 RTA-SERVICES  
 SECURITY EXPENSES  
 SECURITY GAURD  
 SHORT & EXCESS  
 Telephone expense  
 Testing Fee, ROC Fees, Renewal fees and Licence Fee  
 TRANSPORTATION EXPENSES  
 Travelling Expenses  
 Truck running expenses  
 Vehicle running & maintenance  
 Water Expenses  
 Website Expense  
 Income Written off

2022-23	2021-22
1.30	0.69
	47.37
0.01	
	0.12
0.27	
0.29	
	0.12
2.03	-
1.19	3.76
2.14	
8.86	3.71
0.80	
	4.50
0.04	0.09
0.50	
0.24	1.18
3.00	5.90
2.87	
0.47	
0.14	1.55
	0.02
	0.04
0.02	
	0.02
0.28	
	3.27
0.25	
2.56	
0.11	
(0.07)	(0.00)
0.17	
0.09	38.18
0.93	
2.85	
0.03	
	0.96
0.08	0.07
0.36	
100.00	
<b>131.81</b>	<b>111.56</b>



For SANCO INDUSTRIES LIMITED

Resolution Professional

**29 CIRP Expenses**

COC meeting fees  
 RP FEES  
 IRP Fees  
 Consultancy & Professional Fees  
 E-Voting  
 Misc Expenses  
 NCLT Expenses  
 Out-of-Pocket Expenses Reimbursement  
 Printing and stationery  
 Publicity & Advertisement  
 Regulatory Fees - IBBI  
 Transaction Audit Fees  
 Travelling Expenses  
 Valuation Fees  
 VDR charges

**2022-23** **2021-22**

0.23  
 12.00  
 3.00  
 5.82  
 0.51  
 0.05  
 0.13  
 0.11  
 0.34  
 0.51  
 0.04  
 1.25  
 0.44  
 1.30  
 0.41  
**26.14**

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**30 Earnings Per Share (EPS)**

**Total Comprehensive Income for the year**

(1,958.67) (83.50)

**Profit attributable to equityholders of the Company for basic earnings**

**(1,958.67) (83.50)**

Weighted average number of equity shares in calculating basic EPS

130.82 130.82

Effect of dilution (Dilution on account of conversion of compulsory convertible preference share issued during the year)

- -

**Weighted average number of equity shares in calculating diluted EPS**

**130.82 130.82**

**Earnings per equity share in Rs.**

**Basic**

(14.97) (0.64)

**Diluted**

(14.97) (0.64)

**Face Value of each equity share (in Rs.)**

**10 10**



**For SANCO INDUSTRIES LIMITED**

**Resolution Professional**

Sanco Industries Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023  
(INR in lakhs, except for per share data and if otherwise stated)

31 Ratios

Note No.	Particulars	Formula	As at 31 March 2023	As at 31 March 2022	Variance in %	Reason for variance
(a)	Current Ratio	Current Assets/ Current Liabilities	0.04	0.36	-88%	Variance is due to reclassification of Debtors as long term.
(b)	Debt-Equity Ratio	Debt/Equity	(11.09)	3.83	-590%	Variance is due to loss of current year.
(c)	Debt Service Coverage Ratio	Earnings available for debt service/interest+installment	NA	NA		
(d)	Return on Equity Ratio	Net income/Average Shareholders equity	(0.26)	(0.05)	415%	
(e)	Inventory turnover ratio	Cost of goods sold/ Average inventory	0.33	-		
(f)	Trade Receivables turnover ratio	Credit sales/Average trade receivable	0.03	0.00	29454%	
(g)	Trade payables turnover ratio	Credit purchase/ Average trade payable	-	0.02	-1000%	
(h)	Net capital turnover ratio	Net sales / capital	(0.25)	0.00	-82960%	
(i)	Net profit ratio	Net profit/ sales	(15.59)	(188.45)	-92%	
(j)	Return on Capital employed	EBIT/Capital employed	(6.65)	(0.04)	185599%	
(k)	Return on investment.	Return on Investment/ cost on Investment	NA	NA		

Explanation of the Numerator & Denominator

S.No	Particulars	Description	As at 31 March 2023	As at 31 March 2022
1	Average inventory	Opening Inventory+ Closing Inventory/2	1,003.93	1,885.00
2	Average trade payable	Opening trade payable+ Closing trade payable/2	719.89	944.27
3	Equity Capital	Capital refers to the financial resources that businesses can use to fund their operations.	(499.40)	1,459.26
4	Current Liabilities	Amounts due to be Paid to Creditors Within Twelve Months.	6,064.40	5,702.89
5	Turnover	Volume of Goods and Service sold during a Reporting period	125.65	0.44
6	Average Shareholders equity	the amount of capital invested or owned by the owner of a company.	479.93	1,422.52
7	Average trade receivable	Opening trade receivable+ Closing trade receivable/2	4,773.43	4,981.67
8	Cost of goods sold	Opening stock + purchase -closing stock	236.05	-
9	Credit Purchase	Purchase something you receive today that you will pay for later.	-	16.97
10	Credit Sales	A transfer of ownership of goods and services to a customer in which the amount owed will be paid at a later date.	125.65	0.44
11	Current Assets	Cash and other assets that are expected to be converted to cash within a year.	255.08	2,079.65
12	Debt	A Sum of Money that is owed or due.	5,539.39	5,589.69
14	Net income	Net income refers to the (gross) income minus taxes and other deductions	127.01	73.05
15	Earnings available for debt service	Net profit after taxes-Non Cash operating Expenses	Not Applicable	Not Applicable
16	Net profit	Net profit after taxes	(1,958.67)	(83.50)
17	Net sales	Gross sales means subtract all the indirect Expenses	125.65	0.44
18	Interest+ Installment	Amount of principal and interest payable and paid during the year	Not Available	Not Available
19	EBIT	Earning Profit before taxes and Interest	(1,958.46)	(83.34)
20	Capital employed	Total asset - Current liabilities	294.45	2,335.51
21	Return on investment	Current value of Investment - Cost of Investment	Not Available	Not Available
		Cost of Investment	Not Available	Not Available

For SANCO INDUSTRIES LIMITED



Resolution Professional

## 32 Related party disclosures

### A. Related parties whose control/ significant influence exist:

#### Details of related parties and relationship:

##### I. Entity

M/S Sanjita Polymet Limited  
M/S Sanco Enterprises Private Ltd

##### Relationship

Subsidiary Company  
Associate Company

##### II. Key Management Personnel

Mr. Pankaj Chander  
Mr. Sanjay Gupta  
Mr. Anurag Gupta  
Mr. Saurabh Gupta  
Ms. Akriti Mahajan  
Mr. Abhishek Jain  
Ms. Sonu Kumari  
Mr. Sunil Kaushik

##### Relationship

Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director

##### III. Relatives of Key Management Personnel

Mr. Anurag Gupta  
Ms. Mansi Gupta  
Ms. Rita Gupta  
Ms. Shakuntla Gupta  
Mr. Sidhant Gupta  
Mr. Sanjay Gupta HUF

Relative of Director  
Relative of Director  
Relative of Director  
Relative of Director  
Relative of Director  
Relative of Director

### B. Transactions with related parties:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Receipt of unsecured long term borrowing</b>		
Ms. Shakuntla Gupta	83.50	55.00
Mr. Sanjay Gupta	-	1.00
Mr. Anurag Gupta	-	48.50
<b>Repayment of unsecured long term borrowing</b>		
Mr. Sanjay Gupta	98.07	64.50
Ms. Shakuntla Gupta	65.00	160.00
Mr. Sidhant Gupta	2.82	-
Ms. Rita Gupta	-	1.80
<b>Sale of PPE</b>		
Mr. Sanjay Gupta	0.87	-

### C. Balances receivable from/ payable to related parties:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Unsecured long term borrowing</b>		
Mr. Anurag Gupta	48.50	48.50
Ms. Mansi Gupta	25.00	25.00
Ms. Rita Gupta	240.00	240.00
M/S Sanco Enterprises Private Ltd	45.00	45.00
Mr. Sanjay Gupta	270.92	369.00
Mr. Sanjay Gupta HUF	8.50	8.50
Ms. Shakuntla Gupta	138.50	120.00
Mr. Sidhant Gupta	17.42	20.25
<b>Other Payables</b>		
M/S Sanjita Polymet Limited	10.79	10.79

### D. Terms

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled within the credit period allowed as per the policy. All related parties balances are unsecured and considered good. All the amounts of transactions and balances disclosed in this note are gross and undiscounted.





**Sanco Industries Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

(INR in lakhs, except for per share data and if otherwise stated)

**33 Other Notes to Accounts**

- a) The Company is undergoing the Corporate Insolvency Resolution Process ("CIRP") in terms of provisions of Insolvency & Bankruptcy Code, 2016 ("IBC/the Code") vide order of the Hon'ble National Company Law Tribunal, New Delhi, dated 29.07.22 and Mr. Deepak Arora was appointed as an IRP in the matter. The Committee of Creditors in its meeting passed the Resolution for appointment of Mr. Arunava Sikdar having IBBI Regn No. IBBI/PA-001/IP-P00022/2016-17/10047 to act as Resolution Professional in the matter. The Hon'ble National Company Law Tribunal, vide its order dated 19.09.2022 approved the appointment of Mr. Arunava Sikdar to act as Resolution Professional. As the CIR Process is going on, the financial statements have been prepared based on going concern assumption.
- b) The claims submitted by the financial creditors and operational creditors, as on the Insolvency Commencement Date i.e. as on 29.07.2022 and admitted by the IRP/RP, are at variance with the amounts appearing in the books of accounts of the company in respect of the same. To the extent the process of submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process, no accounting impact in the books of accounts has been made in respect of excess, short or non-receipt of claims from Operational and financial creditors.
- c) These financial statements also pertain to the period prior to commencement of Corporate Insolvency Resolution Process (CIRP) of the company and before the appointment of the Resolution Professional (RP) for the company. Therefore, the RP is not in a position to verify the authenticity or veracity of the information provided herein and to certify on its own the truthfulness, fairness, accuracy or completeness of the financial statements. In the absence of the Board of Directors, the RP is approving these statements for the purposes of compliance with the provisions of the companies Act, 2013 and on the basis of information/ documents received from the Directors (Power Suspended) of the corporate debtor. Approval of the RP and affixing of signature on these statements by the RP should not be construed as endorsement or certification by the RP of any facts or figures provided herein.
- d) The RP has appointed transaction auditor for conducting the transaction audit of the corporate debtor for the period as per the provisions of IBC, 2016. The transactions as reflected in the said Financial Statements including the notes made with respect to the same are based on the books of accounts as prepared by the CD/information as provided by the CD and that the said transactions are subject to year end statutory audit and the transaction/forensic audit. Any accounting effect arising from the findings of the said audit shall be accounted for only after adjudication of the applications filed based on the said Transaction Audit Report.
- e) As mentioned in note no. (a) above, the Hon'ble NCLT has admitted a petition to initiate Insolvency proceeding against company under the Code. As per the Code it is required that the Company be managed as a going concern during the CIRP. Further, under the CIRP, the resolution plan(s), if any, received by the RP, which complies with the provisions of the Code, needs to be presented to the CoC for its approval and in case the of approval of the same by the CoC, the plan will need to be filed with the Hon'ble NCLT for its approval. Currently, the Resolution Professional has placed the eight IBC compliant Resolution Plans before the Committee of Creditors comprising of Union Bank of India and South Indian bank, of the CD for their consideration as per the provisions of the Code. The future prospects of the company, as such, would be determined on the completion of CIRP, based on same, the financial statements have been prepared on a going concern basis.
- f) That as per provision of IBC, 2016, creditors of the CD are required to file claim as on CIRP commencement date i.e. 29.07.2022 in appropriate form before IRP/RP and IRP/RP, after collating the same, shall admit the claims of the creditors. The Resolution applicant is liable to settle the dues of only those creditors whose claim has been admitted by IRP/RP and neither the Resolution Applicant nor the CD will be liable for any dues/claims which has not been admitted by IRP/RP. However, no effect of the same has been given in the books of accounts of the CD till approval of any Resolution Plan by both COC and Hon'ble NCLT, New Delhi.
- g) As per provisions of IBC, 2016, no interest is payable on any loan/ advances after the CIRP commencement date and all liabilities existing as on CIRP commencement date freezes till the completion of CIR Process. Accordingly, no interest is required to be provided for CIRP period on any loan. Non provision of interest in the books of accounts on the various amounts recoverable is not to be treated as waiver of claim by the corporate debtor and corporate debtor reserves its right to recover its full dues along with interest from all the parties.



**For SANCO INDUSTRIES LIMITED**

*Arunava Sikdar*

**Resolution Professional**

### 33 Other Notes to Accounts (Continued)

- h) **Cash Balance:** That there was a cash balance of Rs.18,967.56 as per the balance sheet as on CIRP date i.e. 29.07.2023. The said balance of Cash had not been handed over to the IRP/RP. However, no provision in respect of the same had been made in the books of the Company and the same balance is continued to be shown in balance sheet as on 31.03.2023.

- i) **Bank Balance:** The RP is having bank statements of following banks :

Name & Branch of Bank	Closing Balance	Current A/c, O/D, C
UBI(under CIRP)- 349401010929368	3,10,880.06	Current A/c
ICICI – 033005006822 (as per last statement available as on 30.09.2022)	33,444.63	Current A/c

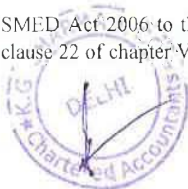
The banking transactions of the Company after the CIRP commencement date i.e. 29.07.2022 has been carried out only in UBI Bank A/c No. 349401010929368 which was opened by the RP for the CIR Process.

The RP is not in possession of bank statements of any other Bank A/c of the CD except ICICI Bank A/c No. 033005006822.

- j) **Stock:** That there was closing stock of INR 54.22 lakhs of goods as on CIRP commencement date as per the balance sheet and books of accounts of the Company provided by Directors (Power Suspended) of the CD. However, no details / valuation report of the closing stock was made available to RP. Although, the RP and his team had physically verified the stock lying at the factory premises of the CD at Paonta Sahib, Himachal Pradesh, no effect of variation, if any, has been given in the books of accounts of the CD. In the absence of complete records, reconciliation could not be prepared of physical inventory vis-à-vis books inventory by the RP team.
- k) **Investments:** That Investments of the Company are shown at the book value as on 29.07.2022 as per books of accounts provided by Directors (Power Suspended) to the IRP/RP. However, no documentary evidence in respect of the same is available with the Resolution Professional.
- l) **Consolidated Financial Statements:** The Resolution Professional has not received the financial statements of the subsidiary company of CD from the Directors (Power suspended) inspite of repetitive reminders and application in respect of the same has already been filed by the RP before Hon'ble NCLT. In light of the same, consolidated financial statements have not been prepared by the RP for the FY 2022-23.
- m) **Fixed Assets:** That fixed assets of the Company includes Land and Building, Plant & Machineries, vehicles and other office Equipments. All the fixed assets of the Company are lying at the Paonta Sahib unit of the CD. Certain vehicles of the Company were transferred by the ex-management before the CIRP period and the same are covered under the transaction audit report by the transaction auditors. However, impact of the same in the books of the Company has not been given by the RP and any accounting effect arising from the findings of the said audit shall be accounted for at the appropriate time.

The Resolution Professional has obtained fair value and Liquidation value of the assets of the CD as on CIRP commencement date, as per provisions of IBC, 2016. However, no effect of the said valuation report has been given in the books of accounts of the CD. Further, as per Regulation 35(2) of The IBBI(Insolvency Resolution Process For Corporate Persons) Regulations, 2016, the RP should provide the fair value and liquidation value to the members of CoC, after taking confidential undertaking from them.

- n) **Expenditure & Income:** That all expenditure and income have been accounted for upto the year-end on mercantile (accrual) method of accounting.
- o) **Contingent Liabilities:** NO ESI and PF returns have been filed during CIRP period in absence of any records as well as all workmen/ employees, except 3, had left the Company and there is no production/ sale during the CIRP period. Further, TDS has been deducted on CIRP expenses at the time of payment of those expenses only and deposited accordingly. Also, the GST liability under reverse charge has been booked at the time of payment of such expenses, on which the company is liable to pay GST under reverse charge mechanism as per the provisions of GST Act. No provision for any resultant penalty/interest has been made in the books of accounts of the company.
- p) The information regarding applicability of MSMED Act 2006 to the various supplier/parties has not been received from the suppliers. Hence information as required vide clause 22 of chapter V of MSMED Act 2006 is not being given.



**TA-SANCO INDUSTRIES LIMITED**

**Resolution Professional**

- q) During CRIP period, the management of the affairs of the Corporate Debtor vests with the IRP/RP and the powers of the board of directors stand suspended and is exercised by IRP/RP. In absence of Board of Directors, the financial Statements have been signed by the Resolution Professional on behalf of the board of the Corporate Debtor.
- r) The annual filing of forms of the Corporate Debtor for the FY 2021-22 had been attached to form GNL-2. However, due to technical glitch in the updated forms on MCA portal, the DSC of the Resolution Professional could not be affixed as an authorized signatory due to which the said form could not be uploaded on the MCA portal. The Resolution professional had also filed a complaint in respect of the said technical error on MCA portal.

**For SANCO INDUSTRIES LIMITED**

  
**Resolution Professional**





**SANCO INDUSTRIES LIMITED**  
**Notes and other explanatory information to financial statements for the year ended**  
**March 31, 2023**

**1. COMPANY INFORMATION:**

Sanco Industries Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at D-161, Surajmal Vihar Delhi DL 110092. The Company is listed on the National Stock Exchange (NSE). The Company is in the manufacturing business comprising primarily of PVC Pipes. The Company has manufacturing facilities across the country and sells primarily in India.

**2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation and Measurement**

**(a) Basis of preparation and compliance with Ind AS**

The financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read along with Companies (Indian Accounting Standards) Rules, as amended and other provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.

The financial statements of the Company for the year ended March 31, 2023 were approved for issue by Resolution Professional appointed by IBC 2016 on May 31, 2023.

**(b) Basis of measurement**

These financial statements are prepared under the historical cost convention unless otherwise indicated.

**2.2 Key Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Measurement of defined benefit obligations
- (b) Measurement and likelihood of occurrence of provisions and contingencies



For SANCO INDUSTRIES LIMITED

  
Resolution Professional



**SANCO INDUSTRIES LIMITED**  
**Notes and other explanatory information to financial statements for the year ended**  
**March 31, 2023**

- (c) Recognition of deferred tax assets
- (d) Key assumptions used in discounted cash flow projections
- (e) Impairment of Intangible assets
- (f) Measurement of Lease liabilities and Right of Use Asset (ROUA)

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

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

**Critical judgements made in applying accounting policies**

**Lease Classifications**

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

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

**Impairment subsidiaries**

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

**Impairment of plant & equipment and intangible assets**

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

**Expected credit loss**

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



For SANCO INDUSTRIES LIMITED

Resolution Professional

**SANCO INDUSTRIES LIMITED**  
**Notes and other explanatory information to financial statements for the year ended**  
**March 31, 2023**

**Property, Plant and Equipment**

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

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

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

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

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

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

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

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

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

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

**Depreciation**

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

Factory buildings	30
Other than factory buildings	60
Plant and Machinery	15
Office equipments	5
Electrical Fittings	10
Computers and peripherals	3 - 6



For SANCO INDUSTRIES LIMITED

Resolution Professional

**SANCO INDUSTRIES LIMITED**  
**Notes and other explanatory information to financial statements for the year ended**  
**March 31, 2023**

Furniture and Fixtures	10
Furniture and Fixtures (Hotel)	8
Plant & Machinery (Hotel)	8
Vehicles	8

Leasehold Assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

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

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

### **Investment properties**

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

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

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

### **Other Intangible assets**

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

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

### **Financial Assets**

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

#### Initial recognition

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

#### Subsequent Measurement

1. Financial assets measured at amortised cost

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

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

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

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components or the disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on ~~initial classification as~~ held for sale or subsequent gain on re-measurement





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are recognized into net income. Gains are not recognized in excess of any cumulative impairment losses.

### **Share Capital**

Equity shares are classified as equity.

### **Financial Liabilities**

#### Initial recognition and measurement

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

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

#### Subsequent measurement

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

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

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

#### 3. Financial assets at fair value through profit or loss (FVTPL)

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

#### 4. Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.

#### *Impairment of Financial Assets*

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

##### 1) Trade Receivables

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

##### 2) Other financial assets

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

#### *De-recognition of financial assets*

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A financial asset is de-recognized only when:

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

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

#### **Impairment of Non-Financial Assets**

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

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

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

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

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

#### **Other financial liabilities**

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

#### **De-recognition**

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

#### **Borrowing Costs**

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



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

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

**Employee Benefits**

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

**Income Taxes**


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

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

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

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



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**Leases**

**As a lessee**

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

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

**As a lessor**

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

**Lease-hold land:**

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

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

**Provisions, Contingent and Liabilities and Contingent Assets**

**Provisions**

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

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

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

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

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

### **Contingent Liabilities**

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligations.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

### **Contingent Assets**

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

### **Fair Value Measurements**

Company uses the following hierarchy when determining fair values:

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

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

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

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

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

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

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;



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- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**Revenue Recognition**

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

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

**Insurance Claims**

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

**Interest**

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

**Dividends**

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

**Foreign Currency Transactions**

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

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

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

**Minimum Alternative Tax [MAT]**

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

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**Earnings per Share**

Basic earnings per share are calculated by dividing

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

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

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

**Segmental Reporting**

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

**Rounding of amounts**

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



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