

# **SANCO INDUSTRIES LIMITED**

Registered Office - D-161, Surajmal Vihar, Delhi 110092

CIN - L74899DL1989PLC035549, Website - sancopipes.com, Contact – 011-47315500

## **CORRIGENDUM TO THE ANNUAL REPORT FOR THE 30<sup>th</sup> ANNUAL GENERAL MEETING (AGM)**

Sanco Industries Limited (the Company) has submitted Annual Report for FY ended 31<sup>st</sup> March, 2020 to National Stock Exchange (NSE) on 29<sup>th</sup> August, 2020 for the 30<sup>th</sup> Annual General Meeting (AGM) scheduled to be held on Monday 21<sup>st</sup> September, 2020 through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) at 12:30 P.M

In the Annual Report, inadvertently, in Notice on Page No. 5 venue of AGM is mentioned as “D – 161, Surajmal Vihar, Delhi – 110092” instead of “through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)”, in Explanatory Statement in Notes on Page No. 11 Point No. 2 has been changed, in Explanatory Statement on Page No. 15 & 16 INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM and INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM has been added and lastly in GENERAL SHAREHOLDER INFORMATION on Page No. 71 venue of AGM is mentioned as “D – 161, Surajmal Vihar, Delhi – 110092” instead of “through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)”.

Revised Annual Report for FY ending 31<sup>st</sup> March, 2020 is attached herewith.

This corrigendum to the Annual Report forms an integral part of Annual Report submitted to NSE on 29<sup>th</sup> August, 2020. Accordingly, all the concerned members, stock exchange, depositories, registrar and transfer agent, agencies appointed for e voting, other authorities, regulators and all other concerned persons/stakeholders are requested to take note of the above correction.

This corrigendum is available on the website of the Company besides being communicated to the National Stock Exchange (NSE) where the shares of the Company are listed.

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



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

**Date: 31.08.2020  
Place: Delhi**



# ANNUAL REPORT

## 2019-20

 *We make connection  
that powers your life!*

[sanco86@sancopipes.com](mailto:sanco86@sancopipes.com)  
[www.sancopipes.com](http://www.sancopipes.com)

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100%  
Sure**

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**WIRES & CABLES**  
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   **CE**

<b>S. No</b>	<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>Director Identification Number (DIN)</b>
1	Mr. Sanjay Gupta	Managing Director	C-56, Suraj Mal Vihar, Delhi-110092	00726005
2	Mr. Saurabh Gupta	Director (Independent Non Executive)	3/25, Vishnupuri, Kanpur-208002 (U.P.)	03093901
3	Mr. Sanjeev Kr. Jain	Director (Independent Non Executive)	R/o. 131, AJ and K Pocket, Dilshad Garden, Delhi-95	03121505
4	Mrs. Sonu Kumari	Director (Independent Non Executive)	441B, Gali No. 29, C1-Block, Khajoori Khas, Delhi-110094	07911978
5	Mr. Surendra Kumar Gupta	Director (Independent Non Executive)	D-85, Surajmal Vihar, Delhi-110092	07613952
6	Mr. Anil Bakshi	Director (Non Executive)	B-101, Kanti Nagar, Krishna Nagar, Delhi - 110051	08628403

<p><b>Chief Financial Officer</b> Ms. Mansi Gupta</p> <p><b>Company Secretary</b> Ms. Akriti Mahajan</p> <p><b>Auditors:</b> Rasool Singhal Chartered Accountants SD 29, Shastri Nagar, Ghaziabad 201002</p> <p><b>Registered Office:</b> D-161, Surajmal Vihar Delhi-110092</p> <p><b>Website</b> <a href="http://www.sancopipes.com">www.sancopipes.com</a></p> <p><b>E-mail</b> <a href="mailto:sanco86@sancopipes.com">sanco86@sancopipes.com</a></p> <p><b>Registrar &amp; Share Transfer Agents</b> Beetal Financial &amp; Computer Services (P) Ltd Beetal House, 3<sup>rd</sup> Floor, Madangir, New Delhi-110062</p>	<p><b>Banks</b> Union Bank of India South Indian Bank</p> <p><b>CONTENTS</b></p> <p>Chairman's Message.....</p> <p>Notice.....</p> <p>Directors Report.....</p> <p>Annexure to Director Report (MGT-9).....</p> <p>Secretarial Audit Report.....</p> <p>Management Discussion &amp; Analysis.....</p> <p>Corporate Governance.....</p> <p>Balance Sheet.....</p> <p>Profit &amp; Loss Account.....</p> <p>Cash Flow Statement.....</p> <p>Notes to Financial Statements.....</p>
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# *Chairman's Message*

Dear Shareholders & Investors,

*I am pleased to present before you the 2019-20 Annual Report and the overall performance of the Company during the year. Due to various economic factors and COVID 19, turnover of the Company fallen during this financial year.*

*Various economic factors have already affected the sales of the Company. COVID 19 has created another unprecedented situation all over the world and it has also impacted the financials position of Company as well.*

*Government of India has announced various welfare schemes in irrigation, drinking water, affordable housing and Smart City projects, the Company is aspiring to boost sales and growth by making best possible use of these schemes.*

*Further, Government of India has also taken numerous measures to revive the economy from the impact caused by COVID 19. The Company is hoping that these measures will also help us in overcoming the loss caused in this unparalleled situation*

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

**Sd/-**

Sanjay Gupta

Chairman and Managing Director

## NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Sanco Industries Limited will be held on Monday 21st September 2020 through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) at 12:30 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. **To receive, consider and adopt:**
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors thereon.
2. To appoint a Director in place of Ms. Rita Gupta, who retires by rotation and, being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 139(8) and all other applicable provisions of the Companies Act, 2013 (the “Act”) read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby given for the appointment of auditor M/s Gaur & Associates, Chartered Accountants (New Auditor), Statutory Auditors of the Company in place of retiring auditor of M/s Rasool Singhal & Co Chartered Accountants (old Auditor) , to hold office from the conclusion of the this Annual General Meeting held for FY ending 2020 till the conclusion of the Annual General Meeting to be held for FY ending 2025(01.04.2020-31.03.2025), on such remuneration as may be determined by the Board of Directors.

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

4. **REGULARISATION OF MS. RITA GUPTA AS DIRECTOR**

“RESOLVED THAT Mrs. Rita Gupta, who was appointed as an Additional Director on the Board of Directors (“Board”) of the Company with effect from 22.06.2020, in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, consent of shareholders be and is hereby accorded to be for her appointment as Director of the Company.

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

5. **REGULARISATION OF MR. PARVEEN AS DIRECTOR**

**“RESOLVED THAT** Mr. Parveen, who was appointed as an Additional Director on the Board of Directors (‘Board’) of the Company with effect from 01.04.2020 in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, consent of shareholders be and is hereby accorded to be for his appointment as Director of the Company.

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

6. **REGULARISATION OF MR. NITYA PRAKASH GUPTA AS DIRECTOR**

**“RESOLVED THAT** Mr. Nitya Prakash Gupta, who was appointed as an Additional Director on the Board of Directors (‘Board’) of the Company with effect from 01.04.2020 in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, consent of shareholders be and is hereby accorded to be for his appointment as Director of the Company.

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

7. **APPOINTMENT OF MR. ABHISHEK JAIN AS DIRECTOR**

**“RESOLVED THAT** pursuant to the applicable provisions of Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013 & rules made there under Mr. Abhishek Jain be and is hereby appointed as Director of the Company who shall hold office w.e.f 21.09.2020.

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

8. **RE-APPOINTMENT OF MR. SANJAY GUPTA AS MANAGING DIRECTOR**

**“RESOLVED THAT** pursuant to the provisions of sec 196, 197, 203 Schedule V and any other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof), Mr. Sanjay Gupta be and is hereby re-appointed as Managing Director of the Company for a period of 5 years i.e. from 17.08.2020 to 17.08.2025 on the following terms and conditions :

- |                        |   |  |
|------------------------|---|--|
| <b>I. Salary</b>       | : | Rs. 50,000 per month   |
| <b>II. Perquisites</b> | : | In addition to the salary, Mr. Sanjay Gupta shall also be entitled to the following perquisites: |

- i) **Medical Expenses** : Actual expenses incurred on the medical treatment for self and the family shall be reimbursed by the Company.
- ii) **Car** : Facility of Car with chauffeur shall be provided to be used for the business of the Company.
- iii) **Telephone** : Free Telephone facility at residence shall be provided to be used for the business of the Company.

**RESOLVED FURTHER THAT** Mr. Sanjay Gupta shall exercise such powers and perform such duties as may be entrusted by the Board from time to time.

**RESOLVED FURTHER THAT** Directors of the Company be and is hereby severally authorized to sign and file the necessary forms on behalf of the Company, with Registrar of Companies, Delhi & Haryana to give effect to above resolution."

9. **RE APPOINTMENT OF MR. SAURABH GUPTA AS INDEPENDENT DIRECTOR**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Saurabh Gupta, who held office of Independent Director up to 31.03.2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Saurabh Gupta's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 1st April, 2020 upto 31st March, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

10. **REMUNERATION OF COST AUDITOR**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), pursuant to recommendation of Audit Committee and as approved by the Board, the members hereby ratify to pay remuneration of Rs. 45,000/- plus GST exclusive of reimbursement of travelling and other incidental expenses, to M/s Rahul Jain & Associates, appointed as the Cost Auditor to conduct the audit of cost records of the Company for FY ending 31.03.2021.

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

**11. CONVERSION OF LOAN FROM PROMOTERS & MEMBER OF PROMOTERS GROUP TO BE CONVERTED INTO EQUITY SHARES OF THE COMPANY UPTO RS. 50 CRORE**

“**RESOLVED THAT** pursuant to section 62(3) of the Companies Act read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), promoters and promoter group members have agreed to give loan to the Company as and when required upto Rs. 50 crore, and the option attached to that loan to convert such loan into equity shares, be and is hereby approved by the members of the Company.

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

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

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

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

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

“**RESOLVED THAT** pursuant to: (i) the provisions of Sections 42 and 62, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (collectively, the “CA 2013”); and in accordance with the provisions of the Memorandum and Articles of Association of the Company (ii) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018(ICDR Regulations), as amended (“ICDR Regulations”); iii) and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation 2015(SEBI LODR Regulations), (iv) any other rules / regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India, stock exchange and/or any other statutory / regulatory authority; (v) the Listing Agreement entered into by the Company with the stock exchange, and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the, appropriate authorities, institutions or bodies as

may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the members of the Company be and hereby accord their consent to create, offer, issue and allot 12,28,000 (Twelve Lac Twenty Eight Thousand) Warrants (“Warrants”) of Rs.12/- each (Rupees Twelve including a premium of Rs. 2) as on Relevant Date (24.08.2019) in accordance with the SEBI (ICDR) Regulations, 2018 per share each aggregating to Rs. 1,47,36,000 (Rupees One Crore Forty Seven Lacs and Thirty Six Thousand Only) on preferential basis under private placement in one or more tranches and on such further terms and conditions as may be approved or finalized by the Board to the proposed allottees as mentioned in the explanatory statement convertible at an option of warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into equal number of Equity Shares of face value of Rs.10/- each of the Company on a preferential basis to persons as mentioned in the Explanatory Statement, for cash and in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem appropriate, in accordance with the ICDR Regulations and other applicable laws and regulations provided however, that the price arrived as stated above is not less than the price arrived at as per the provisions of C ICDR Regulations

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

1. An amount equivalent to 25 percent of the Warrant Issue Price shall be payable at the time of subscription and allotment of each warrant and the balance 75 percent of the Warrant Issue Price shall be payable by the warrant holder(s) on or before the exercise of the entitlement attached to Warrant(s) to subscribe for Equity Share(s).
2. In accordance with the provisions of Regulation 164 of Chapter V of (ICDR) Regulations, the “Relevant Date” for the purpose of calculating the price of the Equity Shares to be issued upon exercise of Warrants in terms hereof shall be 24.08.2020, being the date 30 days prior to this Annual General Meeting.
3. The Warrant holders shall, subject to ICDR Regulations, the Takeover Regulations and other applicable rules, regulations and laws, be entitled to exercise the Warrants in one or more tranches within a period of eighteen months from the date of the allotment of the Warrants by issuing a written notice to the Company specifying the number of Warrants proposed to be exercised. The Company shall accordingly, issue and allot the corresponding number of Equity Shares of Rs.10/- each to the Warrant holders. The Equity Shares to be allotted on exercise of the warrants shall be in dematerialized form only and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The issue of the warrants as well as Equity Shares arising from the conversion of the warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof.
4. The Warrants shall be exercised in a manner that is in compliance with the minimum public shareholding norms prescribed for the Company under the SEBI LODR Regulations and the ICDR Regulations.
5. In the event, the Warrant holders do not exercise the Warrants within a period of eighteen months from the date of allotment, the Warrants shall lapse and the amount paid by the Warrant holder(s) on such Warrants shall stand forfeited by the Company.
6. Warrants by itself until converted into Equity Shares, does not give any voting rights in the Company to the warrant holder(s).
7. That the Warrants offered and issued shall be allotted within a period of Fifteen (15) days from the date of passing of this resolution, provided that if any requisite approvals from the

appropriate authorities for allotment of Equity Shares is pending, the period of Fifteen (15) days shall be counted from the date of such requisite approvals.

8. The Company shall ensure that the listing and trading approvals for Equity Shares to be issued and allotted to the Warrant holder(s) upon exercise of Warrants are received from the relevant stock exchanges in accordance with the ICDR Regulations and SEBI LODR Regulations.
9. The Equity Shares to be so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the existing Equity Shares of the Company.
10. The Warrants and the Equity Shares issued pursuant to the exercise of the Warrants shall be locked-in as prescribed under Chapter V of the ICDR Regulations from time to time.
11. In the event that the Company completes any form of capital restructuring prior to the exercising of the Warrants, then, the number of Equity Shares that are issued against the exercise of each Warrant and the price payable for such Equity Shares, shall be appropriately adjusted.

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

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

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

**By Order of the Board of Directors**

**For Sanco Industries Limited**

Sd/-

**Sanjay Gupta**

**Managing Director**

**DIN - 00726005**

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

**Delhi - 110092**

**Date: 29.08.2020**

**Place: New Delhi**

**Notes:**

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 3 to 13 of the Notice, is annexed hereto. Also the details pursuant to Regulations 26(4) and 36(3) of the LODR Regulations, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting (“AGM”) are also annexed in respect of the resolutions proposing appointment of directors.
2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Bank. However, in terms of the MCA Circulars, since the physical attendance of members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under Section 105 of the Act will not be available for this AGM. Institutional/ Corporate Shareholders (i.e. other than individuals HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.
4. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. The Register of Members and Share Transfer Books of the Company remained closed from Tuesday, 15<sup>th</sup> September, 2020 to Monday, 21<sup>st</sup> September, 2020 (both days inclusive).
7. M/s Beetal Financial Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi - 110062, is Registrar and Share Transfer Agent of the Company for electronic mode and transfer of shares held in physical form.
8. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company’s website [www.sancopipes.com](http://www.sancopipes.com) (under ‘Investors’ section). Members are requested to submit the said details to their depository participants (“DPs”) in case the shares are held by them in electronic form and to M/s Beetal Financial Computer Services Pvt. Ltd.(Beetal) in case the shares are held by them in physical form.

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

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

- A. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- B. The Board of Directors has appointed Ms. Shazan Ali (Membership No. FCS 8748) and failing her Mr. Astik Tripathi (Membership No. FCS 8670) of SAS & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner

- C. The facility for voting, either through electronic voting system or poll paper, shall also be made available at the AGM and the Members attending the AGM, who have not already cast their vote by remote e-voting, may exercise their right to vote at the AGM.
- D. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- E. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
- F. The voting period begins on 18.09.2020 at 9:00 AM and ends on 20.09.2020 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the 4date (record date) of <14.09.2020> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- G. The details of the process and manner for remote e-voting are explained herein below:
  - 1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2. Click on Shareholders.
  - 3. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4. Next enter the Image Verification as displayed and Click on Login.
  - 5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - 6. If you are a first time user follow the steps given below:

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

- 7. After entering these details appropriately, click on "SUBMIT" tab.
- 8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu

wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
11. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
16. If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
18. **Note for Non - Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
19. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
5. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**By Order of the Board of Directors**

**For Sanco Industries Limited**

**Sd/-**

**Sanjay Gupta**

**Managing Director**

**DIN - 00726005**

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

**Delhi - 110092**

**Date: 29.08.2020**

**Place: New Delhi**

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

**ITEM NO. 3**

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

Existing auditor M/s Rasool Singhal, Chartered Accountants has resigned as the Statutory Auditor of the Company. Accordingly, new Statutory Auditor is to be appointed in his place. M/s Gaur & Associates, Chartered Accountants being eligible is proposed to be appointed as the new Statutory Auditor. Such change in auditor requires shareholders' approval as per Section 139 of the Companies Act, 2013.

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

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

**ITEM NO. 4, 5, 6 - REGULARISATION OF DIRECTOR MR. NITYA PRAKASH GUPTA, PARVEEN AND MS. RITA GUPTA**

Ms. Rita Gupta was appointed as additional director on 22.06.2020, Mr. Parveen on 01.04.2020 and Mr. Nitya Prakash Gupta on 01.04.2020.

Ms. Rita Gupta is one of the Co-Promoters and was also the ex Whole Time Director of Sanco. She is a Post Graduate from CCS University in Art stream and has more than 25 years of business experience. Her business journey commenced in 1990 with "Sanco Enterprises (P) Ltd.", a Private Ltd. Company in which she acted as a Director. She, along with Mrs. Shakuntla Gupta, was responsible for activities related to Administration and Human Resource Management. As Whole Time Director, she is playing a key role in the growth of Sanco.

Mr. Nitya Prakash Gupta is a Civil Engineer by profession. He is also handling his own construction business. He was the founder of his construction business. With his knowledge, hard work and experience he has taken the business to commendable heights. He is also amongst the Board of Director in number of other companies also

Mr. Parveen, is an award-winning, confident, and highly organized entrepreneur with over 25 years in business leadership. I have experience in all aspects of business formation, operation, technology, and management.

All the three directors are required to be regularized as Director in this AGM as per Section 149 and 152 of the Companies Act, 2013.

Ms. Rita Gupta, Mr. Nitya Prakash Gupta and Mr. Parveen, none of them is director of any other listed company or member of any committee thereof. Mr. Nitya Prakash Gupta and Mr. Parveen do not hold any shares in the Company.

Hence, Directors recommend the passing of the resolutions at Item No. 4,5,6, as Special Resolutions.

Except Mr. Sanjay Gupta, Managing Director and Ms. Mansi Gupta, Chief Financial Officer interested in appointment of Ms. Rita Gupta, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolutions

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

#### **APPOINTMENT OF MR. ABHISHEK JAIN AS DIRECTOR**

Mr. Abhishek Jain has done B.A.LL.B in 2015 from C.C.S University after that I started working in Sanco Enterprises as a Director. In 2018, I have done my Post Graduation in Investment Banking & Research from National Stock Exchange (NSE) and also started a firm Financial Doctors. In Financial Doctors, I have been handling more than hundreds of clients with their investments and taxations. I have also assisted in the Main board migration of the Sanco Industries limited from SME platform. I have a total 5 years of experience in Secretarial, Legal and financial portfolio. He is not a director of any other listed company or member of any committee thereof.

Shareholder is required by way of special resolution for the same as per Section 149 and 152 of the Companies Act, 2013

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

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

**ITEM NO. 8****RE-APPOINTMENT OF MR. SANJAY GUPTA AS MANAGING DIRECTOR**

Tenure of Mr. Sanjay Gupta as Managing Director is expiring on 17.08.2020. The Board is in favour of his tenure being renewed for another five years on terms and conditions as specified in the resolution. Shareholder is required by way of special resolution for the same as per Section 196, 197, 203 of the Companies Act, 2013.

Mr. Sanjay Gupta, Managing Director is one of the co-promoters of our Company. He is a commerce graduate and M.B.A (Marketing & Finance). 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 has more than 30 years of experience. He started his business journey in 1986 with "Sanco Plastic Industries" a partnership firm, engaged in business of manufacturing of PVC Compounds. He groomed himself to become an entrepreneur, as he was responsible for all the marketing and finance related activities of the firm. He is not a director of any other listed company or member of any committee thereof.

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

Except Ms. Rita Gupta, Director and Ms. Mansi Gupta, Chief Financial Officer, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

**ITEM NO. 9****RE APPOINTMENT OF MR. SAURABH GUPTA AS INDEPENDENT DIRECTOR**

Tenure of Mr. Saurabh Gupta got completed on 31.03.2020. The Board is interested in reappointing him as Independent Director for another term of 5 years. Shareholder is required by way of special resolution for the same as per Section 149 and 152 of the Companies Act, 2013.

Mr. Saurabh Gupta holds a Bachelor Degree of Commerce from Kanpur University. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He also possesses Post Qualification Diploma in Systems Audit from the Institute of Chartered Accountants of India. He has good experience in the fields of audit, commerce and industry spanning 8 years. He was a practicing

Chartered Accountant until December, 2006 as Partner of M/s Rajiv Mehrotra & Associates, Kanpur, where he handled the audit and taxation assignments of various private sector organizations, banks, insurance companies and financial institutions. On May 4, 2010 he joined Sanco Industries Limited as an Additional Director. Subsequently, he has acted as a Non Executive & Independent Director of Sanco since July 2, 2010. He is also the chairman of the "Audit Committee" of Sanco. Moreover, he is associated with the Chartered Accountants Society, Kanpur as its Life time Executive Member. He is not a director of any other listed company or member of any committee thereof. Further, he does not have any shareholding in the Company.

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

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

#### **ITEM NO. 10**

##### **REMUNERATION OF COST AUDITOR**

The Board had approved the appointment and remuneration of M/s. Rahul Jain & Associates, Cost Accountants as the Cost Auditors on 28th May, 2020 on the recommendation of the Audit Committee to conduct the audit of the Cost records for the Financial Year 2020-21. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2020-21 by way of an Special Resolution is being sought from the Members as set out the Notice.

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

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

#### **ITEM NO. 11**

##### **CONVERSION OF LOAN FROM PROMOTERS & MEMBER OF PROMOTERS GROUP TO BE CONVERTED INTO EQUITY SHARES OF THE COMPANY UPTO RS. 50 CRORE**

Promoters and members of promoter group have agreed to give loan to the Company as and when required upto Rs. 50 crore, with an option attached to that loan to convert such loan into equity shares.

Shareholder approval is required by way of special resolution for the same as per Section 62 Companies Act, 2013.

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

Except the promoter/ director giving loan, none of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise in passing of the said resolution.

#### **ITEM NO. 12**

#### **SALE OF INVESTMENT IN WHOLLY OWNED SUBSIDIARY SANJIYA PLOMET LIMITED**

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

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

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

#### **ITEM NO. 13**

#### **ISSUE OF WARRANTS ON PREFERENTIAL ALLOTMENT BASIS**

The Company proposes to make a preferential allotment of 12,28,000 convertible warrants on private placement basis to allottees as per Point No.13.

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

1. Date of passing the Board Resolution

24<sup>th</sup> August, 2020

2. The objects of the issue  
To fulfill the requirement of working capital of the Company.
3. The total number of shares or other securities to be issued  
12,28,000 Warrants convertible into equal number of equity shares
4. The price or price band at/within which the allotment is proposed  
At a price of Rs. 12 each (including a premium of Rs. 2 each). The price of Rs. 12 is not lower than the price determined in accordance with the Chapter V of the ICDR Regulations.
5. Basis on which the price(including premium, if any) has been arrived at along with report of the registered valuer  
The price has been calculated as per Regulation 164 of ICDR Regulations by M/SAM & Associates, Chartered Accountants, having office at 307, Laxmideep Building, Plot No-9, District Centre, Laxmi Nagar, Delhi-110092.
6. Relevant date with reference to which the price has been arrived at  
24<sup>th</sup> August, 2020
7. The class or classes of persons to whom the allotment is proposed to be made  
Promoters and Non-Promoters
8. Intention of promoters, directors or key managerial personnel to subscribe to the offer  
Promoters group members will be subscribing the offer.
9. The proposed time within which the allotment shall be completed  
As required under the ICDR Regulations, the preferential issue of Warrants shall be completed within a period of 15 days from the date of passing of the special resolution by the Shareholders. Provided that where the allotment is pending on account of any approval from any Regulatory Authority/ Body the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

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

NIL

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

Not Applicable

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

The same offer has been made to the promoters, directors and key managerial personnel, as it has been made to non promoter.

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

S. No	Name/Identity of Proposed allottees	Category of the Proposed Allottee	Natural Persons who are the ultimate beneficial owners	Pre Issue share holding	No of Warrants to be allotted	Post Issue shareholding on exercise of Warrants*
1	Ms. Mansi Gupta	Promoter Group	N.A	233980 (2.28%)	5,14,000	747980 (6.50%)
2	Ms. Rita Gupta	Promoter Group	N.A	185385 (1.80%)	5,14,000	699385 (6.08%)
3	Mr. Deepak Gupta	Non Promoter	N.A	-	2,00,000	2,00,000 (1.74%)
	<b>TOTAL</b>				<b>12,28,000</b>	<b>12,28,000 (14.31)</b>

\*Assuming full conversion of warrants.

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

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

- 15.** Auditor's Certificate

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

- 16.** Lock in period

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

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

Rs. 1,47,36,000

- 18.** Undertaking

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

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

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

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

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

S. No	Category	Pre Issue Shareholding		Post Issue Shareholding*	
		No. of Equity Shares	Percentage of Shareholdings	No. of Equity Shares	Percentage of Shareholdings
<b>A.</b>	Shareholding of Promoter & Promoter Group				
<b>1</b>	<b>Indian</b>				
<b>a</b>	<b>Individual/HUF</b>	4029321	39.18	5057321	43.93
<b>b</b>	Bodies Corporate	32040	0.31	32040	0.29
	<b>Sub-Total (A1)</b>	<b>4061361</b>	<b>39.49</b>	<b>5089361</b>	<b>44.21</b>
<b>2</b>	Foreign				
<b>a</b>	Individuals (Non-Resident Individuals)	-	-	-	-
<b>b</b>	Foreign Portfolio Investors	-	-	-	-
<b>c</b>	<b>Sub-Total (A2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Shareholding of Promoters Promoter Group (A)=(A1+A2)</b>	<b>4061361</b>	<b>39.49</b>	<b>5089361</b>	<b>44.21</b>
<b>B</b>	Public Shareholding				
<b>1</b>	Institutions:	-	-	-	-
<b>i</b>	Mutual Funds	-	-	-	-
<b>ii</b>	Foreign Portfolio Investors	-	-	-	-
<b>iii</b>	Financial Institutions/Banks	-	-	-	-
<b>iv</b>	Insurance	-	-	-	-
<b>v</b>	Companies	-	-	-	-
	<b>Sub-Total (B1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2</b>	Non-Institutions				
<b>a</b>	Individuals	4897839	47.63	5097839	44.29
	NBFCs registered with RBI	-	-	-	-
<b>b</b>	Any Other:				
<b>i</b>	Corporate Body	368736	3.59	368736	3.20
<b>ii</b>	Foreign Venture Capital Fund	-	-	-	-
<b>iii</b>	Foreign Nationals	-	-	-	-
<b>iv</b>	NRI	24111	0.23	24111	0.21
<b>v</b>	Trust	-	-	-	-
<b>vi</b>	Clearing Member	49700	0.48	49700	0.43
<b>vii</b>	Individuals HUF	882253	8.58	882253	7.66

	<b>Sub-Total (B2)</b>	<b>6222639</b>	<b>60.51</b>	<b>6422639</b>	<b>55.79</b>
	<b>Total Public Shareholding (B)=(B1+B2)</b>				
<b>C</b>	<b>Shares Held by custodians and Against which Depository Receipts have been issued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>10284000</b>	<b>100</b>	<b>11512000</b>	<b>100</b>

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

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

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

Except Ms. Rita Gupta, Director and Ms. Mansi Gupta, Chief Financial Officer, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

**By Order of the Board of Directors**

**For Sanco Industries Limited**

**Sd/-**

**Sanjay Gupta**

**Managing Director**

**DIN - 00726005**

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

**Surajmal Vihar, Delhi - 110092**

**Date: 29.08.2020**

**Place: New Delhi**

**DIRECTORS' REPORT**

To,  
The Members,

On Behalf of the Board of Director of your Company, it is our privilege to present the 30<sup>th</sup> Annual Report on the business and operations of the company together with the audited statement of accounts for the financial year ended March 31, 2020 and Auditor's Report thereon.

**1. FINANCIAL HIGHLIGHTS**

The financial performance of your Company are as under:

Particulars	Standalone (Rupees in Lacs)	
	2019-20	2018-19
Total Income	3,741.79	11,195.59
Less: Total Expenses	3,712.46	11,059.73
Profit before Exceptional Items, Prior Period Items and Tax	29.32	135.86
Add: Exceptional Items	-	-
Less: Prior Period Items	-	-
Net Profit before Taxation (PBT)	29.32	135.86
Tax Expense	0.48	42.89
Profit/(Loss) after Taxation (PAT)	28.85	92.97
Provision for proposed Dividend	-	-
Dividend tax	-	-
Transfer to General Reserve (Profit for the year and depreciation written back)	28.85	92.97

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

The Company has earned a profit of Rs. 28.85 lacs as on 31.03.2020. The same has been ploughed back for further growth and expansion of the Company.

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

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

### 4. DIVIDEND

Keeping in view the Company's need for capital and its growth plans, the Directors do not recommend any dividend for the year ended March 31, 2020.

### 5. TRANSFER TO RESERVES

The amount to be transferred to reserves during the year is Rs. 28.85 Lacs.

### 6. CHANGES IN SHARE CAPITAL

The Company has increased its authorized share capital from Rs. 14 crore to Rs. 21 crore. Further, there is no change in the paid up share capital of the company during this financial year.

### 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

<b>Brief Description</b>	Promoter, Graduation from DU,MBA
<b>Expertise</b>	Marketing and Finance
<b>Name of other Companies where holds directorship</b>	NA

#### 2. Mr. Anil Bakshi (Director)

<b>Brief Description</b>	Commerce graduate from University of Delhi
<b>Expertise</b>	Sales and marketing
<b>Name of other Companies where holds directorship</b>	NA

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

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

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

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

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

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

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

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

**7. Ms. Mansi Gupta (Chief Finance Officer)**

<b>Brief Description</b>	BA Hons in Business Economics from Lancaster University, UK and pursuing Company Secretaryship from Institute of Company Secretaries of India
<b>Expertise</b>	Finance, Accounts, Taxation and Law
<b>Name of other Companies where holds directorship</b>	<ul style="list-style-type: none"> <li>• Superlink Polyfab Ltd.</li> <li>• Sanco Enterprises Pvt Ltd.</li> </ul>

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

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

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

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

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

The Board of Directors met eleven times as on 28.05.2019, 18.07.2019, 07.08.2019, 19.08.2019, 07.11.2019, 13.11.2019, 31.10.2019, 13.12.2019, 26.12.2019, 14.02.2020 and 17.03.2020 during the Financial Year ended March 31, 2020 and the maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **13. COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014, M/s Rahul Jain & Associates has been appointed as Cost Auditors for the year 2020-21.

### **14. SECRETARIAL AUDIT REPORT**

There were qualifications/ adverse remarks given by the company secretary in practice in the secretarial audit report. Secretarial audit report is attached to this report.

The Board of Directors have considered all these qualifications/ adverse remarks, discussed all of them at length and decided to take all corrective measures for the same.

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

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

The Board of Directors have considered all these qualifications/ adverse remarks, discussed all of them at length and decided to take all corrective measures for the same.

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

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

### **17. AUDIT COMMITTEE**

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

**18. VIGIL MECHANISM**

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

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

**19. NOMINATION AND REMUNERATION COMMITTEE**

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

**20. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

**21. RISK MANAGEMENT POLICY**

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

**22. EXTRACT OF THE ANNUAL RETURN**

The extract of Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2020 is annexed hereto as Annexure A and forms part of this report.

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

There is no material changes occurred subsequent to the close of the financial year ended 31.03.2020 affecting the financial position of the Company.

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

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

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

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

**26. DEPOSITS**

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

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

There were no loans made by the Company under Section 186 of the Companies Act, 2013 during the year under review. However, the Company has the following investments as on 31.03.2020:

S. No.	Name of investee	Nature of Investment	Equity Shares	Amount (in Rs.Lacs)

1	Sanjita Polymet Ltd	Wholly owned Subsidiary Co.	450000	291.77
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Further, the Company has given Corporate Gaurantee to its wholly owned subsidiary Sanjita Polymet Limited of Rs. 20 lacs USD on 29.10.2015. However, the limit(loan) for which this guarantee was given stands NIL as on date. Accordingly, the guarantee stands revoked.

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

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

## **29. CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. The Company adheres to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Report on Corporate Governance for the year ended March 31, 2020 forms part of the Annual Report.

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

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

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

During the year, the company has reported no frauds.

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

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

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

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

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

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

#### **A. CONSERVATION OF ENERGY**

##### **I. Energy conservation measures taken**

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

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

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

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

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

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

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

**B. TECHNOLOGY ABSORPTION**

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

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

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

The company has already absorbed technology fully.

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

Foreign Exchange Out goes: Nil

Foreign Exchange earning Nil

**35. REMUNERATION**

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

S. No	Name	Designation	Ratio to median remuneration
1	Mr. Sanjay Gupta	Managing Director	1:4
2	Ms. Rita Gupta	Whole Time Director	1:1
3	Mr. Sidhant Gupta	Director	1:1
4	Mr. Saurabh Gupta	Non-Executive and Independent Director	NIL
5	Mr. Sanjeev Kumar Jain	Non-Executive and Independent Director	NIL
6	Mr. Surender Kumar Gupta	Non-Executive and Independent Director	NIL
7	Ms. Sonu Kumari	Non-Executive and Independent Director	NIL
8	Mr. Anil Bakshi	Non-Executive Director	NIL
9	Mr. Lalit kumar Yadav	Non-Executive Director	NIL
10	Ms. Akriti Mahajan	Company Secretary	1:2
11	Ms. Mansi Gupta	Chief Financial Officer	1:12

Further, there are 103 permanent employees on the rolls of company:

- Work Place - 85
- Corporate Office - 18

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

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

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

<b>S. No</b>	<b>Name</b>	<b>Designation</b>	<b>Salary(p.a.)(in Rs.)</b>
1	Mr. Sanjay Gupta	Managing Director	6,00,000
2	Ms. Rita Gupta	Whole Time Director	1,50,000
3	Mr. Sidhant Gupta	Whole Time Director	1,50,000
4	Ms. Madhvi Gaur	Chief Financial Officer	75,000
5	Ms. Mansi Gupta	Chief Financial Officer	2,25,000
6	Ms. Akriti Mahajan	Company Secretary	2,40,000
7			
8	Mr. Anurag Gupta	General Manager Works	6,00,000
9	Mr. Deepak Gupta	General Manager Purchase	3,00,000
10	Mr. Har Om Gautam	Manager	3,12,000

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

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis; and

- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**38. ACKNOWLEDGEMENTS**

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

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

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

**For Sanco Industries Limited****Sd/-****Sanjay Gupta****Managing Director****DIN - 00726005****R/o C-56, Block-C,****Surajmal Vihar, Delhi - 110092****Sd/-****Rita Gupta****Director****DIN - 02676750****R/o C-56, Block-C,****Surajmal Vihar, Delhi - 110092****Date: 24.08.2020****Place: Delhi**

ANNEXURE A - FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN  
As on the financial year ended on 2019

Form No. MGT-9

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

I. Registration and other details:

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

II. Principal business activities of the company

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

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

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

<b>S. No</b>	<b>Name Address of Company</b>	<b>CIN/GLN</b>	<b>Holding/Subsidiary/Associate</b>
<b>1</b>	Sanjita Polymet Ltd. (incorporated in Hong Kong)	1951307	Wholly Owned Subsidiary

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	5023725	0	5023725	48.85	4029321	0	4029321	39.18	-9.67
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	32040	0	32040	0.311	32040	0	32040	0.311	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
<b>Sub-total(A)(1)</b>	<b>5055765</b>	<b>0</b>	<b>5055765</b>	<b>49.16</b>	<b>4061361</b>	<b>0</b>	<b>4061361</b>	<b>39.49</b>	<b>-9.67</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0.00	0.00	0	0	0.00	0.00	0
b) Other Individuals	0	0	0.00	0.00	0	0	0.00	0.00	0
c) Bodies Corp.	0	0	0.00	0.00	0	0	0.00	0.00	0
d) Banks/FI	0	0	0.00	0.00	0	0	0.00	0.00	0
e) Any Other	0	0	0.00	0.00	0	0	0.00	0.00	0
<b>Sub-total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>5055765</b>	<b>0</b>	<b>5055765</b>	<b>49.16</b>	<b>4061361</b>	<b>0</b>	<b>4061361</b>	<b>39.49</b>	<b>-9.67</b>

<b>B. Public Shareholding</b>									0
<b>1. Institutions</b>									0
a) Mutual Funds	0	0	0.00	0.00	0	0	0.00	0.00	0
b) Banks/FI	0	0	0.00	0.00	0	0	0.00	0.00	0
c) Central Govt.	0	0	0.00	0.00	0	0	0.00	0.00	0
d) State Govt.(s)	0	0	0.00	0.00	0	0	0.00	0.00	0
e) Venture Capital Funds	0	0	0.00	0.00	0	0	0.00	0.00	0
f) Insurance Companies	0	0	0.00	0.00	0	0	0.00	0.00	0
g) FIIs	0	0	0.00	0.00	0	0	0.00	0.00	0
h) Foreign Venture Capital	0	0	0.00	0.00	0	0	0.00	0.00	0
i) Others(specify)	0	0	0.00	0.00	0	0	0.00	0.00	0
<b>Sub-total (B)(1)</b>	0	0	0.00	0.00	0	0	0.00	0.00	0
<b>2. Non-Institutions</b>									0
a) Bodies Corp.	455487	0	455487	4.43	513248	0	513248	4.99	0.56
i. Indian	0	0	0	0	0	0	0	0	0
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i. Individual shareholders holding nominal share capital up to Rs.1 lakh	2523591	0	2523591	24.54	2374512	0	2374512	23.09	-1.45
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1410103	1	1410103	13.71	2405613	1	2405613	23.39	9.68
c) Others(Specify)	839054	0	839054	8.16	929265	0	929265	9.03	0.87
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>5228235</b>	<b>1</b>	<b>5228235</b>	<b>50.84</b>	<b>6222638</b>	<b>1</b>	<b>6222639</b>	<b>60.50</b>	<b>9.67</b>



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

**ii. Share-holding of Promoters**

S. No.	Shareholder Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	M/s Sanjay Gupta HUF	1252430	12.18	0	1103430	10.73	0	-1.45
2	Mr. Sanjay Gupta	2328550	22.64	0	1783146	17.34	0	-5.3
3	M/s Sanco Enterprise Pvt	32040	0.31	0	32040	0.31	0	0
4	Ms. Mansi Gupta	233980	2.28	0	233980	2.28	0	0
5	Mr. Sidhant Gupta	528120	5.14	0	528120	5.14	0	0
6	Ms. Rita Gupta	185385	1.80	0	185385	1.80	0	0
7	Mr. Anurag Gupta	495260	4.82	0	195260	1.89	0	-2.93
	<b>Total</b>	<b>5055765</b>	<b>49.16</b>	<b>0</b>	<b>4061361</b>	<b>39.49</b>	<b>0</b>	<b>-9.67</b>

iii. Change in Promoters' Shareholding

S.No	Name	Shareholding at the beginning of the year		Reason	Date	Increase/Decrease in Shareholding (No. of Shares)	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Sanjay Gupta	2328550	22.64	Sale of Shares	During FY 19-20	-5.3	1783146	17.34
2	M/S Sajnay Gupta(HUF)	1252430	12.18	Sale of Shares	During FY 19-20	-1.45	1103430	10.73
3	Mr. Anurag Gupta	495260	4.82	Sale of Shares	During FY 19-20	-2.93	195260	1.89

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

S. No.	Shareholder Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Edelweiss Custodial Services Limited	100	0.001	0	237070	2.31	0	2.31
2	Alice Blue Financial Services Private Limited	748594	7.28	0	42732	0.42	0	-6.86
3	Raju Mehta HUF	171400	1.67	0	171400	1.67	0	0
4	Sunita Sarwankumar Saraf	48000	0.46	0	129051	1.25	0	0.78
5	Dobariya Milan Chandrakantbhai	20000	0.19	0	99376	0.97	0	0.77
6	Resource Opzione Consultancy Private Limited	5647	0.05	0	82510	0.80	0	0.75

7	Gurshaan Singh Chadha	85944	0.84	0	08844	0.77	0	-0.07
8	Sneha Singh	500	0.0049	0	78417	0.76	0	0.76
9	Vivek Aggarwal	40000	0.39	0	70000	0.69	0	0.30
10	Sweta Sarwankumar Saraf	48000	0.46	0	68000	0.66	0	0.20
	Total	1168185	11.35	0	987400	10.30	0	-1.05

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

S. No	Name of Director & KMP	Shareholding at the beginning of the year		Reason	Date	Increase/Decrease in Shareholding (No. of Shares)	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Sanjay Gupta	2328550	22.64	NA	NA	-545404	1783146	17.34
2	Mr. Sidhant Gupta	528120	5.14	NA	NA	Nil	Nil	Nil
3	Ms. Rita Gupta	185385	1.80	NA	NA	Nil	Nil	Nil

## I. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director

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

### B. Remuneration to Whole Time Director

S. No.	Particulars of Remuneration	Rita Gupta	
	Gross salary		
1.	(a) Salary as per Provisions contained in Section 17(1) of the Income-Tax Act, 1961	1,50,000	
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0	

	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	0	
2.	Stock Option	0	
3.	Sweat Equity	0	
4.	Commission as % of profit Others, specify	0	
5.	Others, please specify	0	
	Total(A)	1,50,000	
	Ceiling as per the Act		

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

S. No.	Particulars of Remuneration	Sidhant Gupta	
	Gross salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,50,000	
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0	
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	0	
2.	Stock Option	0	
3.	Sweat Equity	0	
4.	Commission as % of profit Others, specify	0	
5.	Others, please specify	0	
	Total(A)	1,50,000	
	Ceiling as per the Act		

**D. Remuneration to other directors:**

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

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 Value of perquisites u/s 17(2) Income-Tax Act, 1961  Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	2,40,000	3,00,000	5,40,000
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0

4.	Commissionas % of profit Others specify.	0	0	0
5.	Others, please specify	0	0	0
	<b>Total</b>	2,40,000	3,00,000	5,40,000

**II. Penalties/Punishment/Compounding of offences**

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

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

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

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

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

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

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

<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of Contract</b>	<b>Duration of Contract</b>	<b>Amount (in Rs.Lacs)</b>
M/s Superlink Polyfeb Ltd	Entities controlled by Directors or their Relatives	Purchase of Goods	Ongoing	95.78
M/s Superlink Polyfeb Ltd	Entities controlled by Directors or their Relatives	Sale of Machinery	Ongoing	49.74

Form No. MR - 3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

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

Date of Incorporation: 17.03.1989  
Authorized Share Capital: 210,000,000.00  
Paid up Share Capital: 102,840,000.00

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 (the period under review) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of **(to the extent applicable):**

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

- (iv) Foreign Exchange Management Act, 2019 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the period under review).**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the period under review)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the period under review)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the period under review)**
- (vi) Other laws applicable specifically to the Company namely(**to the extent applicable**):
  - (a) Environment (Protection) Rules, Act, 1986 read with Environment (Protection) Rules, 1986 and Hazardous and Other Wastes(Management and Transboundary Movement) Rules, 2016
  - (b) Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975
  - (c) Air (Prevention & Control of Pollution) Act, 1981 Read with Air (Prevention & Control of Pollution) Rules, 1982
  - (d) Trademarks Act, 1999
  - (e) Income Tax Act, 1961
  - (f) Goods and Services Tax Act, 2017
  - (g) Himachal Pradesh Fire Fighting Services Act, 1984

- (h) Factories Act, 1948
- (i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (j) Employees' State Insurance Act, 1948

We have also examined compliance with the applicable clauses/ Regulations of the following **(to the extent applicable)**:

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

*During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, however, the Company has not fully complied Regulation 14, 23(9), 30, 33(3), and 47 of SEBI LODR; not disclosed to stock exchange the defaults made in payment of the interest or principal amount of loan; not complied the terms & conditions of pollution renewal certificate issued by Himachal Pradesh State Pollution Control Board on 10.07.2018; has applied for renewal of fire licence from Directorate of Fire Services, Himachal Pradesh; not filed the cost audit report FY ended 31.03.2018 & 31.03.2019; paid managerial remuneration to its Managing Director & Whole Time Directors in excess of the limit permissible under Companies Act, 2013; has defaulted in payments of statutory liabilities of Provident Funds, Employees' State Insurance, Income Tax; mismatch in some of personnel and impersonal account are subject to confirmation and reconciliation has defaulted in payment of the interest or principal amount of loan to banks turning South Indian Bank & UBI Bank to Non Performing Asset;*

We further report that:

The Board of Directors of the Company is duly constituted Executive Directors, Non-Executive Directors and Independent Directors. *However, the proper balance of Executive Directors and Non-Executive Directors was not maintained during the whole period under review.*

*The changes, if any, in the composition of the Board of Directors that took place during the period under review, however, all of them were not carried out in compliance with the provisions of the Act.*

*Adequate notice is not given to all directors to schedule the Board/ Committee Meeting, for all such meetings during the period under review. Agenda and detailed notes on agenda were not sent in advance for all the Board/ Committee Meetings (and at a shorter notice for which necessary approvals obtained, if any) during*

the period under review and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

**For SAS & Associates  
Company Secretaries**

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

**Date: 28th July 2020  
Place: New Delhi  
UDIN: F008748B000537848**

**Annexure to Secretarial Audit report**

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

Our Secretarial Audit Report for FY ending 31.03.2020 is to be read along with this letter.

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

**For SAS & Associates  
Company Secretaries**

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

**Date: 28th July 2020  
Place: New Delhi  
UDIN: F008748B000537848**

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF OUR BUSINESS

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

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

### QUALITY AND ISO CERTIFICATION

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

### **Capacity Expansion**

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

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

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

### ECONOMIC OVERVIEW

Global economy showed signs of slowing down during 2019-20. India also showed growth down to 4.2% from previous year’s 6.8%. Various initiatives taken by the center and state governments have given desired boost to the plastic pipe business. There is quantum jump in construction of affordable houses. The infrastructure activities comprising supplying drinking water and to boost the sewage system have gathered momentum. However, at the end of the year i.e. beginning second half of March 2020 the business was severely affected due to Covid-19 Pandemic

### OPPORTUNITIES AND THREATS

The Government’s various welfare schemes in irrigation, drinking water, affordable housing and Smart City projects will give a very good opportunity to increase the business of your company in coming years.

However, owing to the massive impact of COVID-19, almost all the major economies of the world have gone through some form of lockdown or social distancing. The lockdown in India disrupted the economic activities in the fourth quarter of the financial year. However, to combat the impact of lockdown, the Government implemented various measures and the Company is trying its best to utilise these measures to overcome the gap caused by COVID 19.

### **BUSINESS OUTLOOK**

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

The Company is looking to grab towards the opportunities offered by new government initiatives to maximize its growth and recover the loss caused due to COVID 19.

### **RISKS AND CONCERNS**

Based on the operations of the Company, new risks, if any, are identified, and appropriate steps are taken to mitigate them. The surplus generated during the course of business is sometimes invested with banks/mutual funds. COVID 19 is another major concern of the Company as it has severely affected the Company.

Further, the Board is in the process of devising and implementing the risk management policy for the Company taking care of the unprecedented situation created by COVID 19.

### **INTERNAL CONTROL SYSTEMS**

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

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

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

### **HUMAN RESOURCES**

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

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

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

### Overview of Our Results of Operations

The following discussion of the financial condition and results of operations for the financial year ended March 31, 2019 & March 31, 2020.

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

Particulars	For the Financial year	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
	(In Rs. Lacs)	(In Rs. Lacs)
Income		
Revenue from operations	3,576.65	11,185.10
Other income	165.14	10.49
<b>Total Income</b>	<b>3,741.79</b>	<b>11,195.59</b>
Expenses		
Cost of raw material and components consumed	3,310.16	9,015.26
Purchase of Stock in Trade	13.25	1,117.15
Changed in inventories of finished goods and traded goods	(178.51)	(246.14)
Employee Benefits Expenses	139.75	189.57
Depreciation and Amortization Expenses	50.36	65.82
Finance Costs	193.07	654.82
Other Expenses	184.39	263.25
Exceptional Items	-	-
Total Expenditure	3,712.46	11,059.73
Profit Before Tax	<b>29.32</b>	<b>135.86</b>
Less: Total Tax Expense	0.48	42.89
Profit After Taxation	<b>28.85</b>	<b>92.97</b>

**Comparison of FY 2020 with FY 2019:****Total Income**

Total Income for FY 2020 is Rs. 3,741.79 lacs as compared to Rs 11,195.59 lacs in FY 2019. This decrease in income is due to various economic factors affecting the sale of Company.

**Expenditure:**

Cost of Raw Materials consumed is Rs. 3,310.16 lacs in FY 2020 against Rs. 9,015.26 lacs in FY 2019. This change is due to various economic factors affecting the sale of Company.

Our employee benefits expense is Rs 139.75 lacs in FY 2020 against Rs. 189.57 lacs in FY 2019. This change is due to various economic factors affecting the sale of Company and accordingly the manpower requirements of the Company.

Other expense is Rs 184.39 lacs in FY 2020 as compared to Rs. 263.25 lacs in FY 2019. This change is due to various economic factors affecting the sale and expenses of Company.

**Depreciation and Amortization expenses:**

Depreciation on fixed assets decreased to Rs. 50.36 lacs in FY 2020 from Rs. 65.25 lacs in FY 2019. This change is due to various economic factors affecting the sale and expenses of Company.

**Finance costs:**

Finance is Rs. 193.07 lacs in FY 2020 against Rs. Rs. 654.82 in FY 2019. This change is due to various economic factors affecting the sale and expenses of Company.

**Profit after Tax**

PAT is Rs. 28.85 lacs in FY 2020 from Rs. 92.97 lacs in FY 2019. This decrease in income is due to various economic factors affecting the sale of Company.

## MANAGING DIRECTOR AND CFO CERTIFICATION

To,  
The Board of Directors,  
Sanco Industries Ltd.

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

- A. We have reviewed the financial statements and the cash flow statement of the Company for the year 31st March 2020 and that to the best to our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contains statement/statements that might be misleading;
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which is fraudulent, illegal or a violation of the company's code of conduct;
- C. We accept responsibility for the establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated whatever applicable, to the auditor and to the audit committee.
- i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
  - iv. Have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
  - v. All Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sd/-  
Sanjay Gupta  
DIN - 00726005  
(Managing Director)  
Date: 24.08.2020  
Place: Delhi

Sd/-  
Mansi Gupta  
PAN - AYGPG3522P  
(Chief Financial Officer)

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS

As on 31st March, 2020, the Company has 7 Directors on its Board, of which 1 is Executive Directors, 2 Non Executive non Independent and 4 are Non Executive Independent Directors.

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

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

Name of the Director	Category	No. of Board Meetings attended	Attendance last AGM (Yes/No)	No. of Directorships in other public Limited Cos	No. of Chairmanship/Memberships of Committees in other Public Ltd. Cos. *	
					Chairmanship	Membership
Mr. Sanjay Gupta	Non Independent Executive s	11	Yes	Nil	Nil	Nil
Mr. Anil Bakshi	Non Independent Non Executiv Director	3	NA	Nil	Nil	Nil
Mr. Lalit Yadav	Non Independent Non Executiv Director	2	NA	Nil	Nil	Nil
Mr. Surender Kumar Gupta	Independent Non-Executive Director	11	Yes	Nil	Nil	Nil
CA Saurabh Gupta	Independent Non- Executive Director	11	Yes	Nil	Nil	Nil
CA Sanjeev Kr. Jain	Independent Non-Executive Director	11	Yes	Nil	Nil	Nil
Ms. SonuKumari	Independent Non-Executive Director	11	Yes	Nil	Nil	Nil

**Notes:-**

1. During the Financial Year 2019-20, Eleven (11) Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 28.05.2019, 18.07.2019, 07.08.2019, 19.08.2019, 07.11.2019, 13.11.2019, 31.10.2019, 13.12.2019, 26.12.2019, 14.02.2020 and 17.03.2020.
2. \*Only three Committees, namely, Audit Committee and Stakeholder Relationship Committee, Nomination and Remuneration Committee have been considered.
3. The information as required under Regulation 17 of LODR is being made available to the Board.
4. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

**INDEPENDENT DIRECTORS' MEETING:**

During the year under review the Independent Directors met on 10.12.2019 without the attendance of Non-Independent Directors and members of the management, inter alia, to discuss on the following:

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

## CODE OF CONDUCT

The Company has framed Code of Conduct which is applicable to all Directors and members of Senior Management. Pursuant to this Code all the Directors & Senior Management have affirmed compliance with this Code for the year ended March 31, 2020. A declaration of compliance of this Code signed by Managing Director is annexed to this report.

## COMMITTEES OF THE BOARD

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

### AUDIT COMMITTEE

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

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

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

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

As on March 31, 2020, the Committee had three Directors as its members. Out of that two Directors are Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Saurabh Gupta is the Chairman of the Committee. The other members are Mr. Surender Kumar Gupta and Mr. Sanjay Gupta, Managing Director of the Company. The members of the Committee have adequate knowledge in the field of finance, accounting, and law.

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

During the year, 6 (Six) meetings of the Audit Committee were held on 21.05.2019, 28.05.2019, 18.07.2019, 19.08.2019, 13.11.2019 and 14.02.2020 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given as under:

<b>NAME OF THE MEMBER</b>	<b>CATEGORY</b>	<b>NO. OF MEETINGS ATTENDED</b>
<b>CA Saurabh Gupta</b>	Chairman	6
<b>Mr. Surender Kumar Gupta</b>	Member	6
<b>Mr. Sanjay Gupta</b>	Member	6

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

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

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

- Recommend to the Board its composition and the set up and composition of the committees.
- Recommend to the Board the appointment/re-appointment of Directors and Key Managerial Personnel.
- Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.
- Recommend to the Board the Remuneration Policy for directors, executive team, Key Managerial Personnel, as well as the rest of employees.

- Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning.
- Oversee familiarisation programmes for directors.

As on March 31, 2020, the Committee had three Directors as its members. CA Sanjeev Kr. Jain, Mr. Surender Kumar Gupta and CA Saurabh Gupta. All of them are non executive and independent directors in accordance with the prescribed guidelines. CA Sanjeev Kr. Jain is the Chairman of the Committee.

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

During the year, five meetings of the Nomination and Remuneration Committee was held as 07.08.2019, 18.07.2019, 13.12.2019, 26.12.2019 and 17.03.2020. The attendance record of members of the Committee is given as under:

<b>NAME OF THE MEMBER</b>	<b>CATEGORY</b>	<b>NO. OF MEETINGS ATTENDED</b>
CA Sanjeev Kr. Jain	Chairman	5
Mr. Surender Kumar Gupta	Member	5
CA Saurabh Gupta	Member	5

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

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

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

- Consider and resolve the grievances of security holders.
- Consider and approve issue of share certificates, transfer and transmission of securities, etc.
- To investigate into any matter in relation to transfer of securities or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek any information from any employee.

- To seek information from share transfer agents.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it consider necessary.
- To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
- To approve share transfer / transmission securities periodically, whether by circular resolution or otherwise.
- To look into redressing of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- To oversee the performance of the Registrar and transfer Agents an recommended measures or overall improvement in the quality of investors services.

As on March 31, 2020, the Committee had three Directors as its members. CA Sanjeev Kr. Jain, Mr. Surender Kumar Gupta and Mr. Sanjay Gupta. Mr. Surender Kumar Gupta(non executive director) is the Chairman of the Committee in accordance with the prescribed guidelines.

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

During the year, three meetings of the Stakeholders relationship Committee were held as on 18.07.2019, 13.12.2019, 17.03.2020 in due compliance with the stipulated provisions. The attendance record of members of the Committee is given as above.

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

<b>NAME OF THE MEMBER</b>	<b>CATEGORY</b>	<b>NO. OF MEETINGS ATTENDED</b>
<b>Mr. Surender Kumar Gupta</b>	<b>Chairman</b>	<b>3</b>
<b>CA Sanjeev Kr. Jain</b>	<b>Member</b>	<b>3</b>
<b>Mr. Sanjay Gupta</b>	<b>Member</b>	<b>3</b>

Details pertaining to the numbers of complaints received and resolved and the status thereof during the financial year ended 31st March 2020 are given as follows:

Detail of complaints received/resolved during the year

- No. of Complaints received during the year : Nil
- No. of Complaints not resolved to the satisfaction of Shareholders : Nil
- No. of Pending Complaints : Nil
- No. of Pending share transfer as on 31.03.2020 : Nil

**GENERAL BODY MEETING**

**(I) General Meeting**

**a. Annual General Meeting**

<b>Financial Year Ended</b>	<b>Day, Date &amp; Time</b>	<b>Venue</b>	<b>Items approved by Special Resolution</b>
31.03.2017	Thursday 28.09.2017 3:30 PM	D - 161, Surajmal Vihar, Delhi 110092	<ul style="list-style-type: none"> <li>• Appointment of Mr. Surender Kumar Gupta as Independent Director(Regularisation)</li> <li>• Appointment of Ms. Sonu Kumari as Independent Director(Regularisation)</li> <li>• Approval of related party transactions.</li> </ul>
31.03.2018	Saturday 22.09.2018 3:30 PM	Shikshak Sadan, Surajmal Vihar, Delhi - 110092	<ul style="list-style-type: none"> <li>• Reappointment of Ms. Rita Gupta as Whole Time Director</li> <li>• Ratification of remuneration of Cost Auditor</li> </ul>
31.03.2019	Wednesday 18.09.2019	Shikshak Sadan, Surajmal Vihar, Delhi - 110092	<ul style="list-style-type: none"> <li>• Sale of Investment In Wholly Owned Subsidiary Sanjiya Ploymet Limited.</li> <li>• Fund Raising By Issue Of Warrants On Preferential Basis</li> <li>• Remuneration Of Cost Auditor</li> </ul>

**b. Extra Ordinary General Meeting Detail**

During the period no Extra Ordinary General Meeting was held.

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

During the period no Postal ballot was held.

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

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

## DISCLOSURES

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

As per Regulation 23 of the LODR of the Stock Exchange there have been no materially significant related party transactions which may have a potential conflict with the interests of the Company. However, the Board of Directors receives the required disclosures, from time to time, relating to financial and commercial transactions from the key managerial personnel of the company and have been disclosed under the Related Party Transactions as per Accounting Standards 18 "Related Party Disclosures" issued by ICAI to the Notes to Accounts of the Annual Report for the year ended March 31, 2020.

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

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

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

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

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

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

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

**a. Nominations and Remuneration Committee**

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

**b. Code of Conduct**

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020.

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

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

**d. Familiarisation Programme for Independent Directors**

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

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

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

**ii. News Releases**

Official News, Releases are displayed on the Company website

**iii. Website**

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

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

Day, Date and Time	:	Monday, September 21, 2020 at 12:30 P. M. through Video Conferencing(VC)/ Other Audio Visual Means ("OAVM")
Period of Book Closure	:	September 15, 2020 10:00 A.M. to September 21, 2020 6:00 P.
Dividend Payout Date	:	N. A.
		Financial Year Ending 31 <sup>st</sup> March, 2020

**(II) Listing on Stock Exchange**

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

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

(IV) \*Market Price Data

The High, Low Share Price of the Company on the National Stock Exchange, Number of Shares traded and Net Turnover, during the period from April, 2019 to March, 2020 are as under:

Month	Share Prices		Volume	Net turnover (In Rs.)
	High	Low		
April 2019	15.5	13	1605475	23239438.30
May 2019	20	13.1	2841950	49477116.45
June 2019	19.75	16.45	1851737	34701143.15
July 2019	19.05	15.4	2013616	35769047.85
August 2019	18.5	15	763955	12968485.95
September 2019	23.25	15	1823851	33569481.00
October 2019	18.85	14.25	1368521	23290108.10
November 2019	16.55	13.6	2526794	39439018.50
December 2019	14.9	11.3	3642855	48067403.40
January 2020	14.85	10.75	4137806	54459234.75
February 2020	15.95	10.5	2499299	34691885.95
March 2020	12.6	6	1832407	16883552.40

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

(V) Performance of the share price of the Company in comparison to the Nifty

(VI) Distribution of Shareholding and Shareholding Pattern

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

(VII) Category wise shareholding as on 31.03.2020

S.No	Category	No. of Shares Held	% of Shareholding
A	<b>Promoter Holding</b>		
	1. Promoters and Promoters Group	4061361	39.49%
	<b>Sub Total</b>	4061361	39.49%
B	<b>Non Promoter Institutions</b>		
	2. Institutional Investors		
	a. Mutual Funds and UTI	NIL	NIL
	b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non - Government Institutions)	NIL	NIL
	c. FIIs	NIL	NIL
	<b>Sub Total</b>	NIL	NIL
C	<b>Others</b>		
	Individual/HUF	5637588	54.82%

	Body Corporate	513248	4.99%
	NRIs	23511	0.23%
	Others	48292	0.46%
	<b>Sub Total</b>	5228235	60.50%
	<b>Grand Total</b>	<b>10284000</b>	<b>100%</b>

**(VIII) Distribution of Shareholding (as on 31.03.2020)**

Shareholding of Nominal Value of Rs. 10	Number of Shareholders	% To Total	No. of Shares	Amount in Rs.	% To Total
Up to 5000	2375	68.18	390187	3901870.00	3.7941
5001 to 10000	427	12.25	361185	3611850.00	3.5121
10001 to 20000	275	7.89	429123	4291230.00	4.1727
20001 to 30000	119	3.41	306432	3064320.00	2.9797
30001 to 40000	56	1.60	203759	2037590.00	1.9813
40001 to 50000	49	1.40	231432	2314320.00	2.2504
50001 to 100000	93	2.67	745134	7451340.00	7.2456
100001 and Above	89	2.55	7616748	76167480.00	74.0641
<b>Total</b>	<b>3826</b>	<b>100.00</b>	<b>10284000</b>	<b>102840000.00</b>	<b>100.00</b>

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

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. As on 31.03.2020, 10283999 Equity Shares aggregating to 100% of the total Equity Capital is held in dematerialized form, of which 24.43% (2512241 Equity Shares) of total equity capital is held in NSDL & 75.57% (7771758) Equity Shares) of total equity capital is held in CDSL as on 31.03. 2020 and one (1) share is in physical form.

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

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

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

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

**(XI) Share Transfer System:**

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

**(XII) Plant Location**

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

**(XIII) Correspondence Address**

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

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

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

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

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

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

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

**Date: 24.08.2020  
Place: New Delhi**

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**TO THE MEMBERS OF  
Sanco Industriels Limited**

We have examined the compliance of condition of corporate governance by Sanco Industries Limited for the year ended on March 31, 2020, as stipulated in relevant regulations of the SEBI (Listing Obligations and disclosure requirement) Regulations 2015 of said company with the stock exchanges.

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

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

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

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

**For Rasool Singhal & Company  
Chartered Accountants  
FRN: 500015N**

**Sd/-  
CA Rajat Banga  
Partner  
Membership No. 542089**

**Date: 24.08.2020  
Place: Delhi**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SANCO INDUSTRIES LIMITED**

Report on the Audit of the Standalone Financial Statements

**Opinion**

We have audited the accompanying standalone financial statements of Sanco Industries Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020. The Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

**Property Plant and equipment and intangible assets**

There are areas where management judgements impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation and amortization amounts. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the use of management assumptions and estimates for the determination of the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgements and estimates required, we consider this to be a key audit matter.

### **Response to Key Audit Matter**

We assessed the controls in place, evaluated the appropriateness of capitalisation process, performed tests of details on costs capitalized, the timeliness of the capitalization of assets and the de recognition criteria for assets retired from active use.

In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalized; determination of realisable value of the assets retired from active use; the appropriateness of asset live applied in the calculation of depreciation; useful lives of assets as per the technical assessment of the management and external technical experts. We have observed that there are no material changes.

### **Revenue Recognition**

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

### **Response to Key Audit Matter**

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

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

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

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

### **Response to Key Audit Matter**

Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2020 to evaluate whether any change was required to management's position on these uncertainties.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design; implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit 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 concerned basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease lo continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (II) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. (A) As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule II 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. There are pending litigations by and against the Company as at March 31, 2020 which may impact its financial position but no provision has been made as in the opinion of the management the amount cannot be estimated and will be dealt with in the year in which the dispute is settled and the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For Rasool Singhal & Company**  
**Chartered Accountants**  
**FRN: 500015N**  
**Sd/-**  
**CA Rajat Banga**  
**Partner**  
**M. No. 542089**

**Date: 28/07/2020**  
**Place: Delhi**  
**UDIN- 20542089AAAAAU6788**

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

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

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds/registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties or land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
- iii. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company under Section 148 (I) of the Act and are of the opinion that prima-facie the prescribed records have been made maintained.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company is not depositing undisputed statutory dues, including Provident Fund, Employees' State insurance, Income Tax and Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were undisputed amounts payable in respect of Provident fund, Employees' State Insurance and Income Tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

S.No.	Nature of Liability	Amount
1.	Provident Fund	Total outstanding Rs. 27.11 lacs out of which Rs. 13.84 lacs more than 6 months outstanding, 7.66 has been deposited in July'2020 and balance of Rs. 5.61 lacs less than 6 months outstanding

2.	Employees' State Insurance	Total outstanding Rs. 6.90 lacs out of which Rs. 5.90 lacs more than 6 months outstanding
3.	Income Tax	Total outstanding Rs. 314.07 lacs out of which Rs. 274.30 lacs related to AY 2017-2018, AY 2018-2019 and balance of Rs. 39.77 lacs (excluding interest) related to AY 2019-2020.

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, 2020 on account of dispute are given below:

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

viii. Based on the audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has defaulted in repayment of loans or borrowings to a financial institution, banks or dues to debenture holders.

Name of the Bank	Nature of Dues	Amount	Due Date	Date of Payment	Status/Remarks
South Indian Bank (CC A/c)	Principal and Interest booked till 31.08.2019	13,63,76,330	Various Dates and Not paid any interest during the year	Outstanding as on 31.03.2020	The company bank CC Account has become Non-Performing Assets (NPA) as per banking rules and regulations. As the company is irregular while paying outstanding amount.
UBI, Delhi (CC Account)	Principal and Interest booked till 29.06.2019	30,14,36,516	Various Dates	Outstanding as on 31.03.2020	The company bank CC Account has become Non-Performing Assets (NPA) as per banking rules and regulations. As the company is irregular while paying outstanding amount.

- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Rasool Singhal & Company**  
**Chartered Accountants**  
**FRN: 500015N**  
**Sd/-**  
**CA Rajat Banga**  
**Partner**  
**M. No. 542089**

**Date: 28/07/2020**  
**Place: Delhi**  
**UDIN- 20542089AAAAAU6788**

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

(Referred to in paragraph 2A (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")**

#### **Opinion**

We have audited the internal financial controls over financial reporting of Sanco Industries Limited ('the Company') as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance note").

#### **Emphasis of Matter Paragraph**

Long-term outstanding Balances in some of the personal and impersonal accounts are subject to confirmation and reconciliation.

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

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

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those principles and procedures that (1) pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of 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 authorization of managements and directors of the company; and (3) provide reasonable assurance regarding prevention of timely detection of unauthorized acquisitions use, or disposition of the company's assets that could have material effects on the financial statements.

### **Limitations of Internal Financial controls over Financial reporting**

Because of the inherent limitations of the 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Rasool Singhal & Company**  
**Chartered Accountants**  
FRN: 500015N  
Sd/-  
**CA Rajat Banga**  
**Partner**  
M. No. 542089

**Date: 28/07/2020**  
**Place: Delhi**  
**UDIN- 20542089AAAAAU6788**

**Balance Sheet as at March 31, 2020**

			(Rs. In Lakhs)
Particulars	Note No.	As at Mar 31, 2020	As at Mar 31, 2019
<b>I ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	3	224.13	275.23
(b) Investment Property	4	-	-
(c) Other Intangible Assets	5	-	0.00
(d) WIP	6	2.99	2.99
(e) Financial Assets			
(i) Investments	7	338.50	450.58
(ii) Trade receivables	8	2,544.68	2,041.91
(iii) Bank balances	9	-	-
(iv) Other financial assets	10	-	-
(f) Deferred tax assets (net)	11	15.48	12.67
(g) Other non current assets	12	0.10	0.10
<b>Total Non Current Assets</b>		<b>3,125.88</b>	<b>2,783.48</b>
<b>(2) Current assets</b>			
(a) Inventories	13	4,113.61	3,861.16
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	8	3,493.56	4,447.95
(v) Cash and cash equivalents	14	73.97	23.08
(vi) Bank balances	9	32.35	2.18
(vii) Other financial assets	10	1,350.42	1,214.69
(c) Other current assets	12	58.67	64.67
<b>Total Current Assets</b>		<b>9,122.57</b>	<b>9,613.73</b>
<b>Total Assets</b>		<b>12,248.45</b>	<b>12,397.21</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A EQUITY</b>			
(a) Equity Share Capital	15	1,028.40	1,028.40
(b) Other Equity		2,518.91	2,492.10
<b>Total Equity</b>		<b>3,547.31</b>	<b>3,520.50</b>
<b>B LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	1,205.50	1,215.24

(ii) Trade payables	17	-	-
(iii) Other financial liabilities	18	13.54	22.99
(b) Provisions	20	16.30	16.27
(c) Other non current liabilities	21	274.30	274.30
<b>Total Non Current Liabilities</b>		<b>1,509.64</b>	<b>1,528.80</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	4,579.84	4,669.86
(ii) Trade payables	17		
Total Outstanding dues of MSME Creditor		1,326.10	501.76
Total Outstanding dues of creditors other than MSME		884.77	1,720.83
(iii) Other financial liabilities	18	215.50	173.64
(b) Current tax Liabilities (Net)	19	4.31	39.77
(c) Provisions	20	1.21	5.35
(d) Other current liabilities	21	179.77	236.70
<b>Total Current Liabilities</b>		<b>7,191.50</b>	<b>7,347.91</b>
<b>Total Equity and Liabilities</b>		<b>12,248.45</b>	<b>12,397.21</b>

Summary of Significant Accounting Policies 2.2

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

As per our report of even date.

**For Rasool Singhal & Company**

**Chartered Accountants**

FRN: 500015N

Sd/-

CA Rajat Banga

Partner

Membership No. 542089

Date: 28/07/2020

Place: Delhi

UDIN: 20542089AAAAAU6788

Sd/-

Sanjay Gupta

Managing Director

DIN - 00726005

Sd/-

Mansi Gupta

Chief Financial Officer

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

Sd/-

Rita Gupta

Additional Director

DIN - 00725987

Sd/-

Akriti Mahajan

Company Secretary

**Sanco Industries Limited**

**STATEMENT OF PROFIT AND LOSS FOR  
THE YEAR ENDED MARCH 31, 2020**

				(Rs. In Lakhs)
Particulars	Note No.	Year ended March '2020	Year ended March '2019	
I	Revenue from operations	23	3,576.65	11,185.10
II	Other income	24	165.14	10.49
III	<b>Total Income (I+II)</b>		<b>3,741.79</b>	<b>11,195.59</b>
IV	<b>Expenses</b>			-
	Cost of Materials Consumed	25	3,310.16	9,015.26
	Purchase of Stock-in-trade	26	13.25	1,117.15
	(Increase)/Decrease in Inventories Of Finished Goods	27	(178.51)	(246.14)
	Employee Benefit Expenses	28	139.75	189.57
	Finance costs	29	193.07	654.82
	Depreciation and amortisation expense	30	50.36	65.82
	Other expenses	31	184.39	263.25
	<b>Total expenses (IV)</b>		<b>3,712.46</b>	<b>11,059.73</b>
V	Profit/ (loss) before exceptional items and tax (III- IV)		29.32	135.86
VI	Exceptional items		-	-
VII	Profit/ (loss) before tax (V-VI)		<b>29.32</b>	<b>135.86</b>
VIII	Tax expense:			
	(1) Current tax		5.71	41.55
	(2) Deferred tax		(3.05)	1.34
	(3) Mat Credit Entitlement		(2.19)	
	<b>Total Tax Expense (VIII)</b>		<b>0.48</b>	<b>42.89</b>
IX	Profit/ (loss) for the year (VII-VIII)		<b>28.85</b>	<b>92.97</b>
X	Other Comprehensive Income			
	(1) Items that will not be reclassified to profit and loss			2.69
	(2) Items that will be reclassified to profit and loss		0.88	0.30
	(3) Income tax effect on above		0.23	-
	<b>Total Other comprehensive income</b>		<b>0.65</b>	<b>2.99</b>
XI	<b>Total Comprehensive Income for the year (IX+X)</b> (Comprising profit and other comprehensive income for the year)		<b>29.50</b>	<b>95.96</b>
XII	Earnings per equity share			
	(1) Basic (Rs.)	32	0.28	0.90

(2) Diluted (Rs.)

32

0.28

0.90

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

As per our report of even date.

**For Rasool Singhal & Company**

**Chartered Accountants**

**FRN: 500015N**

**Sd/-**

**CA Rajat Banga**

**Partner**

**Membership No. 542089**

**Sd/-**

**Sanjay Gupta**

**Managing Director**

**DIN : 00726005**

**Sd/-**

**Rita Gupta**

**Additional Director**

**DIN: 00725987**

**Date: 28/07/2020**

**Place: Delhi**

**UDIN: 20542089AAAAAU6788**

**Sd/-**

**Mansi Gupta**

**Chief Financial Officer**

**Sd/-**

**Akriti Mahajan**

**Company Secretary**

**Sanco Industries Limited**  
**Statement of Audited Standalone Cash Flow for the**  
**Period ended December 31, 2020**

Particular	(Rs. In Lakhs)	
	For the year ended March 2020	For the year ended March 2019
<b>CASH FLOW FROM OPERATING</b>		
<b>A. ACTIVITIES</b>		
Profit / (Loss) before Tax	29.32	135.86
Profit on sale of Investment	(5.93)	-
Other comprehensive Income	0.88	-
Depreciation and Amortization	50.36	65.82
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	(41.24)	(3.26)
Interest Income	(17.81)	(3.17)
Interest Expenses	193.07	654.82
<b>Cash Generated Before Working Capital Changes</b>	<b>208.66</b>	<b>850.07</b>
<b>Movement In Working Capital</b>		
Increase / (Decrease) in Assets	69.45	1,694.03
Increase / (Decrease) in Liabilites	(75.80)	(3,064.29)
Increase / (Decrease) in Trade Payables	238.30	(3,482.41)
Increase / (Decrease) in Other Financial Liabilities	49.91	(95.99)
Increase / (Decrease) in Other Liabilities	(143.29)	(5.04)
Increase / (Decrease) in Provision	(6.44)	(1.62)
(Increase) / Decrease in Trade Receivables	278.07	2,559.49
(Increase) / Decrease in Inventories	(290.18)	128.97
(Increase) / Decrease in Other Financial Assets	(129.54)	(626.69)
(Increase) / Decrease in Other Assets	34.41	209.82
<b>Cash Generated From Operations</b>	<b>202.30</b>	<b>(520.19)</b>
Direct Taxes Paid	3.52	1.87
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>198.78</b>	<b>(522.06)</b>
<b>CASH FLOW FROM / (USED IN)</b>		
<b>B. INVESTING ACTIVITIES</b>		
Purchase of PPE, Intangible Assets and Investment Property	(0.17)	(0.92)
Proceeds of PPE, Intangible Assets and Investment Property	42.15	31.90
Proceeds from Investments	115.33	10.22
Interest Income Received	17.81	3.17
<b>Net Cash Flow From / (Used in) Investing Activities</b>	<b>175.11</b>	<b>44.37</b>
<b>C. CASH FLOW FROM / (USED IN)</b>		

<b>FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) of Long & Short Term Borrowings	(5.42)	(149.39)
Interest Paid	(193.07)	(654.82)
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(198.49)</b>	<b>(804.21)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	175.40	(1,281.90)
Cash and Cash Equivalents at the beginning of the Period	(4,465.42)	(3,183.52)
Cash and Cash Equivalents at the end of the Period	<b>(4,290.02)</b>	<b>(4,465.42)</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	72.97	21.30
Balances with Banks		
On Current accounts	0.99	1.78
On Deposits accounts	32.35	2.18
Bank Overdraft	(4,396.33)	(4,490.68)
<b>Cash and cash Equivalent</b>	<b>(4,290.02)</b>	<b>(4,465.42)</b>

Summary of Significant Accounting Policies 2.2

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

As per our report of even date.

**For Rasool Singhal & Company**

**Chartered Accountants**

**FRN: 500015N**

**Sd/-**

**CA Rajat Banga**

**Partner**

**Membership No. 542089**

**Date: 28/07/2020**

**Place: Delhi**

**UDIN: 20542089AAAAAU6788**

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

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

**Sd/-  
Mansi Gupta  
Chief  
Financial  
Officer**

**Sd/-  
Rita Gupta  
Additional Director  
DIN - 00725987**

**Sd/-  
Akriti Mahajan  
Company Secretary**

3 Property, Plant and Equipment

Rs.  
Lakh  
s

Particulars	Free hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total
<b>Gross Block</b>								
As at April 01, 2018	6.61	55.90	339.42	0.11	72.72	3.50	3.31	481.57
Additions	-	-	-	-	-	0.92	-	0.92
Disposals	-	-	-	-	0.20	-	-	0.20
As at March 31, 2019	<u>6.61</u>	<u>55.90</u>	<u>339.42</u>	<u>0.11</u>	<u>72.52</u>	<u>4.42</u>	<u>3.31</u>	<u>482.29</u>
Additions			0.17					
Disposals			7.29					
As at March 31, 2020	<u>6.61</u>	<u>55.90</u>	<u>332.31</u>	<u>0.11</u>	<u>72.52</u>	<u>4.42</u>	<u>3.31</u>	<u>482.29</u>
<b>Depreciation</b>								
As at April 01, 2018	-	10.08	113.83	0.03	15.00	1.67	2.26	142.87
Charged For the Period	-	4.34	43.29	0.00	14.90	1.14	0.52	64.20
On Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	<u>-</u>	<u>14.42</u>	<u>157.12</u>	<u>0.03</u>	<u>29.90</u>	<u>2.81</u>	<u>2.78</u>	<u>207.06</u>
Charged For the Period		3.93	34.84	0.00	10.81	0.62	0.17	
On Disposals			6.37	-				
As at March 31, 2020	<u>-</u>	<u>18.34</u>	<u>185.59</u>	<u>0.03</u>	<u>40.70</u>	<u>3.43</u>	<u>2.95</u>	<u>251.05</u>

**Net Block**

As at March 31, 2019	<u>6.61</u>	<u>41.48</u>	<u>182.29</u>	<u>0.08</u>	<u>42.6</u> <u>2</u>	<u>1.61</u>	<u>0.54</u>	<u>275</u> <u>.23</u>
As at March 31, 2020	<u>6.61</u>	<u>37.56</u>	<u>146.72</u>	<u>0.08</u>	<u>31.8</u> <u>1</u>	<u>0.99</u>	<u>0.36</u>	<u>224</u> <u>.13</u>

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

Property, Plant and Equipment

3

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total
<b>Gross Block</b>								
As at April 01, 2016	661224	5590122	32035111	10969	1370178	226799	70969	39965373
Additions						15000	242996	257996
Disposals								0
As at March 31, 2017	661224	5590122	32035111	10969	1370178	241799	313965	40223369
Additions			1906846		5930292	108096	16700	7961934
Disposals					28250			28250
As at April 01, 2018	<u>661224</u>	<u>5590122</u>	<u>33941957</u>	<u>10969</u>	<u>7272220</u>	<u>349895</u>	<u>330665</u>	48157053
Additions						92456		92456
Disposals					20377			20377
Adjustment								
As at March 31, 2019	<u>661224</u>	<u>0</u>	<u>5590122</u>	<u>0</u>	<u>33941957</u>	<u>0</u>	<u>10969</u>	<u>0</u>
					<u>7251842</u>	<u>0</u>	<u>442351</u>	<u>0</u>
							<u>330665</u>	48229131
<b>Depreciation</b>								
As at April 01, 2016								0
Charged For the Period	0	529055	6033338	2347	388422	110332	78252	7141746
As at March 31, 2017	<u>0</u>	<u>0</u>	<u>529055</u>	<u>0</u>	<u>6033338</u>	<u>0</u>	<u>2347</u>	<u>0</u>
					<u>388422</u>	<u>0</u>	<u>110332</u>	<u>0</u>
							<u>78252</u>	7141746
Charged For the Period	0	478984	5350008	283	1112249	57117	145958	7144599
On Disposals								0
As at April 01, 2018	<u>0</u>	<u>0</u>	<u>1008039</u>	<u>0</u>	<u>11383346</u>	<u>0</u>	<u>2630</u>	<u>0</u>
					<u>1500671</u>	<u>0</u>	<u>167449</u>	<u>0</u>
							<u>224210</u>	<u>0</u>
Charged For the Period	0	433651	4329471	207	1489599	113929	52284	6419142
On Disposals								

As at March 31, 2019	0	0	1441690	0	15712817	0	2838	0	2990271	0	281378	0	276494	20705487
<b>Net Block</b>														0
As at March 31, 2017	661224	0	5061068	0	26001773	0	8622	0	981756	0	131467	0	235713	33081623
As at April 01, 2018	661224		4582084		22558611		8339		5771549		182447		106455	33870708
As at March 31, 2019	661224	0	4148433	0	18229140	0	8131	0	4261572	0	160973	0	54171	27523644

#### 4 Investment Property

Particulars	Land	Buildings	TOTAL ASSETS
<b>Gross Block</b>			
As at April 01, 2018	7.54	27.48	35.02
Additions	-	-	-
Disposals	(7.54)	(27.48)	(35.02)
<b>As at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>			
As at April 01, 2018	-	4.97	4.97
Charged For the Period	-	1.61	1.61
On Disposals	-	(6.58)	(6.58)
<b>As at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charged For the Period	-	-	-
On Disposals	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Block</b>			
As at March 31, 2019	-	-	-
As at March 31, 2020	-	-	-

**5 Other Intangible Assets**

**Particulars**

**Gross Block**

<b>As at April 01, 2018</b>	0.09	0.09
Additions	0.00	0.00
Disposals	<u>0.00</u>	<u>0.00</u>
<b>As at March 31, 2019</b>	<u>0.09</u>	<u>0.09</u>
Additions	0.00	0.00
Disposals	<u>0.00</u>	<u>0.00</u>
<b>As at March 31, 2020</b>	<u>0.09</u>	<u>0.09</u>

**Amortisation**

<b>As at April 01, 2018</b>	0.02	0.02
Amortised For the Period	0.01	0.01
On Disposals	<u>0.00</u>	<u>0.00</u>
<b>As at March 31, 2019</b>	<u>0.03</u>	<u>0.03</u>
Amortised For the Period	0.00	0.00
On Disposals	<u>0.00</u>	<u>0.00</u>
<b>As at March 31, 2020</b>	<u>0.00</u>	<u>0.00</u>

**Net Block**

As at March 31, 2019	<u>0.00</u>	<u>0.06</u>
As at March 31, 2020	<u>0.00</u>	<u>0.00</u>

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

<b>6 Capital Work In Progress</b>	<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>
Intangible assets under development	<u>2.99</u>	<u>2.99</u>
	<u>2.99</u>	<u>2.99</u>

4 Investment Property

In Rupees

Particulars	Owned Assets		TOTAL ASSETS (A + B + C)
	Land	Buildings	
<b>Gross Block</b>			
As at April 01, 2016	754,222.00	2,748,497.78	3,502,720
Additions			-
Disposals			-
As at March 31, 2017	754,222.00	2,748,497.78	3,502,720
Additions			-
Disposals			-
As at April 01, 2018	754,222.00	2,748,497.78	3,502,720
Additions			-
Disposals	(754,222.00)	(2,748,497.78)	(3,502,720)
As at March 31, 2019	-	0.00	0
<b>Depreciation</b>			
As at April 01, 2016			-
Charged For the Period	-	261,200.55	261,201
As at March 31, 2017	-	261,200.55	261,201
Charged For the Period	-	236,377.64	236,378
On Disposals			-
As at April 01, 2018	-	497,578.19	497,578
Charged For the Period		161,167.89	161,168
On Disposals		(658,746.08)	(658,746)
As at March 31, 2019	-	(0.00)	(0)
<b>Net Block</b>			
As at March 31, 2017	754,222.00	2,487,297.23	3,241,519
As at April 01, 2018	754,222.00	2,250,919.59	3,005,142
As at March 31, 2019	-	(0.00)	0

**Commentary**

Investment property is a property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**Classification of property as investment property or owner-occupied property**

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. Ind AS 16 applies to owner-occupied property.

**5 Other Intangible Assets**

In Rs.

Particulars	Computer Software	Total
Gross Block		
As at April 01, 2016	0.09	0.09
Additions		0
Disposals		0
As at March 31, 2017	0.09	0.09
Additions		0
Disposals		0
As at March 31, 2018	0.09	0.09
Additions		0
Disposals		0
As at March 31, 2019	0.09	0.09
Amortisation		
As at April 01, 2016		0
Amortised For the Period	0.06	0.06
On Disposals		0
As at March 31, 2017	0.06	0.06
Amortised For the Period	0.02	0.02
On Disposals		0
As at March 31, 2018	0.08	0.08
Amortised For the Period	0.01	0.01
On Disposals		0
As at March 31, 2019	0.09	0.09

Net Block		
As at March 31, 2017	0.03	0.03
As at March 31, 2018	0.01	0.01

As per para 119 of IND AS - 38 , The classes mentioned above are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.

<b>7 Non Current Investments</b>				
Particulars	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
	In Nos	In Nos	in Lakhs	in Lakhs
<b>I Investment at Cost</b>				
<b>A Un-Quoted</b>				
<b>Investment in Equity Shares</b>				
<b>(i) Investment in Subsidiary Companies</b>	450,000	450,000	291.77	291.77
(*Face value of US\$ 1 each)				
<b>Total Equity Investment At Cost</b>	450,000.00	450,000.00	291.77	291.77
<b>Total Un-Quoted Investments at Cost in Equity</b>	450,000.00	450,000.00	291.77	291.77
<b>II Investment at Fair Value through OCI</b>				
<b>(i) Investment in Mutual Funds</b>				
Union Dynamic Bond Fund			-	53.37
<b>Total Mutual Funds Investment At Fair Value</b>			-	53.37
<b>(ii) Other Investment</b>				
LIC of India			38.06	96.78
Star Union Dai-ichi Life Insurance			8.66	8.66
<b>Total Investment at Cost</b>			46.72	105.44
<b>Total Non Current Investments</b>			<b>338.50</b>	<b>450.58</b>

**8 Trade Receivables**

	Non- Current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Trade Receivables				
Secured, Considered Good				
*Unsecured, Considered Good	1,728.04	1,225.27	2,159.16	3,113.55
Doubtful	816.64	816.64	1,334.40	1,334.40
	2,544.68	2,041.91	3,493.56	4,447.95
Less : Allowance for bad & doubtful debts	-	-	-	-
<b>Total</b>	<b>2,544.68</b>	<b>2,041.91</b>	<b>3,493.56</b>	<b>4,447.95</b>

\* As decided by the management there is no change in the status of cases pending earlier as on 31.03.2019 hence there is no change in doubtful trade receivables. (\*\* Non - Current Trade receivable include Rs 816.64 as on 31st March 2020 and Current Trade receivable include Rs 1,334.40 as on 31st March 2020 against which recovery case are pending.)

\*\* Non - Current Trade receivable include Rs 816.64 as on 31st March 2019 and Current Trade receivable include Rs 1,334.40 as on 31st March 2019 against which recovery case are pending.

**9 Bank Balances**

Particulars	Non- Current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
On Deposit Accounts	-	-	32.35	2.18
<b>Net Bank Balances</b>	<b>-</b>	<b>-</b>	<b>32.35</b>	<b>2.18</b>

## 10 Other Financial Assets

Particulars	Non- Current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Loans and Advances to Employees			1.61	0.62
Advances to Suppliers			1,348.77	1,213.94
Interest Accrued on Deposits			0.04	0.13
	-	-	1,350.42	1,214.69

## 11 Deferred Tax Asset/ (Liability)- Net

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Deferred Tax Assets</b>		
Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books	2.09	1.38
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	13.39	11.29
Other Timing Difference		
Gross Deferred Tax Assets	15.48	12.67
<b>Deferred Tax Asset/ (Liability)- Net</b>	<b>15.48</b>	<b>12.67</b>

## 12 Other Assets

Particulars	Non- Current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
<b>Other Advances</b>				
Security Deposits	0.10	0.10	5.15	5.15
Prepaid Expense	-	-	0.44	2.09
Cenvat / Vat / Service Tax Credit Receivable	-	-	13.24	13.24
GST Receivable	-	-	-	5.12
Taxes Paid Under protest (Refer note 15)	-	-	9.50	9.50
MAT Credit entitlement	-	-	2.19	-
Others Assets	-	-	28.16	29.57
<b>Total</b>	<b>0.10</b>	<b>0.10</b>	<b>58.67</b>	<b>64.67</b>

**13 Inventories**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>(At lower of cost and net realisable value unless otherwise stated)</b>		
Raw Materials	3,219.50	3,145.56
Finished Goods	894.10	334.38
Stock in Trade	-	381.22
<b>Total</b>	<b>4,113.61</b>	<b>3,861.16</b>

**14 Cash and Cash Equivalents**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Cash on Hand	72.97	21.30
Balances with Banks		
-On Current Accounts	0.99	1.78
	<b>73.97</b>	<b>23.08</b>

**16 Long Term Borrowings**

Particulars	Non Current Portion		Current Maturities	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
<b>Rupee Term Loans</b>				
<b>Secured</b>				
From Others (refer note (a))	160.32	160.32	-	-
<b>Unsecured</b>				
From Financial Institutions (refer note (b))	-	13.46	20.02	52.99
From Banks	15.38	30.96	17.00	11.63
<b>Hypothecation Loans - Secured</b>				
From Banks (refer note (c))	-	15.27	15.15	19.79
<b>Loans and Advances from Related Parties</b>				
<b>Unsecured</b>				
Rupee Term Loans - from Directors		995.23		
	<b>1,029.81</b>	<b>995.23</b>	<b>-</b>	<b>-</b>
<b>Net Amount</b>	<b>1,029.81</b>	<b>995.23</b>	<b>52.17</b>	<b>84.41</b>

1,205.50	1,215.24		
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(a) Indian Rupee Loan from Financial Institutions payable on demand. The loan is secured against Keymen Insurance policy.

(b) Indian Rupee Loan from various Financial Institutions. The loan is secured by personal guarantee of executive director of the company and their immovable property.

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

#### 17 Trade payables

Particulars	Non current		Current	
	As at	As at	As at	As at
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
Trade Payables (including acceptances)				
(a) total outstanding dues of micro enterprises and small enterprises	-	-	1,326.10	501.76
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	884.77	
			<u>1,720.83</u>	
	<u>-</u>	<u>-</u>	<u>2,210.88</u>	<u>2,222.59</u>

#### 18 Other financial liabilities

Particulars	Non current		Current	
	As at	As at	As at	As at
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
Current maturities long term borrowings	-	-	52.17	84.41
Security Deposit	-	-	-	-
Salaries and other benefits Payable	-	2.00	40.88	35.51
Other Payables	0.94	8.39	23.01	53.72
Others - Related party			99.44	-
	12.60	12.60		
	<u>13.54</u>	<u>22.99</u>	<u>215.50</u>	<u>173.64</u>

**19 Current Tax Liabilities (Net)**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Provision for Tax	6.07	41.55
Less: TDS and TCS	1.76	1.78
	<b>4.31</b>	<b>39.77</b>

**20 Provisions**

Particulars	Long Term		Short Term	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Provision for Leave Encashment	0.43	0.62	0.19	0.03
Provision for Gratuity	15.86	15.65	1.01	1.05
Provision for Bonus	-	-		4.27
	<b>16.30</b>	<b>16.27</b>	<b>1.21</b>	<b>5.35</b>

**21 Other liabilities**

Particulars	Non current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Advance from Customers	-	-	85.15	198.23
Taxes Payable (Other than Income Tax)	-	-	20.84	19.19
Income Taxes Payable (Note 30)	274.3	274.3	39.77	-
Employee Contributions Payable	-	-	34.01	19.28
	<b>274.3</b>	<b>274.3</b>	<b>179.77</b>	<b>236.70</b>

**22 Short Term Borrowings**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Bank Overdraft</b>		
Cash Credits and Working Capital Demand Loan from Banks (Secured)* (Union Bank of India & South Indian Bank Cash Credit Limits - Secured against Hypothecation of liquid current assets, Plant and Machinery, Immovable property and their personal gurantee of Director and relative)	4,396.33	4,490.68
<b>Other Loans repayable on demand</b>		
<b>Secured</b>		
From Financial Institutions (Secured against immovable property of Director)	167.43	164.18
<b>Unsecured</b>		
From other (Inter corporate depsoit)	16.07	15.00
*the company bank CC Accounts (South Indian and UBI) has become Non-Performing Assets (NPA) as per banking rules and regulations.		
	<b>4,579.84</b>	<b>4,669.86</b>

**15 Equity Share Capital**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Authorised</b>		
1,40,00,000 Mar 31,2019: 1,40,00,000 of Rs. 10each) Equity Shares of Rs. 10 each	1,400.00	1,400.00
	1,400.00	1,400.00
<b>Issued, Subscribed and Paid Up</b>		
<b>Equity Shares</b>		
1,02,84,000 Mar 31,2019: 1,02,84,000 of Rs. 10 each) Equity Shares of Rs. 10 each, Fully Paid Up	1,028.40	1,028.40
<b>Total Equity Share Capital</b>	1,028.40	1,028.40

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

	No. Lakhs	Rs. Lakhs
<b>Equity Shares of Rs. 10 Each, Fully paid up</b>		
At the end 31st March 2019	102.84	1,028.40
Issued during the period - Bonus Issue	-	-
Issued during the period - Cash Issue	-	-
At the end 31st March 2020	102.84	1,028.40

**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. 10 Per share. Each Holder of equity shares is entitled to one vote per share

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

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

	No.	% of Holding
<b>Equity Shares of Rs. 10 each Held By as on 31st March 2019</b>		
Mr. Sanjay Gupta	2,328,550	22.64%
Mr. Sidhant Gupta	528,120	5.14%
M/s Sanjay Gupta HUF	1,252,430	12.18%
<b>Equity Shares of Rs. 10 each Held By as on 31st March 2020</b>		
Mr. Sanjay Gupta	2,328,550	22.64%
Mr. Sidhant Gupta	528,120	5.14%
M/s Sanjay Gupta HUF	1,252,430	12.18%

**Statement of Changes in Equity for the year ended March 31, 2020**

<b>Attributable to the equity holders</b>					
Particulars	Reserves and Surplus			Items of Other comprehensive Income	
	Securities Premium Account	Investment Revaluation Reserve	Retained earnings	Foreign currency translation reserve	Other items of other comprehensive income (specify nature)
<b>Balance as at 01.04.2018</b>	54.60	-	2,335.33	-	6.22
Changes in accounting policy/prior period errors Restated balance at the beginning of the reporting period					

Current year profit			92.97	-	2.99
Other Comprehensive Income after tax for the Period					
<b>Balance as at 31.03.2019</b>	<b>54.60</b>	<b>-</b>	<b>2,428.31</b>	<b>-</b>	<b>9.21</b>
Changes in accounting policy/prior period errors					
Less: Revaluation reserve Transferred to Statement of Profit and Loss account as Investment sold					(2.69)
Current year profit			28.85	-	0.65
Other Comprehensive Income after tax for the Period					
<b>Balance as at 31.03.2020</b>	<b>54.60</b>	<b>-</b>	<b>2,457.16</b>	<b>-</b>	<b>7.17</b>

**Sanco Industries Limited**  
**Notes and other explanatory information to financial statements for the year ended March 31, 2020**

		(Rs. In Lakhs)	
32 Earning Per Share (EPS)		-	-
		March 31, 2020	March 31, 2019
<b><u>Total Operations for the year</u></b>			
	Profit/(Loss) after tax	28.85	92.97
	Less : Dividend on convertible Preference shares & tax thereon	-	-
	<b>Net Profit/(Loss) for calculation of basic EPS</b>	28.85	92.97
	(A)		
	Net Profit as above	28.85	92.97
	Add : Dividends on convertible preference shares & tax thereon	-	-
	Add : Interest on bonds/Debentures/Loan convertible into equity shares (Net of tax)	-	-
	<b>Net Profit/(Loss) for calculation of diluted EPS</b>	28.85	92.97
	(B)		
	<b>Weighted average number of Equity Shares for Basic EPS</b>	102.84	102.84
	(c)		
	<b>Effect of dilution :</b>		
	Due to bonus share	-	-
	<b>Weighted Average number of Equity shares for Diluted EPS</b>	102.84	102.84
	(D)		
	<b>Basic EPS</b>		
	Total Operations	(A) / (C)	0.28
	(A) / (C)		0.90
	<b>Diluted EPS</b>		
	Total Operations	(B) / (D)	0.28
	(B) / (D)		0.90

**33 Borrowing Costs**

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

**34 Capital and Other Commitments**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on investment property and not provided for	Nil	Nil
Investment Commitment in Subsidiaries and Associates	Nil	Nil
Contractual obligations for purchase of PPE	Nil	Nil

**35 Employee benefit obligations**

**1 Defined benefit plans:**

**Gratuity**

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

**a Balance Sheet amount (Gratuity)**

	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Net amount</b>
<b>April 01, 2018</b>	<b>16.56</b>	-	<b>16.56</b>
Current service cost	2.05	-	2.05
Interest expense   (income)	1.29	-	1.29
<b>Total amount recognised in profit and loss</b>	<b>19.90</b>	-	<b>19.90</b>
Remeasurement			
Return on plan assets, excluding amount included in interest expense   (income)			
(Gain)   Loss from change in financial assumptions	0.22	-	0.22
Experience (gain)   loss	(1.33)	-	(1.33)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(1.11)</b>	-	<b>(1.11)</b>

Employer contributions	-	-	-
Benefit payments	(2.09)	-	(2.09)
<b>March 31, 2019</b>	<b>16.70</b>	-	<b>16.70</b>
Current service cost	1.72	-	1.72
Interest expense   (income)	1.29	-	1.29
<b>Total amount recognised in profit and loss</b>	<b>3.01</b>	-	<b>3.01</b>
Remeasurement			
Change in demographic assumptions (Gain)   Loss from change in financial assumptions	0.00	-	0.00
Experience (gain)   loss	1.94	-	1.94
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(0.88)</b>	-	<b>(0.88)</b>
Employer contributions		-	-
Benefit payments	(1.95)	-	(1.95)
<b>March 31, 2020</b>	<b>16.88</b>	-	<b>16.88</b>

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

<b>Particular</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Current Liability (Short term)	1.01	1.05
Non-Current Liability (Long term)	15.86	15.64
	<b>16.88</b>	<b>16.70</b>

**Expenses Recognised in the Income  
c Statement**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Current Service Cost	1.72	2.05
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1.29	1.29
<b>Expenses Recognised in the Income Statement</b>	<b>3.01</b>	<b>3.34</b>

**d Other Comprehensive Income**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.94	0.22

- experience variance (i.e. Actual experience vs assumptions)	(2.82)	(1.33)
- others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.88)</b>	<b>(1.11)</b>

**e Actuarial Assumptions**

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

**Financial Assumptions**

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

	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.70%	7.70%
Salary growth rate (per annum)	7.00%	7.00%

**f Demographic Assumptions**

	March 31, 2020	March 31, 2019
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	5%	5%
31 to 45 years	3%	3%
Above 45 years	1%	1%

**g Sensitivity Analysis**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Defined Benefit Obligation (Base)	16.88	16.70

Particular	March 31, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase

Discount Rate (- / + 1%)	19.18	14.94	19.13	14.68
(% change compared to base due to sensitivity)	13.60%	-11.50%	14.60%	-12.10%
Salary Growth Rate (- / + 1%)	14.93	19.15	14.65	19.13
(% change compared to base due to sensitivity)	-11.50%	13.40%	-12.30%	14.50%
Attrition Rate (- / + 50% of attrition rates)	16.94	16.82	16.51	16.86
(% change compared to base due to sensitivity)	0.40%	-0.30%	-1.10%	0.90%
Mortality Rate (- / + 10% of mortality rates)	16.88	16.88	16.69	16.70
(% change compared to base due to sensitivity)	-	-	-	-

### 36 Contingent Liabilities - Not probable and therefore not provided for

	March 31, 2020	March 31, 2019
<b>A. Claims disputed by the company</b>		
Income tax Liability		
A.Y. 14-15*	63.33	63.33
A.Y. 12-13	119.91	-
Interest on TDS, Short deduction and Late fee	7.56	-
*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.		
<b>B. Outstanding Corporate Guarantees</b>		
Given to Financial Institutions, Banks on behalf of other group companies *	20.00	20.00
(* Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD)		
<b>C. Guarantees issued by the bank on behalf of the Company</b>	4.46	4.46

### 37 Segment Reporting

As the company business activity fall within one segment viz. Manufacturing Business As per IndA 108, the disclosure requirements of IndAs 108 of Operating segment is not applicable

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

Particulars	March 31, 2020	March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the year	1,326.10	501.76
Interest due on the above amount	-	-

Amount of interest paid in terms of Section 16 of the MSMED Act, 2006.	-	-
Amount of payments made to the suppliers beyond the appointed day during the year	-	-
Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act	-	-
Amount of interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprises.	-	-

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

**39 Cash and Cash Equivalents**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Cash on Hand	72.97	21.30
Balances with Banks	-	-
-On Current Accounts	0.99	1.78
-On deposits	32.35	2.18
	<b>106.32</b>	<b>25.26</b>

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

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Cash & Cash equivalent as per balance sheet	106.32	25.26
Bank Overdraft	(4,396.33)	(4,490.68)
	<b>(4,290.02)</b>	<b>(4,465.42)</b>

**40 Payment to Auditor**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Audit fees	1.30	2.06
Tax Audit Fees	0.25	0.49
Other tax matter fees	1.00	-
<b>Total</b>	<b>2.55</b>	<b>2.55</b>

**41 Earning in Foreign Currency**

Particulars	March 31, 2020	March 31, 2019
Income in foreign currency	Nil	Nil

**42 Expenditure in Foreign Currency**

Particulars	March 31, 2020	March 31, 2019
Purchase of Goods	-	596.07

**43 Details of Unpaid undisputed Statutory Liabilities**

The Company has not paid its undisputed and disputed statutory liability which are pending for more than 2 years related to income tax, more than 6 months related to ESIC and EPF.

Statutory Liability	March 31, 2020	March 31, 2019
Income Tax Act	320.16	315.85
ESIC	6.90	4.21
EPF*	27.11	15.07

\* out of which 7.66 lacs has been paid in July'2020.

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

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

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

	2
Summary of Significant Accounting Policies	.
	2

The accompanying notes and other explanatory information are an integral part of the Financial Statements. As per our report of even date.

For Rasool Singhal & Company

Chartered Accountants

FRN: 500015N

Sd/-

CA Rajat Banga

Partner

Membership No. 542089

Date:28/07/2020

Place: Delhi

UDIN: 20542089AAAAAU6788

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

Sd/-

Managing

Director

DIN -

00726005

Sd/-

Director

DIN -00725987

Sd/-

Mansi

Gupta

Chief

Financial

Officer

Sd/-

Akriti Mahajan

Company

Secretary

**47 Fair value measurements**

**(i) Fair value hierarchy**

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

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

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

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

(Rs. In Lakhs)

Particular	As at March 31, 2020			As at April 1, 2019		
	FV PL	FV OCI	Amortis ed	FV PL	FVOCI	Amortise d
<b>Financial assets</b>						
Investments						
-Equity instruments	-	-	291.77	-	-	291.77
- Mutual Funds	-	-	-	-	53.37	-
-Other						
Investment	-	-	46.72	-	-	105.44
Trade receivables	-	-	6,038.24	-	-	6,489.86
Deposit with Bank	-	-	32.35	-	-	2.18
Cash and cash equivalents	-	-	73.97	-	-	23.08
Other financial assets						
- Loans and Advances to Employees	-	-	1.61	-	-	0.62
- Advances to Suppliers	-	-	1,348.77	-	-	1,213.94
- Interest Accrued on Deposits	-	-	0.04	-	-	0.13
<b>Total Financial Assets</b>	-	-	-	-	-	-
	-	-	7,833.47	-	53.37	8,127.02
<b>Financial liabilities</b>						
Borrowings			5,837.51			5,969.51
Trade payables			2,210.88			2,222.59

Other financial liabilities						
- Security Deposit			-			-
- Salaries and other benefits Payable			40.88			37.51
- Other Payables			135.99			74.71
<b>Total Financial Liabilities</b>	-	-	-	-	-	<b>8,304.32</b>
	-	-	<b>8,225.26</b>	-	-	

**Fair Market Value of Financial Assets**
**(Rs. In Lakhs)**

Particular	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	FMV	Carrying Amount	FMV
<b>Financial assets</b>				
Investments				
- Equity instruments	291.77	291.77	291.77	291.77
- Mutual Funds	-	-	50.00	53.37
- Other Investment	46.72	46.72	105.44	105.44
Trade receivables	6,038.24	6,038.24	6,489.86	6,489.86
Deposit with Bank	32.35	32.35	2.18	2.18
Cash and cash equivalents	73.97	73.97	23.08	23.08
Other financial assets				
- Loans and Advances to Employees	1.61	1.61	0.62	0.62
- Advances to Suppliers	1,348.77	1,348.77	1,213.94	1,213.94
- Interest Accrued on Deposits	0.04	0.04	0.13	0.13
<b>Total Financial Assets</b>	<b>7,833.47</b>	<b>7,833.47</b>	<b>8,177.02</b>	<b>8,180.39</b>

<b>Financial liabilities</b>				
Borrowings	5,837.51	5,837.51	5,969.51	5,969.51
Trade payables	2,210.88	2,210.88	2,222.59	2,222.59
Other financial liabilities				
- Security Deposit	-	-	-	-
- Salaries and other benefits Payable	40.88	40.88	37.51	37.51
- Other Payables	135.99	135.99	74.71	74.71
<b>Total Financial Liabilities</b>	<b>8,225.26</b>	<b>8,225.26</b>	<b>8,304.32</b>	<b>8,304.32</b>

46 RELATED PARTY  
DISCLOSURE

**a) Name of Related parties and description of relationship**

Description of Relationship	Name
Subsidiary company	- Sanjita Polymet Limited
Associates	- Sanco Enterprises Private Ltd - Superlink Polyfeb Ltd.
Key Management Personnel	- Rita Gupta (resigned as a whole time director w.e.f 20.06.2019) - Mansi Gupta (appointed as CFO w.e.f 01.07.2019) - Sanjay Gupta - Akriti Mahajan - Sidhant Gupta (resigned w.e.f 05.12.2019) - Saurabh Gupta - Sanjeev Kumar Jain - Surender Kumar Gupta (resigned w.e.f 06.03.2020) - Sonu Kumari Madhavi Gaur (resigned as CFO w.e.f. 30/06.2019)
Close family members of Key Management Personnel	- Anurag Gupta  - Sanjay Gupta HUF - Shakuntala Gupta

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

Particulars	Subsidiary company(ies)		Entities controlled by Directors or their Relatives		Key Management Personnel or their Relatives	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>Transactions</b>						
Purchase of Goods	-	291.77	95.58	65.73	-	-
Sale Of Machinery	-	-	49.74	-	-	-
Unsecured Loan Received	-	-	-	-	54.57	12.00
Unsecured Loan Repaid	-	-	-	-	20.00	57.77
Remuneration	-	-	-	-	24.69	31.63
Reimbursement of expenses	-	-	-	-	-	44.33
Rent paid	-	-	-	-	-	6.76
<b>Balance outstanding</b>						
Receivable			49.74		-	-
Payables	12.60	12.60	99.44	-	1,052.06	1,010.99

**( C ) Details of Related party Transactions**

		(Rs. In Lakhs)	
		March 31, 2020	March 31, 2019
Nature of Transaction	Relation and Name		
<b>Unsecured Loan Received</b>	<b>With Key Management Personnel or their Relatives</b>		
	Mansi Gupta-Relative of Director	-	1.25
	Rita Gupta- Whole Time Director	-	5.00
	Sanjay Gupta- Managing Director	54.57	0.75
	Shankuntla Gupta Relative of Director	-	5.00
<b>Unsecured Loan Repaid</b>	<b>With Key Management Personnel or their Relatives</b>		
	Anurag Gupta- Relative of Director	-	4.00
	Sanjay Gupta- Managing Director	20.00	53.77
<b>Purchase of Goods (including GST)</b>	<b>With enterprise controlled by Director or their Relatives</b>		
	Superlink Polyfeb Ltd.- Associate Enterprises	95.58	65.73
<b>Sale of Machinery (Including GST)</b>	Superlink Polyfeb Ltd.- Associate Enterprises	49.74	
<b>Remuneration and Salary</b>	<b>With Key Management Personnel or their Relatives</b>		
	Sanjay Gupta- Managing Director	6.00	6.01
	Rita Gupta- Whole Time Director	1.50	6.00
	Sidhant Gupta- Whole Time Director	2.40	4.80
	Mansi Gupta-Relative of Director	3.00	3.00
	Anurag Gupta- Relative of Director	6.00	6.00
	Madhvi Gaur CFO	3.39	0.75
	Vipul Singhal CFO		2.67
	Akriti Mahajan- Company Secretary	2.40	2.40
<b>Reimbursement of expenses</b>	<b>With Key Management Personnel or their Relatives</b>		
	Sanjay Gupta- Managing Director	-	44.33
<b>Rent Paid</b>	<b>With Key Management Personnel or their Relatives</b>		
	Rita Gupta- Whole Time Director	-	3.38
	Shankuntla Gupta Relative of Director	-	3.38
<b>Payables</b>	<b>Subsidiary company(ies)</b>		

	Sanjita Polymet Limited	12.60	12.60
	<b>With enterprise controlled by Director or their Relatives</b>		
	Sanco Enterprises (P) Ltd.	99.44	-
	<b>Entities controlled by Directors or their Relatives</b>		
	Superlink Polyfeb Ltd.- Associate Enterprises	95.24	65.73
	<b>Entities controlled by Directors or their Relatives</b>		
Receivables	Superlink Polyfeb Ltd.- Associate Enterprises	49.74	-
	<b>Key Management Personnel or their Relatives</b>		
	<b>Unsecured Loan Repayable</b>		
	Anurag Gupta- Relative of Director		
	Mansi Gupta-Relative of Director	92.00	92.00
	Rita Gupta- Whole Time Director	294.00	294.00
	Sanjay Gupta- Managing Director	418.81	384.24
	Shankuntla Gupta Relative of Director	225.00	225.00
	<b>Rent Payable</b>		
	Rita Gupta- Whole Time Director	2.03	2.03
	Shankuntla Gupta Relative of Director	2.03	2.03
	<b>Remuneration and Salary Payable</b>		
	Sanjay Gupta- Managing Director	5.00	1.01
	Rita Gupta- Whole Time Director	2.50	1.00
	Sidhant Gupta- Whole Time Director	4.25	0.80
	Mansi Gupta-Relative of Director	4.25	0.75
	Anurag Gupta- Relative of Director	0.50	1.00
	Madhvi Gaur CFO	0.30	0.50
	Akriti Mahajan- Company Secretary	1.40	1.40
	<b>Reimbursement of expenses payable</b>		
	Sanjay Gupta- Managing Director	-	5.23

## 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, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 28<sup>th</sup> July, 2020.

#### (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
- (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)

### **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of manufacturing, distribution centres, warehouses and extended supply chain partner locations got temporarily disrupted.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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

### **Provision for warranty**

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

### **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.

## **I. 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 asset or assets, and (ii) the arrangement conveys a right to use the asset(s).

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

### **Service concession arrangements**

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

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

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

### **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.

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

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

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

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

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

Costs of day to day repairs and maintenance costs are 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
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.

### **III. Investment properties**

Property that is held for long-term rental yields or for capital appreciation of 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.

### **IV. Intangible Assets**

#### **Service concession arrangements (SCA)**

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

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

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

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

#### **Other Intangible assets**

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

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

### **V. Financial Assets**

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

#### *Initial recognition*

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

#### *Subsequent Measurement*

- i. Financial assets measured at amortised cost

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

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

- A. Trade receivable
- B. Cash and cash equivalents
- C. Other Financial Asset

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

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

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

#### **VI. Government Grants**

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

#### **VII. Inventories**

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

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

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

#### **VIII. Cash and Cash equivalents**

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

#### **IX. Non-current Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components 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 are recognized into net income. Gains are not recognized in excess of any cumulative impairment losses.

**X. Share Capital**

Equity shares are classified as equity.

**XI. 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).

iii. 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.

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

*Impairment of Financial Assets*

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

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*

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 not 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.

## **XII. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

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

### **XIII. 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.

### **XIV. 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 a 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 a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## **XV. 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.

## **XVI. 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.

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 a resources will berequired 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 as inflow of economic benefits is probable.

## **XVII. 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 thereporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for theremaining financial instruments.

## **XVIII. 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.

## **XIX. 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.

## **XX. 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.

## **XXI. 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.

**XXII. 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.

**XXIII. 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.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SANCO INDUSTRIES LIMITED**

Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the accompanying consolidated financial statements of Sanco Industries Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020. The Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter Paragraph**

We did not audit the financial statements and other financial information of the foreign subsidiary M/s. Sanjita Polymet Limited (Hong Kong, 100% Subsidiary Company) included in the consolidated financial statement, whose consolidated financial statements reflect total assets of Rs. 317.86 lacs as at March 31, 2020 and net assets of Rs. 232.91 lacs as at year ended March 31, 2020 as the case may be, total revenues and other income of Rs. 163.36 lacs for the year ended on that date, as considered in the consolidated financial statements. These IndAs financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, to the extent they have been derived from such annual financial statements is based solely on the report of the Management of the Company. Further, subsidiary located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their country. We have considered the provisional financials of subsidiary in Hong Kong as audited financials are not available for consolidation. The company management has converted the financial statement of the subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. Our opinion in so far as it relates to the balance and affairs of the subsidiary located outside India is based on the Management report.

**Key Audit Matters**

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

**Property Plant and equipment and intangible assets**

There are areas where management judgements impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation and amortization amounts. These include the decision to capitalize or expense costs; the annual asset life review; the timelines of the capitalization of assets and the use of management assumptions and estimates for the determination of the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgements and estimates required, we consider this to be a key audit matter.

**Response to Key Audit Matter**

We assessed the controls in place, evaluated the appropriateness of capitalisation process, performed tests of details on costs capitalized, the timeliness of the capitalization of assets and the de recognition criteria for assets retired from active use.

In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalized; determination of realisable value of the assets retired from active use; the appropriateness of asset life applied in the calculation of depreciation; useful lives of assets as per the technical assessment of the management and external technical experts. We have observed that there are no material changes.

**Revenue Recognition**

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

**Response to Key Audit Matter**

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

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

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

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

### **Response to Key Audit Matter**

Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2020 to evaluate whether any change was required to management's position on these uncertainties.

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

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

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

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

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

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

The 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 Consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the 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 concerned basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

3. (A) As required by Section 143(3) of the Act, based on our audit we report that:
  - h) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - i) 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.
  - j) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - k) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - l) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - m) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - n) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (D) With respect to the other matters to be included in the Auditor's Report in accordance with Rule II 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:
  - v. There are pending litigations by and against the Company as at March 31, 2020 which may impact its financial position but no provision has been made as in the opinion of the management the amount cannot be estimated and will be dealt with in the year in which the dispute is settled and the Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.
  - vi. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - vii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- viii. The disclosures in the Consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

- (E) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For Rasool Singhal & Company**

**Chartered Accountants**

**FRN: 500015N**

**Sd/-**

**CA Rajat Banga**

**Partner**

**M. No. 542089**

**Date: 20 July 2020**

**Place: Delhi**

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

(Referred to in paragraph 2A (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”)**

#### **Opinion**

We have audited the internal financial controls over financial reporting of Sanco Industries Limited (‘the Company’) as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance note”).

#### **Emphasis of Matter Paragraph**

Long-term outstanding Balances in some of the personal and impersonal accounts are subject to confirmation and reconciliation.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the

design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

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

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

### **Limitations of Internal Financial controls over Financial reporting**

Because of the inherent limitations of the 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Rasool Singhal & Company**

**Chartered Accountants**

**FRN: 500015N**

**Sd/-**

**CA Rajat Banga**

**Partner**

**M. No. 542089**

**Date: 20 July 2020**

**Place: Delhi**

Sanco Industries Limited  
Consolidated Balance Sheet as at March  
31, 2020

			(Rs. In Lakhs)
Particulars	Not e No.	As at Mar 31, 2020	As at Mar 31, 2019
<b>I ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	3	224.13	275.23
(b) Investment Property	4	-	-
(c) Other Intangible Assets	5	-	0.00
(d) WIP	6	2.99	2.99
(e) Financial Assets			
(i) Investments	7	46.72	158.81
(ii) Trade receivables	8	2,544.68	2,105.31
(iii) Bank balances	9	-	-
(iv) Other financial assets	10	144.46	-
(f) Deferred tax assets (net)	11	15.48	12.67
(g) Other non current assets	12	0.10	0.10
<b>Total Non Current Assets</b>		<b>2,978.57</b>	<b>2,555.11</b>
<b>(2) Current assets</b>			
(a) Inventories	13	4,242.73	3,861.16
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	8	3,563.96	4,525.75
(v) Cash and cash equivalents	14	88.22	47.25
(vi) Bank balances	9	32.35	2.18
(vii) Other financial assets	10	1,439.16	1,214.69
(c) Other current assets	12	58.67	322.23
<b>Total Current Assets</b>		<b>9,425.08</b>	<b>9,973.26</b>
<b>Total Assets</b>		<b>12,403.65</b>	<b>12,528.37</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A EQUITY</b>			
(a) Equity Share Capital	15	1,028.40	1,028.40
(b) Other Equity		2,601.76	2,549.46
<b>Total Equity</b>		<b>3,630.16</b>	<b>3,577.86</b>
<b>B LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	1,205.50	1,215.24

(ii) Trade payables	17	-	-
(iii) Other financial liabilities	18	0.94	10.39
(b) Provisions	20	16.30	16.27
(c) Other non current liabilities	21	274.30	274.30
<b>Total Non Current Liabilities</b>		<b>1,497.04</b>	<b>1,516.20</b>
<b>(2)Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	4,579.84	4,669.86
(ii) Trade payables	17		
Total Outstanding dues of MSME Creditor		1,326.10	501.76
Total Outstanding dues of creditors other than MSME		951.57	1,781.50
(iii) Other financial liabilities	18	216.11	197.18
(b) Current tax Liabilities (Net)	19	4.31	39.77
(c) Provisions	20	1.21	5.35
(d) Other current liabilities	21	197.31	238.89
<b>Total Current Liabilities</b>		<b>7,276.45</b>	<b>7,434.31</b>
<b>Total Equity and Liabilities</b>		<b>12,403.65</b>	<b>12,528.37</b>

Summary of Significant Accounting  
Policies

2.2

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

As per our report of even date.

**Chartered Accountants**

FRN: 500015N

Sd/-

**Rajat Banga**

Partner

Membership No. 542089

Date: 28/07/2020

Place: Delhi

UDIN: 20542089AAAAAW7232

Sd/-

**Managing Director**

DIN - 00726005

Sd/-

**Mansi Gupta**  
Chief Financial  
Officer

**Sanco Industries Limited**

Sd/-

**Additional Director**

DIN -00725987

Sd/-

**Akriti Mahajan**

**Company Secretary**

**Consolidated Statement Of Profit And Loss For The Year Ended  
March 31, 2020**

				(Rs. In Lakhs)
Particulars	Not e No.	Year ended March '2020	Year ended March '2019	
I	Revenue from operations	23	3,739.89	11,243.79
II	Other income	24	165.26	13.20
III	Total Income (I+II)		<b>3,905.15</b>	<b>11,257.00</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	25	3,310.16	9,015.26
	Purchase of Stock-in-trade	26	295.21	1,175.84
	(Increase)/Decrease in Inventories Of Finished Goods	27	(307.63)	(246.14)
	Employee Benefit Expenses	28	139.75	189.57
	Finance costs	29	193.46	655.12
	Depreciation and amortisation expense	30	50.36	65.82
	Other expenses	31	194.20	265.46
	Total expenses (IV)		<b>3,875.52</b>	<b>11,120.94</b>
V	Profit/ (loss) before exceptional items and tax (III- IV)		29.63	136.06
VI	Exceptional items		-	-
VI	Profit/ (loss) before tax (V-VI)		<b>29.63</b>	<b>136.06</b>
I				
VI	Tax expense:			
II	(1) Current tax		5.71	41.55
	(2) Deferred tax		(3.05)	1.34
	(3) Mat Credit Entitlement		(2.19)	
	Total Tax Expense (VIII)		0.48	42.89
IX	Profit/ (loss) for the year (VII-VIII)		<b>29.16</b>	<b>93.17</b>
X	Other Comprehensive Income			
	(1) Items that will not be reclassified to profit and loss			2.69
	(2) Items that will be reclassified to profit and loss		0.88	0.30
	(3) Income tax effect on above		0.23	-
	Total Other comprehensive income		0.65	2.99
XI	Total Comprehensive Income for the year (IX+X) (Comprising profit and other comprehensive income for the year)		<b>29.81</b>	<b>96.16</b>

## XII Earnings per equity share

(1) Basic (Rs.)	32	0.28	0.90
(2) Diluted (Rs.)	32	0.28	0.90

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

As per our report of even date.

**For Rasool Singhal & Company**

**Chartered Accountants**

**FRN: 500015N**

**Sd**

**Rajat Banga**

**Partner**

**Membership No. 542089**

**UDIN: 20542089AAAAAW7232**

**Date: 28/07/2020**

**Place: Delhi**

**Sd/-**  
**Sanjay Gupta**  
**Managing**  
**Director**  
**DIN : 00726005**

**Sd/-**  
**Mansi Gupta**  
**Chief Financial**  
**Officer**

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

**Sd/-**  
**Rita Gupta**  
**Additional Director**

**DIN -00725987**

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

Sanco Industries Limited  
Consolidated Cash Flow Statement for the Period  
ended December 31, 2020

Particular	(Rs. In Lakhs)	
	For the year ended March 2020	For the year ended March 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax	29.63	136.06
Profit on sale of Investment	(5.93)	-
Other comprehensive Income	0.88	-
Depreciation and Amortization	50.36	65.82
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	(41.24)	(3.26)
Provision for Gratuity, Leave Encashment and Bonus		1.47
Interest Income	(17.81)	(3.17)
Interest Expenses	193.07	655.12
<b>Cash Generated Before Working Capital Changes</b>	<b>208.97</b>	<b>852.04</b>
<b>Movement In Working Capital</b>		
Increase / (Decrease) in Assets	50.01	(3,005.81)
Increase / (Decrease) in Liabilities	(66.59)	1,634.42
<b>Cash Generated From Operations</b>	<b>192.38</b>	<b>(519.35)</b>
Direct Taxes Paid	3.52	1.28
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>188.86</b>	<b>(520.64)</b>
<b>B CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of PPE, Intangible Assets and Investment Property	(0.17)	(0.92)
Proceeds of PPE, Intangible Assets and Investment Property	42.15	31.90
Proceeds from Investments	115.33	10.22
Interest Income Received	17.81	3.17
<b>Net Cash Flow From / (Used in) Investing Activities</b>	<b>175.11</b>	<b>44.37</b>
<b>C CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) of Long & Short Term Borrowings	(5.42)	(149.39)
Interest Paid	(193.07)	(655.12)
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(198.49)</b>	<b>(804.51)</b>
Net Increase / (Decrease) in Cash and Cash	165.48	(1,280.77)

Equivalents (A+B+C)		
Cash and Cash Equivalents at the beginning of the Period	(4,441.25)	(3,160.48)
Cash and Cash Equivalents at the end of the Period	<u>(4,275.77)</u>	<u>(4,441.25)</u>
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	86.07	21.30
Balances with Banks		
On Current accounts	2.15	25.95
On Deposits accounts	32.35	2.18
Bank Overdraft	(4,396.33)	(4,490.68)
<b>Cash and cash Equivalent</b>	<u><b>(4,275.77)</b></u>	<u><b>(4,441.25)</b></u>

Summary of Significant Accounting Policies 2.2  
 The accompanying notes and other explanatory information are an integral part of the Consolidated Financial Statements.  
 As per our report of even date.

**For Rasool Singhal & Company**

Chartered Accountants

FRN: 500015N

Sd/-

Rajat Banga

Partner

Membership No. 542089

Date: 28/07/2020

Place: Delhi

UDIN: 20542089AAAAAW7232

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

Sd/-

Sanjay  
 Gupta  
 Managing  
 Director

DIN -  
 00726005

Sd/-

Mansi  
 Gupta  
 Chief  
 Financial  
 Officer

Sd/-

Rita Gupta

Additional Director

DIN -00725987

Sd/-

Akriti Mahajan

Company Secretary

#### 4 Investment Property

Particulars	Land	Buildings	TOTAL ASSETS
<b><u>Gross Block</u></b>			
As at April 01, 2018	7.54	27.48	35.02
Additions	-	-	-
Disposals	(7.54)	(27.48)	(35.02)
<b>As at March 31, 2019</b>	-	-	-
Additions	-	-	-
Disposals	-	-	-
<b>As at March 31, 2020</b>	-	-	-
<b><u>Depreciation</u></b>			
As at April 01, 2018	-	4.97	4.97
Charged For the Period	-	1.61	1.61
On Disposals	-	(6.58)	(6.58)
<b>As at March 31, 2019</b>	-	-	-
Charged For the Period	-	-	-
On Disposals	-	-	-
<b>As at March 31, 2020</b>	-	-	-
<b><u>Net Block</u></b>			
As at March 31, 2019	-	-	-
As at March 31, 2020	-	-	-

#### Other Intangible Assets

##### Particulars

##### Gross Block

As at April 01, 2018	0.09	0.09
Additions	0.00	0.00
Disposals	0.00	0.00
<b>As at March 31, 2019</b>	0.09	0.09
Additions	0.00	0.00
Disposals	0.00	0.00
<b>As at March 31, 2020</b>	0.09	0.09

**Amortisation**

As at April 01, 2018	0.02	0.02
Amortised For the Period	0.01	0.01
On Disposals	0.00	0.00
<b>As at March 31, 2019</b>	<b>0.03</b>	<b>0.03</b>
Amortised For the Period	0.00	0.00
On Disposals	0.00	0.00
<b>As at March 31, 2020</b>	<b>0.00</b>	<b>0.00</b>

**Net Block**

As at March 31, 2019	0.00	0.06
As at March 31, 2020	0.00	0.00

<b>6</b>	<b>Capital Work In Progress</b>	<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>
	Intangible assets under development	2.99	2.99
		<b>2.99</b>	<b>2.99</b>

**4 Investment Property**

**In Rupees**

Particulars	Owned Assets		TOTAL ASSETS (A + B + C)
	Land	Buildings	
<b><u>Gross Block</u></b>			
As at April 01, 2016	754,222.00	2,748,497.78	3,502,720
Additions			-
Disposals			-
<b>As at March 31, 2017</b>	<b>754,222.00</b>	<b>2,748,497.78</b>	<b>3,502,720</b>
Additions			-
Disposals			-
<b>As at April 01, 2018</b>	<b>754,222.00</b>	<b>2,748,497.78</b>	<b>3,502,720</b>

Additions			-
Disposals	(754,222.00)	(2,748,497.78)	(3,502,720)
<b>As at March 31, 2019</b>	<u>-</u>	<u>0.00</u>	<u>0</u>
<b><u>Depreciation</u></b>			
<b>As at April 01, 2016</b>			-
Charged For the Period	-	261,200.55	261,201
<b>As at March 31, 2017</b>	<u>-</u>	<u>261,200.55</u>	<u>261,201</u>
Charged For the Period	-	236,377.64	236,378
On Disposals			-
<b>As at April 01, 2018</b>	<u>-</u>	<u>497,578.19</u>	<u>497,578</u>
Charged For the Period		161,167.89	161,168
On Disposals		(658,746.08)	(658,746)
<b>As at March 31, 2019</b>	<u>-</u>	<u>(0.00)</u>	<u>(0)</u>
<b><u>Net Block</u></b>			
As at March 31, 2017	<u>754,222.00</u>	<u>2,487,297.23</u>	<u>3,241,519</u>
As at April 01, 2018	<u>754,222.00</u>	<u>2,250,919.59</u>	<u>3,005,142</u>
As at March 31, 2019	<u>-</u>	<u>(0.00)</u>	<u>0</u>

### **Commentary**

#### **Investment property as per IND AS-40**

Investment property is a property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

## **5 Other Intangible Assets**

In Rs.

Particulars	Computer Software	Total
Gross Block		
As at April 01, 2016	0.09	0.09
Additions		0
Disposals		0
As at March 31, 2017	0.09	0.09
Additions		0

Disposals			0
As at March 31, 2018	0.09		0.09
Additions			0
Disposals			0
As at March 31, 2019	0.09		0.09
Amortisation			
As at April 01, 2016			0
Amortised For the Period	0.06		0.06
On Disposals			0
As at March 31, 2017	0.06		0.06
Amortised For the Period	0.02		0.02
On Disposals			0
As at March 31, 2018	0.08		0.08
Amortised For the Period	0.01		0.01
On Disposals			0
As at March 31, 2019	0.09		0.09
Net Block			
As at March 31, 2017		0.03	0.03
As at March 31, 2018		0.01	0.01

As per para 119 of IND AS - 38 , The classes mentioned above are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.

## 7 Non Current Investments

Particulars	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
	In Nos	In Nos	in Lakhs	in Lakhs
<b>I Investment at Cost</b>				
<b>A Un-Quoted</b>				
<b>Investment in Equity Shares</b>				

(i) Investment in Subsidiary Companies	450,000	450,000	-	-
(*Face value of US\$ 1 each)				
<b>Total Equity Investment At Cost</b>	<u>450,000.00</u>	<u>450,000.00</u>	<u>-</u>	<u>-</u>
<b>Total Un-Quoted Investments at Cost in Equity</b>	<u>450,000.00</u>	<u>450,000.00</u>	<u>-</u>	<u>-</u>
<b>II Investment at Fair Value through OCI</b>				
(i) Investment in Mutual Funds				
Union Dynamic Bond Fund			<u>-</u>	<u>53.37</u>
<b>Total Mutual Funds Investment At Fair Value</b>			<u>-</u>	<u>53.37</u>
(ii) Other Investment				
LIC of India			38.06	96.78
Star Union Dai-ichi Life Insurance			<u>8.66</u>	<u>8.66</u>
<b>Total Investment at Cost</b>			<u>46.72</u>	<u>105.44</u>
<b>Total Non Current Investments</b>			<u><b>46.72</b></u>	<u><b>158.81</b></u>

#### **11 Deferred Tax Asset/ (Liability)- Net**

##### **Particulars**

##### **Deferred Tax Assets**

	<u>As at Mar 31, 2020</u>	<u>As at Mar 31, 2019</u>
Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books	2.09	1.38
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	13.39	11.29
Other Timing Difference		
Gross Deferred Tax Assets	<u>15.48</u>	<u>12.67</u>
<b>Deferred Tax Asset/ (Liability)- Net</b>	<u><b>15.48</b></u>	<u><b>12.67</b></u>

<b>12 Other Assets</b>				
<b>Particulars</b>	<b>Non- Current</b>		<b>Current</b>	
	<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>
<b>Other Advances</b>				
Security Deposits	0.10	0.10	5.15	260.38
Prepaid Expense	-	-	0.44	2.09
Cenvat / Vat / Service Tax Credit Receivable	-	-	13.24	13.24
GST Receivable	-	-	-	5.12
Taxes Paid Under protest (Refer note 15)	-	-	9.50	9.50
MAT Credit entitlement	-	-	2.19	-
Others Assets	-	-	28.16	31.90
<b>Total</b>	<b>0.10</b>	<b>0.10</b>	<b>58.67</b>	<b>322.23</b>

<b>13 Inventories</b>			
<b>Particulars</b>		<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>
<b>(At lower of cost and net realisable value unless otherwise stated)</b>			
Raw Materials		3,219.50	3,145.56
Finished Goods		894.10	334.38
Stock in Trade		129.12	381.22
<b>Total</b>		<b>4,242.73</b>	<b>3,861.16</b>

**14 Cash and Cash Equivalents**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Cash on Hand	86.07	21.30
Balances with Banks		
-On Current Accounts	2.15	25.95
	88.22	47.25

**16 Long Term Borrowings**

Particulars	Non Current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
<b>Rupee Term Loans</b>				
<b>Secured</b>				
From Others (refer note (a))	160.32	160.32	-	-
<b>Unsecured</b>				
From Financial Institutions (refer note (b))	-	13.46	20.02	52.99
From Banks	15.38	30.96	17.00	11.63
<b>Hypothecation Loans - Secured</b>				
From Banks (refer note (c))	-	15.27	15.15	19.79
<b>Loans and Advances from Related Parties</b>				
<b>Unsecured</b>				
Rupee Term Loans - from Directors	1,029.81	995.23	-	-
<b>Net Amount</b>	1,205.50	1,215.24	52.17	84.41

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

(b) Indian Rupee Loan from various Financial Institutions. The loan is secured by personal guarantee of executive director of the company and their immovable property.

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

**17 Trade payables**

Particulars	Non current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Trade Payables (including acceptances)				
(a) total outstanding dues of micro enterprises and small enterprises	-	-	1,326.10	501.76
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	951.57	1,781.50
	-	-	<b>2,277.68</b>	<b>2,283.26</b>

**18 Other financial liabilities**

Particulars	Non current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Current maturities long term borrowings	-	-	52.17	84.41
Security Deposit	-	-	-	10.02
Salaries and other benefits Payable	-	2.00	40.88	35.51
Other Payables	0.94	8.39	23.61	67.21
Other Payables (MSME Vendor)	-	-	-	0.03
Others - Related party	-	-	99.44	-
	<b>0.94</b>	<b>10.39</b>	<b>216.11</b>	<b>197.18</b>

**19 Current Tax Liabilities (Net)**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Provision for Tax	6.07	41.55
Less: TDS and TCS	1.76	1.78
	<b>4.31</b>	<b>39.77</b>

**20 Provisions**

Particulars	Long Term		Short Term	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Provision for Leave Encashment	0.43	0.62	0.19	0.03
Provision for Gratuity	15.86	15.65	1.01	1.05
Provision for Bonus	-	-	-	4.27
	<b>16.30</b>	<b>16.27</b>	<b>1.21</b>	<b>5.35</b>

**21 Other liabilities**

Particulars	Non current		Current	
	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
Advance from Customers	-	-	96.20	198.23
Taxes Payable (Other than Income Tax)	-	-	20.84	19.19
Income Taxes Payable (Note 30)	274.30	274.30	42.18	2.19
Employee Contributions Payable	-	-	38.09	19.28
	<b>274.30</b>	<b>274.30</b>	<b>197.31</b>	<b>238.89</b>

**22 Short Term Borrowings**

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<b>Bank Overdraft</b>		
Cash Credits and Working Capital Demand Loan from Banks (Secured)* (Union Bank of India & South Indian Bank Cash Credit Limits - Secured against Hypothecation of liquid current assets, Plant and Machinery, Imvovable property and their personal gurantee of Director and relative)	4,396.33	4,490.68
<b>Other Loans repayable on demand</b>		
<b>Secured</b>		
From Financial Institutions (Secured against immovable property of Director)	167.43	164.18
<b>Unsecured</b>		
From other (Inter corporate depsoit)	16.07	15.00

\*the company bank CC Accounts (South Indian and UBI) has become Non-Performing Assets (NPA) as per banking rules and regulations.

<b>4,579.84</b>	<b>4,669.86</b>
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<b>15 Equity Share Capital</b>		
<b>Particulars</b>	<b>As at Mar 31, 2020</b>	<b>As at Mar 31, 2019</b>
<b>Authorised</b>		
1,40,00,000 Mar 31,2019: 1,40,00,000 of Rs. 10each) Equity Shares of Rs. 10 each	1,400.00	1,400.00
	<u>1,400.00</u>	<u>1,400.00</u>
<b>Issued, Subscribed and Paid Up</b>		
<b>Equity Shares</b>		
1,02,84,000 Mar 31,2019: 1,02,84,000 of Rs. 10 each) Equity Shares of Rs. 10 each, Fully Paid Up	1,028.40	1,028.40
<b>Total Equity Share Capital</b>	<u>1,028.40</u>	<u>1,028.40</u>

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

	<b>No. Lakhs</b>	<b>Rs. Lakhs</b>
<b>Equity Shares of Rs. 10 Each, Fully paid up</b>		
At the end 31st March 2019	<u>102.84</u>	<u>1,028.40</u>
Issued during the period - Bonus Issue	-	-
Issued during the period - Cash Issue	-	-
At the end 31st March 2020	<u>102.84</u>	<u>1,028.40</u>

**15.2 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. 10 Per share. Each Holder of equity shares is entitled to one vote per share.

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

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

	<b>No.</b>	<b>% of Holding</b>
<b>Equity Shares of Rs. 10 each Held By as on 31st March 2019</b>		
Mr. Sanjay Gupta	2,328,550	22.64%

Mr. Sidhant Gupta	528,120	5.14%
M/s Sanjay Gupta HUF	1,252,430	12.18%

**Equity Shares of Rs. 10 each Held By as on 31st March 2020**

Mr. Sanjay Gupta	2,328,550	22.64%
Mr. Sidhant Gupta	528,120	5.14%
M/s Sanjay Gupta HUF	1,252,430	12.18%

**Statement of Changes in Equity for the year ended  
March 31, 2020**

Attributable to the equity holders					
Particulars	Reserves and Surplus			Items of Other comprehensive Income	
	Securities Premium Account	Investment Revaluation Reserve	Retained earnings	Foreign currency translation reserve	Other items of other comprehensive income (specify nature)
<b>Balance as at 01.04.2018</b>	54.60	-	2,373.71	(3.33)	6.22
Changes in accounting policy/ prior period errors					
Restated balance at the beginning of the reporting period					
Current year profit			93.17	22.10	2.99
Other Comprehensive Income after tax for the Period					
<b>Balance as at 31.03.2019</b>	54.60	-	2,466.88	18.77	9.21
Changes in accounting policy/ prior period errors					
Less: Revaluation reserve Transferred to Statement of Profit and Loss account as Investment sold					(2.69)
Current year profit			29.16	25.18	0.65
Other Comprehensive Income after tax for the Period					
<b>Balance as at 31.03.2020</b>	54.60	-	2,496.04	43.95	7.17

**Notes to consolidated financial statements for the year ended March 31, 2020**

		(Rs. In Lakhs)	
		March 31, 2020	March 31, 2019
<b>32 Earning Per Share (EPS)</b>			-
<b>Total Operations for the year</b>			
	Profit/(Loss) after tax	29.16	93.17
	Less : Dividend on convertible Preference shares & tax thereon	-	-
	<b>Net Profit/(Loss) for calculation of basic EPS</b>	29.16	93.17
	(A)		
	Net Profit as above	29.16	93.17
	Add : Dividends on convertible preference shares & tax thereon	-	-
	Add : Interest on bonds/Debentures/Loan convertible into equity shares (Net of tax)	-	-
	<b>Net Profit/(Loss) for calculation of diluted EPS</b>	29.16	93.17
	(B)		
	<b>Weighted average number of Equity Shares for Basic EPS</b>	102.84	102.84
	(c)		
	<b>Effect of dilution :</b>		
	Due to bonus share	-	-
	<b>Weighted Average number of Equity shares for Diluted EPS</b>	102.84	102.84
	(D)		
	<b>Basic EPS</b>		
	(A) / (C)	0.28	0.91
	<b>Diluted EPS</b>		
	(B) / (D)	0.28	0.91
<b>33 Borrowing Costs</b>			
Detail of borrowing costs incurred which are directly attributable to the acquisition/ construction of a qualifying asset and capitalised during the year to be disclosed.			
<b>34 Capital and Other Commitments</b>		March 31, 2020	March 31, 2019

Estimated amount of contracts remaining to be executed on capital account other than investment property and not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on investment property and not provided for	Nil	Nil
Investment Commitment in Subsidiaries and Associates	Nil	Nil
Contractual obligations for purchase of PPE	Nil	Nil

### 35 Employee benefit obligations

#### 1 Defined benefit plans:

##### Gratuity

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

#### a Balance Sheet amount (Gratuity)

	Present value of obligation	Fair value of plan assets	Net amount
<b>April 01, 2018</b>	<b>16.56</b>	-	<b>16.56</b>
Current service cost	2.05	-	2.05
Interest expense   (income)	1.29	-	1.29
<b>Total amount recognised in profit and loss</b>	<b>19.90</b>	-	<b>19.90</b>
Remeasurement			
Return on plan assets, excluding amount included in interest expense   (income)			
(Gain)   Loss from change in financial assumptions	0.22	-	0.22
Experience (gain)   loss	(1.33)	-	(1.33)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(1.11)</b>	-	<b>(1.11)</b>
Employer contributions	-	-	-
Benefit payments	(2.09)	-	(2.09)
<b>March 31, 2019</b>	<b>16.70</b>	-	<b>16.70</b>
Current service cost	1.72	-	1.72
Interest expense   (income)	1.29	-	1.29
<b>Total amount recognised in profit and loss</b>	<b>3.01</b>	-	<b>3.01</b>
Remeasurement			
Change in demographic assumptions	0.00	-	0.00

(Gain)   Loss from change in financial assumptions	1.94	-	1.94
Experience (gain)   loss	(2.82)	-	(2.82)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(0.88)</b>	-	<b>(0.88)</b>
Employer contributions		-	-
Benefit payments	(1.95)	-	(1.95)
<b>March 31, 2020</b>	<b>16.88</b>	-	<b>16.88</b>

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

<b>Particular</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Current Liability (Short term)	1.01	1.05
Non-Current Liability (Long term)	15.86	15.64
	<b>16.88</b>	<b>16.70</b>

**c Expenses Recognised in the Income Statement**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Current Service Cost	1.72	2.05
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1.29	1.29
<b>Expenses Recognised in the Income Statement</b>	<b>3.01</b>	<b>3.34</b>

**d Other Comprehensive Income**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.94	0.22
- experience variance (i.e. Actual experience vs assumptions)	(2.82)	(1.33)
- others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-

**Components of defined benefit costs recognised in other comprehensive income**

<b>(0.88)</b>	<b>(1.11)</b>
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**e Actuarial Assumptions**

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

**Financial Assumptions**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Discount rate (per annum)	6.70%	7.70%
Salary growth rate (per annum)	7.00%	7.00%

**f Demographic Assumptions**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	5%	5%
31 to 45 years	3%	3%
Above 45 years	1%	1%

**g Sensitivity Analysis**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Defined Benefit Obligation (Base)	16.88	16.70

<b>Particular</b>	<b>March 31, 2020</b>		<b>March 31, 2019</b>	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%) (% change compared to base due to sensitivity)	19.18 13.60%	14.94 -11.50%	19.13 14.60%	14.68 -12.10%
Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity)	14.93 -11.50%	19.15 13.40%	14.65 -12.30%	19.13 14.50%
Attrition Rate (- / + 50% of attrition rates)	16.94	16.82	16.51	16.86

(% change compared to base due to sensitivity)	0.40%	-0.30%	-1.10%	0.90%
Mortality Rate (- / + 10% of mortality rates)	16.88	16.88	16.69	16.70
(% change compared to base due to sensitivity)	-	-	-	-

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

	March 31, 2020	March 31, 2019
<b>A. Claims disputed by the company</b>		
Income tax Liability		
A.Y. 14-15*	63.33	63.33
A.Y. 12-13	119.91	-
Interest on TDS, Short deduction and Late fee	7.56	-
*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.		
<b>B. Outstanding Corporate Guarantees</b>		
Given to Financial Institutions, Banks on behalf of other group companies *	20.00	20.00
(* Corporate Guarantees issued for facility taken by foreign Subsidiary Company (Amount in USD)		
<b>C. Guarantees issued by the bank on behalf of the Company</b>	4.46	4.46

**37 Segment Reporting**

As the company business activity fall within one segment viz. Manufacturing Business As per IndA 108, the disclosure requirements of IndAs 108 of Operating segment is not applicable

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

Particulars	March 31, 2020	March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the year	1,326.10	501.76
Interest due on the above amount	-	-
Amount of interest paid in terms of Section 16 of the MSMED Act, 2006.	-	-

Amount of payments made to the suppliers beyond the appointed day during the year	-	-
Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act	-	-
Amount of interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprises.	-	-

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

### 39 Cash and Cash Equivalents

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

	March 31, 2020	March 31, 2019
Cash on Hand	86.07	21.30
Balances with Banks	-	-
-On Current Accounts	2.15	1.78
-On deposits	32.35	2.18
	<b>120.57</b>	<b>25.26</b>

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

Particulars	March 31, 2020	March 31, 2019
Cash & Cash equivalent as per balance sheet	120.57	25.26
Bank Overdraft	(4,396.33)	(4,490.68)
	<b>(4,275.77)</b>	<b>(4,465.42)</b>

### 40 Payment to Auditor

Particulars	March 31, 2020	March 31, 2019
Audit fees	1.76	2.06
Tax Audit Fees	0.25	0.49
Other tax matter fees	1.00	-
<b>Total</b>	<b>3.01</b>	<b>2.55</b>

### 41 Earning in Foreign Currency

Particulars	March 31, 2020	March 31, 2019
Income in foreign currency	Nil	Nil

**42 Expenditure in Foreign Currency**

Particulars	March 31, 2020	March 31, 2019
Purchase of Goods	-	596.07

**43 Details of Unpaid undisputed Statutory Liabilities**

The Company has not paid its undisputed and disputed statutory liability which are pending for more than 2 years related to income tax, more than 6 months related to ESIC and EPF.

Statutory Liability	March 31, 2020	March 31, 2019
Income Tax Act	320.16	315.85
ESIC	6.90	4.21
EPF	27.11	15.07

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

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

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

	2
Summary of Significant Accounting Policies	.
	2

The accompanying notes and other explanatory information are an integral part of the Financial Statements. As per our report of even date.

**For Rasool Singhal & Company**

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

**Chartered Accountants  
FRN: 500015N**

**Sd/-  
Rajat Banga  
Partner  
Membership No. 542089**

**Date: 28//7/2020  
Place: Delhi**

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

**Sd/-  
Mansi  
Gupta**

**Sd/-  
Rita Gupta  
Additional  
Director  
DIN -00725987**

**Sd/-  
Akriti Mahajan**

**47 Fair value measurements**
**(i) Fair value hierarchy**

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

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

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

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

(Rs. In Lakhs)

Particular	As at March 31, 2020			As at April 1, 2019		
	FV PL	F V O C I	Amorti sed	FV PL	FV OCI	Amortised
<b>Financial assets</b>						
Investments						
-Equity instruments	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	53.37	-
-Other Investment	-	-	46.72	-	-	105.44
Trade receivables	-	-	6,108.64	-	-	6,631.06
Deposit with Bank	-	-	32.35	-	-	2.18
Cash and cash equivalents	-	-	88.22	-	-	47.25
Other financial assets						
- Loans and Advances to Employees	-	-	1.61	-	-	0.62
- Advances to Suppliers	-	-	1,581.98	-	-	1,213.94
- Interest Accrued on Deposits	-	-	0.04	-	-	0.13
<b>Total Financial Assets</b>	-	-	- 7,859.55	-	- 53.37	8,000.62

<b>Financial liabilities</b>						
Borrowings			5,837.51			5,969.51
Trade payables			2,277.68			2,283.26
Other financial liabilities						
- Security Deposit			-			10.02
- Salaries and other benefits Payable			40.88			37.51
- Other Payables			124.00			75.63
<b>Total Financial Liabilities</b>	-	-	-	8,280.06	-	-
	-	-	-	8,280.06	-	-
						8,375.93

**Fair Market Value of Financial Assets**

Particular	(Rs. In Lakhs)			
	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	FMV	Carrying Amount	FMV
<b>Financial assets</b>				
Investments				
- Equity instruments	-	-	-	-
- Mutual Funds	-	-	50.00	53.37
- Other Investment	46.72	46.72	105.44	105.44
Trade receivables	6,108.64	6,108.64	6,631.06	6,631.06
Deposit with Bank	32.35	32.35	2.18	2.18
Cash and cash equivalents	88.22	88.22	47.25	47.25
Other financial assets				
- Loans and Advances to Employees	1.61	1.61	0.62	0.62
- Advances to Suppliers	1,581.98	1,581.98	1,213.94	1,213.94
- Interest Accrued on Deposits	0.04	0.04	0.13	0.13

<b>Total Financial Assets</b>	<b>7,859.55</b>	<b>7,859.55</b>	<b>8,050.62</b>	<b>8,053.99</b>
<b>Financial liabilities</b>				
Borrowings	5,837.51	5,837.51	5,969.51	5,969.51
Trade payables	2,277.68	2,277.68	2,283.26	2,283.26
Other financial liabilities				
- Security Deposit	-	-	<b>10.02</b>	-
- Salaries and other benefits Payable	40.88	40.88	37.51	37.51
- Other Payables	124.00	124.00	75.63	75.63
<b>Total Financial Liabilities</b>	<b>8,280.06</b>	<b>8,280.06</b>	<b>8,375.93</b>	<b>8,365.91</b>

**46 RELATED PARTY  
DISCLOSURE**

**a) Name of Related parties and description of relationship**

Description of Relationship	Name
Subsidiary company	- Sanjita Polymet Limited
Associates	- Sanco Enterprises Private Ltd - Superlink Polyfeb Ltd.
Key Management Personnel	<ul style="list-style-type: none"> <li>- Rita Gupta (resigned as a whole time director w.e.f 20.06.2019)</li> <li>- Mansi Gupta (appointed as CFO w.e.f 01.07.2019)</li> <li>- Sanjay Gupta</li> <li>- Akriti Mahajan</li> <li>- Sidhant Gupta (resigned w.e.f 05.12.2019)</li> <li>- Saurabh Gupta</li> <li>- Sanjeev Kumar Jain</li> <li>- Surender Kumar Gupta (resigned w.e.f 06.03.2020)</li> <li>- Sonu Kumari</li> <li>- Madhavi Gaur (resigned as CFO w.e.f. 30/06.2019)</li> </ul>
Close family members of Key Management Personnel	<ul style="list-style-type: none"> <li>- Anurag Gupta</li> <li>- Sanjay Gupta HUF</li> <li>- Shakuntala Gupta</li> </ul>

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

Particulars	Subsidiary company(ies)		Entities controlled by Directors or their Relatives		Key Management Personnel or their Relatives	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>Transactions</b>						
Purchase of Goods	-	291.77	95.58	65.73	-	-
Sale Of Machinery	-	-	49.74	-	-	-
Unsecured Loan Received	-	-	-	-	54.57	12.00
Unsecured Loan Repaid	-	-	-	-	20.00	57.77
Remuneration	-	-	-	-	22.05	31.63
Reimbursement of expenses	-	-	-	-	-	44.33
Rent paid	-	-	-	-	-	6.76
<b>Balance outstanding</b>						
Receivable			49.74		-	-
Payables	12.60	12.60	99.44	-	1,052.06	1,010.99

( C ) Details of Related party Transactions

		(Rs. In Lakhs)	
Nature of Trasaction	Relation and Name	March 31, 2020	March 31, 2019
<b>Unsecured Loan Received</b>	<b>With Key Management Personnel or their Relatives</b>		
	Mansi Gupta-Relative of Director	-	1.25
	Rita Gupta- Whole Time Director	-	5.00
	Sanjay Gupta- Managing Director	54.57	0.75
	Shankuntla Gupta Relative of Director	-	5.00
<b>Unsecured Loan Repaid</b>	<b>With Key Management Personnel or their Relatives</b>		
	Anurag Gupta- Relative of Director	-	4.00
	Sanjay Gupta- Managing Director	20.00	53.77
<b>Purchase of Goods (including GST) Sale of Machinery (Including GST)</b>	<b>With enterprise controlled by Director or their Relatives</b>		
	Superlink Polyfeb Ltd.- Associate Enterprises	95.58	65.73
	Superlink Polyfeb Ltd.- Associate Enterprises	49.74	
<b>Remuneration and Salary</b>	<b>With Key Management Personnel or their Relatives</b>		
	Sanjay Gupta- Managing Director	6.00	6.01
	Rita Gupta- Whole Time Director	1.50	6.00
	Sidhant Gupta- Whole Time Director	2.40	4.80
	Mansi Gupta-Relative of Director	0.75	3.00
	Mansi Gupta-CFO	2.25	
	Anurag Gupta- Relative of Director	6.00	6.00
	Madhvi Gaur CFO	0.75	0.75
	Vipul Singhal CFO		2.67
Akriti Mahajan- Company Secretary	2.40	2.40	
<b>Reimbursement of expenses</b>	<b>With Key Management Personnel or their Relatives</b>		
	Sanjay Gupta- Managing Director	-	44.33
<b>Rent Paid</b>	<b>With Key Management Personnel or their Relatives</b>		
	Rita Gupta- Whole Time Director	-	3.38
	Shankuntla Gupta Relative of Director	-	3.38
<b>Payables</b>	<b>Subsidiary company(ies)</b>		
	Sanjita Polymet Limited	12.60	12.60
	<b>With enterprise controlled by Director or</b>		

	<b>their Relatives</b>		
	Sanco Enterprises (P) Ltd.	99.44	-
	<b>Entities controlled by Directors or their Relatives</b>		
	Superlink Polyfeb Ltd.- Associate Enterprises	95.24	65.73
<b>Receivables</b>	<b>Entities controlled by Directors or their Relatives</b>		
	Superlink Polyfeb Ltd.- Associate Enterprises	49.74	-
	<b>Key Management Personnel or their Relatives</b>		
	<b>Unsecured Loan Repayable</b>		
	Anurag Gupta- Relative of Director		
	Mansi Gupta-Relative of Director	92.00	92.00
	Rita Gupta- Whole Time Director	294.00	294.00
	Sanjay Gupta- Managing Director	418.81	384.24
	Shankuntla Gupta Relative of Director	225.00	225.00
	<b>Rent Payable</b>		
	Rita Gupta- Whole Time Director	2.03	2.03
	Shankuntla Gupta Relative of Director	2.03	2.03
	<b>Remuneration and Salary Payable</b>		
	Sanjay Gupta- Managing Director	5.00	1.01
	Rita Gupta- Whole Time Director	2.50	1.00
	Sidhant Gupta- Whole Time Director	4.25	0.80
	Mansi Gupta-CFO	4.25	0.75
	Anurag Gupta- Relative of Director	0.50	1.00
	Madhvi Gaur CFO	0.30	0.50
	Akriti Mahajan- Company Secretary	1.40	1.40
	<b>Reimbursement of expenses payable</b>		
	Sanjay Gupta- Managing Director	-	5.23

## 1. COMPANY INFORMATION:

Sanco Industries Limited (the 'Holding 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

#### (c) Basis of preparation and compliance with Ind AS

The consolidated 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 consolidated financial statements is based on Ind AS Schedule III of the Companies Act, 2013.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated 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 consolidated financial statements are presented in INR, the functional currency of the Company. Items included in the consolidated 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 consolidated financial statements.

The consolidated financial statements of the Company for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on July 28, 2020

#### (d) Basis of measurement

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

### 2.2 Key Accounting Estimates and Judgements

The preparation of consolidated 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:

- (g) Measurement of defined benefit obligations
- (h) Measurement and likelihood of occurrence of provisions and contingencies
- (i) Recognition of deferred tax assets
- (j) Key assumptions used in discounted cash flow projections
- (k) Impairment of Intangible assets
- (l) Measurement of Lease liabilities and Right of Use Asset (ROUA)

**Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of manufacturing, distribution centres, warehouses and extended supply chain partner locations got temporarily disrupted.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, advances, property plant and equipment, Intangibles etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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

**Provision for warranty**

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

**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.

**XXIV. 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 asset or assets, and (ii) the arrangement conveys a right to use the asset(s).

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

### **Service concession arrangements**

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

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

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

### **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.

## **XXV. 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
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 consolidated 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.

## **XXVI. Investment properties**

Property that is held for long-term rental yields or for capital appreciation of 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.

## **XXVII. Intangible Assets**

### **Service concession arrangements (SCA)**

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

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

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

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

### **Other Intangible assets**

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

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

## **XXVIII. 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*

- v. Financial assets measured at amortised cost

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

amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

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

- D. Trade receivable
- E. Cash and cash equivalents
- F. Other Financial Asset

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

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

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

#### **XXIX. Government Grants**

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

#### **XXX. Inventories**

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

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

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

#### **XXXI. Cash and Cash equivalents**

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

#### **XXXII. Non-current Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components 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 are recognized into net income. Gains are not recognized in excess of any cumulative impairment losses.

### XXXIII. Share Capital

Equity shares are classified as equity.

### XXXIV. 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).

- vii. 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.

- viii. Investment in subsidiaries, joint ventures & associates are carried at cost in the separate consolidated financial statements.

#### *Impairment of Financial Assets*

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

- 3) 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.

- 4) Other financial assets

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

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

A financial asset is 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 not 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 trial 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.

## **XXXV. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

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

### **XXXVI. 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.

### **XXXVII. 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 consolidated 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.

### **XXXVIII. 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.

### **XXXIX. 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.

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 consolidated financial statements when an inflow of economic benefits is probable.

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

## **XLI. 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.

**XLII. 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.

**XLIII. 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.

**XLIV. 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.

**XLV. 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.

**XLVI. Rounding of amounts**

All amounts disclosed in the consolidated 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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