



PIPES & PROFILES, WIRE & CABLES



Ref. No.: NSE/SIL/2019-20/16

31.10.2019

Department of Corporate Services
National Stock Exchange of India
Exchange Plaza, Plot No. C/1, G Block
Bandra- Kurla Complex, Bandra (E)
Mumbai- 400 051

Company Symbol: SANCO

Sub: Approval of Offer Letter

Dear Sir,

As per regulation 30 of SEBI (LODR) Regulations, 2015 read with Part A of Schedule III, this is to inform your good office that following resolution are passed in Board Meeting held on 31.10.2019:

1. Considered and approved the offer letter to be sent to the proposed allottees for allotment of 92,75,000 convertible warrants at a price of Rs. 16.45 amounting to Rs. 15,25,73,750 (as approved by NSE vide letter dated 23.10.2019) and authorizing the Board of Directors to send/dispatch the offer letter accordingly.

We request you to please take the above on record (offer letter attached for your reference).

Thanking you

For Sanco Industries Limited

Sanjay Gupta
(Managing Director)
DIN: 00726005

Address: C-56, Surajmal Vihar, Delhi-110092



Sanco Industries Limited

Regd. / Corp. Office : D-161, Surajmal Vihar,
(Near Karkardooma Court) New Delhi-110092 (INDIA)
Phone : 011-47315500 (100 lines),
Fax : 91-11-47315555
e-mail : sanco86@sancopipes.com
web site : www.sancopipes.com

Works : Village Satiwala, Tehsil
Paonta Sahib-173025 (H.P.) India
Ph.: 09318970197

FORM NO PAS-4
PRIVATE PLACEMENT OFFER LETTER

[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]

1. GENERAL INFORMATION

- a. Name, address, website and other contact details of the company indicating both registered office and corporate office:

Name	Sanco Industries Limited
Registered and Corporate Office Address	D-161, Surajmal Vihar, Delhi – 110092
Website	www.sancopipes.com
Phone No.	+91-11-47315500
Fax No.	+91-11-47315555

- b. Date of incorporation of the company – 17th March, 1989

- c. Business carried on by the company and its subsidiaries with the details of branches or units, if any; -

Sanco Industries Limited is in the business of manufacturing of PVC pipes and profiles and PVC coated wires and cables. Our manufacturing unit is based in Paonta Sahib, Himachal Pradesh and administration office is based in the capital city of Delhi.

Sanjita Polymet Limited, a wholly owned subsidiary of Sanco, was incorporated in Hong Kong in 2013. It is involved in the business of trading of polymers, electronics and metals.

- d. Brief particulars of the management of the company;

Mr. Sanjay Gupta
Managing Director

- Mr. Sanjay is one of the co-promoters of the company having more than 30 years of experience in plastic industry.
- He completed his bachelor of commerce from Delhi University in 1985 and M.B.A. in Marketing & Finance from National Institute of Management, New Delhi
- He is responsible for activities related to strategic planning, restructuring, operations, import and export, marketing, international business relationship etc.

Mr. Sidhant Gupta
Director

- Mr. Sidhant, from the promoter family, joined the business in 2013
- He is a Commercial Pilot from Eagle Flight Academy, New Zealand and has done his B.B.A. in Aviation from Dibrugarh University
- He has been inducted as an Executive Director in the Board for marketing, strategic planning & business development

CA Saurabh Gupta
Non-Executive &
Independent Director

- Mr. Saurabh Gupta joined Sanco Industries Limited as a Non-Executive & Independent Director. He is also the acting chairman of the "Audit Committee" of Sanco.
- He holds a Bachelor Degree in Commerce from Kanpur



University and Post Qualification Diploma in Systems Audit from the Institute of Chartered Accountants of India. He is also a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

- He has good experience in the fields of audit, commerce and industry spanning 8 years.

CA Sanjeev Kumar Jain
Non-Executive &
Independent Director

- Mr. Sanjeev Kr. Jain is a Non-Executive and Independent Director of Sanco. He is also involved in the activities related to "Share Holder Grievance Committee" and "Remuneration Committee".
- He holds a Bachelor Degree of Commerce from Delhi University and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.
- He has vast experience in the field of financial audit, commerce and industry spanning over 20 years.

Mr. Surender Kumar Gupta
Non-Executive &
Independent Director

- Mr. S. K. Gupta is a Non-Executive and Independent Director of Sanco. He is also a member of "The Share Holder Grievance Committee" and "The Audit Committee" of the company.
- He completed his Masters in Arts from Delhi University and M. Com from CCS University, Meerut. Mr. Gupta also holds CAIIB Certification from Indian Institute of Banking and Finance.
- He has more than 39 years of experience

Ms. Sonu Kumari
Non-Executive &
Independent Director

- Ms. Sonu Kumari is a Non-Executive and Independent Director of Sanco
- She is an Honors Graduate from Delhi University in Arts Stream
- She has worked with Coca Cola as an Assistant Manager (Marketing) in the past

e. Names, addresses, DIN and occupations of the directors;

S.No.	NAME	ADDRESS	DIN	OCCUPATION
1	Sanjay Gupta	C-56 Surajmal Vihar, Delhi - 110092	00726005	Business
2	Sidhant Gupta	C-56 Surajmal Vihar, Delhi - 110092	02676750	Business
3	Saurabh Gupta	3/25, Vishnupuri, Kanpur- 208002	03093901	Professional
4	Surender Kumar Gupta	D-85, Surajmal Vihar, Delhi- 110092	07613952	Business
5	Sanjeev Kumar Jain	131, AJ and K Pocket, Dilshad Garden, Delhi-95	03121505	Professional



6 Sonu Kumari 441 B, Gali No. 29 07911978 Business
C-1 Block Khajoori Khas,
Delhi-94

- f. Management's perception of risk factors;
The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors.
- g. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –
- i. statutory dues;

S.No.	Nature of Liability	Amount (Rs. In Lakhs)
1	Provident Fund	Total outstanding Rs. 15.06 out of which Rs. 10.43 more than 6 months outstanding
2	Employees' State Insurance	Total outstanding Rs. 4.21 out of which Rs. 3.25 more than 6 months outstanding
3	Income Tax	Total outstanding Rs. 315.85 out of which Rs. 274.30 related to AY. 2017-18 and AY 2018-19.
4	The Income Tax Act, 1961	Rs 63.33 (Order of appellate authority pass in favour of the Company, but Revenue authority has the right to file appeal against the order of appellate authority in higher authority).

- ii. debentures and interest thereon; Nil
 - iii. deposits and interest thereon; Nil
 - iv. loan from any bank or financial institution and interest thereon Nil
- h. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process;
Name – Ms. Akriti Mahajan
Designation – Company Secretary
Address – D-161, Surajmal Vihar, Delhi - 110092
Phone Number – +91-11-47315500
Email Id – cs@sancopipes.com

2. PARTICULARS OF THE OFFER

- a. Date of passing of board resolution; 19th August, 2019



- b. Date of passing of resolution in the general meeting, authorizing the offer of securities;
18th September, 2019
- c. Kinds of securities offered (i.e. whether share or debenture) and class of security;
Convertible Warrants(convertible into equity shares) issued on Preferential Basis under private placement
- d. price at which the security is being offered including the premium, if any, alongwith justification of the price;
Rs 16.45 per share, this price has been calculated as per Regulation 164 of ICDR Regulations
- e. name and address of the valuer who performed valuation of the security offered;
Name – Mr. S. Bhatnagar & Associates, Chartered Accountants
Address – Sheel Tara House, 4866/24, Ansari Road, Darya Ganj, New Delhi – 110002(India)
- f. Amount which the company intends to raise by way of securities;
Rs. 1525.7375
- g. Terms of raising of securities:

Duration	18 months (maximum)											
Rate of dividend	Not Applicable											
Mode of payment	<p>All cheques/drafts should be in favour of “Sanco Industries Limited” and crossed ‘Account Payee Only’ payable at par at the centre where the same is deposited. The entire amount of Equity share is payable on application.</p> <p>In case the payment is made by Real Time Gross Settlement (RTGS), the funds have to be credited to the Company’s RTGS account, the details of which are given below:</p> <table border="1" data-bbox="683 1541 1394 1765"> <tr> <td>Name of the Bank</td> <td>Central Bank of India</td> </tr> <tr> <td>Address of the Bank</td> <td>Anand Vihar, Delhi - 110092</td> </tr> <tr> <td>Name of the Beneficiary</td> <td>Sanco Industries Limited</td> </tr> <tr> <td>Bank A/c No.</td> <td>3775244966</td> </tr> <tr> <td>IFSC Code</td> <td>CBIN0283533</td> </tr> </table>		Name of the Bank	Central Bank of India	Address of the Bank	Anand Vihar, Delhi - 110092	Name of the Beneficiary	Sanco Industries Limited	Bank A/c No.	3775244966	IFSC Code	CBIN0283533
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Name of the Beneficiary	Sanco Industries Limited											
Bank A/c No.	3775244966											
IFSC Code	CBIN0283533											
Proposed Schedule for offer is valid	Time for which	<p>Issue Opens on: 01.11.2019</p> <p>Issue Closure Date: 04.11.2019</p>										
Contribution being made by the Promoters or Directors in this offer:	NIL											



Repayment	Not Applicable(as warrants are either Convertible into equity shares or In the event, the Warrant holders do not exercise the Warrants within a period of eighteen months from the date of allotment, the Warrants shall lapse and the amount paid by the Warrant holder(s) on such Warrants shall stand forfeited by the Company)
Purpose and Object of the Issue	To fulfill the requirement of working capital of the Company
Principle Terms of Assets Charged as Security	Not Applicable

3. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

- i. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.
Not applicable as promoters are not participating in this issue.
- ii. details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.
NIL
- iii. remuneration of directors (during the current year and last three financial years);

Years/Qtr End	Rs. (in Lacs)
As on 31 st March 17	16.8
As on 31 st March 18	16.8
As on 31 st March 19	16.8
As on 31 st July, 2019	3.89
- iv. Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provide:

As on 31st March, 2017	
Related Parties (Key Management Personnel & their Relative)	Amount(in Rs Lacs)



<ul style="list-style-type: none"> • Sanjay Gupta • Sidhant Gupta • Rita Gupta • Shakuntala Gupta • Anurag Gupta 	Unsecured Loan received – Rs. 490 Unsecured Loan Repaid – Rs. 250
As on 31st March, 2018	
Related Parties (Key Management Personnel & their Relative)	Amount(in Rs Lacs)
<ul style="list-style-type: none"> • Rita Gupta • Sanjay Gupta • Sidhant Gupta • Saurabh Gupta • Sanjeev Kumar Jain • Surender Kumar Gupta • Sonu Kumari 	Unsecured Loan received – Rs. 1128.75 Unsecured Loan Repaid – Rs. 327.75
As on 31st March, 2018	
Related Parties (Key Management Personnel & their Relative)	Amount(in Rs Lacs)
<ul style="list-style-type: none"> • Rita Gupta • Sanjay Gupta • Sidhant Gupta • Saurabh Gupta • Sanjeev Kumar Jain • Surender Kumar Gupta • Sonu Kumari 	Unsecured Loan received – Rs. 12 Unsecured Loan Repaid – Rs. 57.77

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

- v. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark:

As on 31 st March, 2015	Nil
As on 31 st March, 2016	Nil
As on 31 st March, 2017	As per the Auditors' Report for FY ending 31.03.2017 following amount are



involved (Gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues:

- i. Aggregate Income Tax of Rs.8.94 Lakh, pending before CIT (Appeals) related to AY 2013-14.
- ii. Aggregate Income Tax of Rs.63.33 Lakh, pending before CIT (Appeals) related to AY 2014-15.

These disputed statutory dues have not affected the financial position of the Company.

Further, the Company has filed appeal against these disputed statutory dues and Order of appellate authority was passed in favour of the Company (also mentioned in Auditor Report for FY ending 31.03.2019)

As on 31st March, 2018

Details of dues of Income Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the amount Relates	Amount in Lakh
The Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2014-15	Rs 63.33

These disputed statutory dues have not affected the financial position of the Company.

Further, the Company has filed appeal against these disputed statutory dues and Order of appellate authority was passed in favour of the Company (also mentioned in Auditor Report for FY ending 31.03.2019)

As on 31st March, 2019

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

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

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



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

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

The pending disputed and undisputed statutory dues have not affected the financial position of the Company.

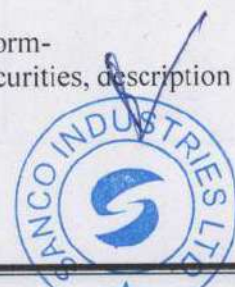
The undisputed statutory dues pending as mentioned above are routine nature and the Company is in process of their payment at the earliest.

For, the disputed statutory dues pending, the Company has filed appeal against these disputed statutory dues and Order of appellate authority was passed in favour of the Company.

- vi. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries
NIL
- vii. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.
NIL

4. FINANCIAL POSITION OF THE COMPANY

- a) the capital structure of the company in the following manner in a tabular form-
(i) (a) the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);



Particulars	Number of Securities (in Laacs)	Description	Aggregate Nominal Value
Authorised Capital	140	Equity Shares	1400
Issued Capital	102.84	Equity Shares	1028.40
Subscribed Capital	102.84	Equity Shares	1028.40
Paid up capital	102.84	Equity Shares	1028.40

(b) size of the present offer; Rs 1525.7375

(c) paid up capital

(A) after the offer; Rs. 1028.40

(B) after conversion of convertible instruments (if applicable); Rs. 1955.90

(d) share premium account (before and after the offer); Rs. 54.60 (share premium account post conversion of convertible instruments will be Rs. 652.8375)

(ii) the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case; Nil

(b) Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;

Particulars	As on 31 st March, 2017 (Rs in Laacs)	As on 31 st March, 2018 (Rs in Laacs)	As on 31 st March, 2019 (Rs in Laacs)
Profie Before Tax	418.49	589.61	135.86
Net Provision for Tax	106.69	180.44	39.90
Profie After Tax	311.80	409.17	95.96

(c) Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)

Particulars	As on 31 st March, 2017 (Rs in Laacs)	As on 31 st March, 2018 (Rs in Laacs)	As on 31 st March, 2019 (Rs in Laacs)
Dividend	Nil	Nil	Nil
Interest coverage ratio	1.21	1.88	1.45



(d) A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter;

Particulars	As on 31 st March, 2017 (Rs in Lacs)	As on 31 st March, 2018 (Rs in Lacs)	As on 31 st March, 2019 (Rs in Lacs)
Authorised Capital	1400	1400	1400
Paid Up Capital	1028.40	1028.40	1028.40
Turnover	10783.04	17192.28	11185.10
Profit After Tax	311.80	409.17	95.96
Net Worth	2992.73	3462.87	3520.50

(e) Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;

Cash Flow Statement for the year ended March 31, 2019, 2018 and 2017

Particular	Rs. Lakhs		
	As at Mar 31, 2019	As at Mar 31, 2018	As at Mar 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Tax	135.86	589.61	418.73
Adjustments for:			
Depreciation and Amortization	65.82	93.57	98.78
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	(3.26)	(1.14)	-131.38
Unrealised gain/loss on foreign exchange fluctuations (net)	-	-	6.18
Provision for Gratuity, Leave Encashment and Bonus	1.47	1.09	6.3
Interest Income	(3.17)	(10.95)	-14.26
Miscellaneous Income	- 0		0.03
Fair Value (Gains)/Loss	-	3.38	
Interest Expenses	654.82	672.30	637.57
Cash Generated Before Working Capital Changes	851.54	1,347.86	1021.95



Movement in Working Capital

Increase / (Decrease) in Liabilities	(3,065.76)	3,095.11	483.82
Increase / (Decrease) in Assets	1,694.03	(4,539.01)	-1688.68
Cash Generated From Operations	(520.19)	(96.04)	183.14
Direct Taxes Paid	1.87	24.85	107.99
Net Cash Flow From / (Used in) Operating Activities	(522.06)	(120.89)	-291.13

B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES

Purchase of PPE, Intangible Assets and Investment Property	(0.92)	(79.62)	-2.58
Proceeds from Sale of PPE, Intangible Assets and Investment Property	31.90	1.42	440.14
Proceeds from Sale/(Purchase) of Non Current Investments - Others	10.22	(58.66)	-195.28
Interest Income Received	3.17	10.95	14.26
Net Cash Flow From / (Used in) Investing Activities	44.37	(125.91)	256.56

C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES

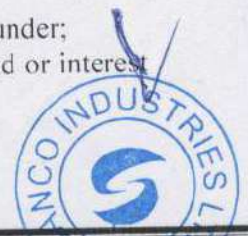
Repayment of Short Term Borrowings	(149.40)	(515.42)	-378.96
Proceeds from Long Term Borrowings	0.01	782.94	228.67
Repayment of Long Term Borrowings	-	-	-42.95
Proceeds from Short Term Borrowings	-	-	906.91
Interest Paid	(654.82)	(672.30)	-637.57
Net Cash Flow From / (Used in) Financing Activities	(804.21)	(404.78)	76.1
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,281.90)	(651.58)	41.53
Cash and Cash Equivalents at the beginning of the year	(3,183.52)	(2,531.94)	-2573.47
Cash and Cash Equivalents at the end of the year	(4,465.42)	(3,183.52)	-2531.94

(f) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

The Company has started preparing its financials as per Indian Accounting Standards w.e.f 1st April, 2017. Further, as Profit for FY ending 31.03.2018 is Rs. 405.62 and FY ending 31.03.2019 is Rs. 92.97 and reserves as on FY ending 31.03.2018 is Rs. 2396.14 and as on FY ending 31.03.2019 is Rs. 2492.10.

5. A DECLARATION BY THE DIRECTORS THAT

- the company has complied with the provisions of the Act and the rules made thereunder;
- the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;



c. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

I am authorized by the Board of Directors of the Company vide resolution number 4, dated 31.10.2019 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Sanco Industries Limited

Sanjay Gupta

Sanjay Gupta
(Managing Director)
DIN: 00726005



Address: C-56, Surajmal Vihar, Delhi-110092

Date: 31.10.2019

Place: Delhi