

2016 2017

ANNUAL REPORT



SARTHAK METALS LIMITED
(Formerly : Sarthak Metals Marketing Private Limited)

BOARD OF DIRECTORS

Mr. Anoop Kumar Bansal	:	Chairman and Managing Director
Mr. Mayur Bhatt	:	Whole Time Director
Mr. Sanjay Shah	:	Whole Time Director
Mr. Chetan Kumar	:	Non-Executive Independent Director
Mrs. Rama Kohli	:	Non-Executive Independent Director
Mr. Kishore Kumar Bansal	:	Non-Executive Non-Independent Director

CHIEF FINANCIAL OFFICER

Mr. Anirudh Singhal

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Itika Singhal

STATUTORY AUDITORS

B. Vishwanath & Co.
Chartered Accountants
Block No. 7, First Floor,
Himalaya Complex, G.E. Road,
Supela, Bhilai - 490023

22nd ANNUAL GENERAL MEETING

DAY, DATE, TIME
Tuesday, 1st August 2017 at 11 A.M.

BANKERS

State Bank of India
ICICI Bank Limited
Axis Bank

VENUE

B.B.C. Colony, G.E. Road, Khursipar,
Bhilai – 490011, Chhattisgarh, India

REGISTERED OFFICE

B.B.C. Colony, G.E. Road, Khursipar
Bhilai – 490011,
Chhattisgarh, India

BOOK CLOSURE

25th July 2017 to 1st August 2017

REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (next To Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059

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Letter to Shareholders

Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2016-17. During the year your company saw a 19.5% growth in revenues from FY 2016, a very healthy sign of improving Steel sector in India. Your company has also shown a healthy EBIDTA margin of 7.2% along with 10% growth in the Earnings Per Share. The Profit After Tax stood at ₹ 3.95 Crores on net sales of ₹ 153.87 Crores against ₹ 128.71 Crores in FY 2015-16. I am also delighted to state that your company has been performing well in the exports market with the export turnover increasing by 4 times in FY 2016-17.

Your company sold 8833.914 MT of products in FY 2016-17. Of this 5225.897 MT cored wires were sold and 3608.017 MT aluminum flipping coil were sold. I am honored to state that the production in FY 2016-17 was the highest your company has ever seen.

It has been eventful year in many ways, first being that the shares of your company were listed on 27th March 2017 on the SME exchange of BSE. The market has reacted positively to our performance in the past few months. Your company also started setting up Ferro Aluminum and Iron Powder plant in FY 2016-17, which have now come online. These production lines will add to the margins of the company as the company already has a market for these products, and producing them in-house would increase margins and help in entering new markets.

Remaining on track of it's earlier strategy of backward integration to increase margins in the current product basket your company is now planning to set up manufacturing plant of Aluminum Wire Rod. We currently buy Aluminum wire rod and convert the same into flipping coil, however, now your company in a bid to increase its market share in this product and improve the margins is setting up an aluminum wire rod plant. The work for the same is underway in full swing.

The current Indian government at the center has helped improved the demand of domestic steel with its various infrastructure spending policies and anti dumping measures. We are of the view that this government is into infrastructure growth for the long term and therefore the steel industries recovery is on the right path. Further, the interest rates are also spiraling downwards due to control of inflation and various RBI policies.

Overall, your company has been performing well even in the face of new entrants to the market and has been delivering strong results. Further, trust in Sarthak's brand name, dedication of our employees, well connected distribution network and our dedication to the clients makes the prospects of the company brighter for the future.

I express my thanks to all fellow Directors for their invaluable contribution through their guidance and encouragement, which have been momentous for the success of the company. I would also like to thank all our employees for their hard work, dedication and strong commitment towards our company.

I finally thank all of you, the stakeholders, for your continued patronage and trust in the management of your company. I assure you that we are committed to building a company, which we all shall be proud of.

sd/-
ANOOP KUMAR BANSAL
Managing Director
Sarthak Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the members of Sarthak Metals Limited will be held on Tuesday, 1st August 2017 at 11. A.M. at the B.B.C. Colony, Khursipar, G.E. Road, Bhilai, Chhattisgarh-490011 to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt Audited Financial statement for the year ended 31.03.2017 with all annexure and attachment thereto including the Auditor's Report and the Directors' Report.
2. To declare final Dividend for the financial year 2016-17.
3. To appoint Statutory Auditors and authorize the Board of Directors to fix the remuneration and in this regard to consider and if thought fit pass with or without modification (s), the following resolution as on Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139 & 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and such other applicable provisions, M/s Begani & Begani, (FRN- 010779C), Statutory Audit Firm be and is hereby appointed as Auditors of the Company in place of B. Vishwanath & Co., Chartered Accountant (FRN- 007875C) to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of the 27th AGM to 2022 (subject to ratification of their appointment at every AGM, if so required under the Act), at such remuneration including applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

REGISTERED OFFICE:

B.B.C. Colony, Khursipar, G.E. Road, Bhilai, Chhattisgarh-490011

CIN: L51102CT1995PLC009772

E-mail address: cs@sarthakmetals.com, cfo@sarthakmetals.com

website: www.sarthakmetals.com

By Order of the Board of Directors

SARTHAK METALS LIMITED

Itika Singhal

Sd/-

Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The Explanatory statement for the proposed resolutions under Item No. 3 pursuant to section 102 of the Companies Act, 2013 read with section 110 of the Companies Act, 2013 setting out material facts are annexed herewith.

4. The attendance slip cum Proxy Form is placed at the end of this Annual Report.
5. Pursuant to the provision of SEBI (LODR) Regulations, 2015 and section 91 of the Companies Act, 2013, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 25th July 2017 to Tuesday, 1st August 2017. (both days inclusive).
6. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the meeting
7. As per the applicable provisions and rules thereunder any Dividend remaining unpaid and unclaimed at the end of 07th year thereafter shall be transferred to the Investor Education and Protection Fund (IEPF).
8. Members / Proxies attending the Meeting are requested to bring their copies of Annual Report together with attendance slip duly completed and signed along with Client ID and DP ID numbers.
9. Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of the Annual General Meeting to enable the Management to keep the required information ready at the meeting.
10. The Ministry of Corporate Affairs has come out with a circular dated 29th April 2011 which allows the companies to send documents including Annual Reports and other intimation by an email. Therefore, you are requested to register your email IDs with the Registrar and Transfer Agent of the Company. The Company is already having email ID of the members holding their shares in DEMAT through their respective Depository Participants. The said email ID shall be considered as registered email ID for the said members unless informed otherwise to the Company or Registrar and Transfer Agent.
11. Shareholders holding shares in dematerialized form should communicate the change of address, if any, to their Depository Participant and other who hold shares in physical form should communicate the change of address, to the Registrar and Share Transfer Agent of the Company at the following address:

Big Share Services Private limited

1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (Next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059

12. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to the individual shareholder. The same should be availed through respective depository.
13. The Notice of 22nd AGM along with the attendance slip and proxy form are being sent via electronic mode (to shareholders having their email IDs registered with the Company/Depository Participants) and in physical mode (to shareholders not having their email IDs registered with the Company/ Depository Participants).
14. The Company, being listed on SME Exchange and in view of provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 is not required to provide remote e-voting facility to its members.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NO. 3 OF THE NOTICE:

M/s. B. Vishwanath & Co., Chartered Accountants, the existing auditors of the Company were appointed as Statutory Auditors of the Company at the AGM for holding the office from the conclusion of the 19th AGM till the conclusion of the 5th AGM from last AGM (Subject to ratification by the members at every subsequent Annual General Meetings).

However, M/s B. Vishwanath & Co., has shown their unwillingness to continue as Statutory Auditors of the Company for the financial year 2016-17 and onwards. Moreover, M/s B. Vishwanath & Co., was not the Peer Reviewed Auditor which is

necessary for listed entities. Hence, the Company was availing services of Peer reviewed Auditor separately.

The Company has received a consent Notice under the provision of the Companies Act, 2013 from the Auditor for appointing M/s Begani & Begani, Chartered Accountant, as Statutory Auditor of the Company. M/s Begani & Begani, Chartered Accountant, are also the Peer Reviewed Auditors. Moreover, M/s Begani & Begani, Chartered Accountant, Raipur has given their consent to act as Statutory Auditor of the Company and also provided declaration that their appointment, if made shall be within the limit prescribed.

The Company needs to appoint the Statutory Auditor for a term of five years as per the applicable provisions of the Companies Act, 2013.

None of the Directors, KMP or their relatives are in any way concerned or interested in this resolution.

The Board recommends the Ordinary Resolution set out on Item No. 3 of Notice for approval by members.

REGISTERED OFFICE:

B.B.C. Colony, Khursipar, G.E. Road, Bhilai, Chhattisgarh-490011

CIN: L51102CT1995PLC009772

E-mail address: cs@sarthakmetals.com, cfo@sarthakmetals.com

website: www.sarthakmetals.com

By Order of the Board of Directors
SARTHAK METALS LIMITED
Itika Singhal

Sd/-
Company Secretary

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 22nd Annual Report of SARTHAK METALS LIMITED along with the Audited Financial Statements for the year ended 31st March 2017.

FINANCIAL SUMMARY/HIGHLIGHTS

Our Company's financial performance for the year under review has been encouraging and is summarized below:

(In lakhs)

Particulars	Current Year as on 31.03.2017	Previous Year as on 31.03.2016
Total Income	15,387.39	12,871.40
Less: Expenditure & Depreciation	14,799.98	12,331.98
Profit before Tax (PBT)	587.41	539.42
Less: Tax (including deferred tax)	192.39	182.39
Profit After Tax (PAT)	395.02	357.03

PERFORMANCE REVIEW

Iron & Steel sector has seen positive results in the past financial year after many years of poor performance. This is mainly due to two reasons, first being higher budget allocation by Central Government of on infrastructure expenditure and measures to stop cheap steel imports from China. Overall it has been a good year for your company. Our revenues have increased by 19.55% and EBIDTA by 11.93%. Earnings per share have also increased by 10.5% despite new shares being issued by the company. The growth has been steady despite many other players entering the market. We have been able to show good performance due to our client's trust in our product and their readiness to pay a premium for the same.

DIVIDEND

The Board consider that the profits of the company are attributed to the trust of the shareholders in the management of the Company. Accordingly, the board proposed to declare a dividend of 5% per equity share and the same has been placed for approval of shareholders of the company in the forthcoming Annual General Meeting (AGM).

RESERVES

During the year under review, the Board in its meeting held on 29th May, 2017 has recommended an amount of Rs. 68,44,875 as proposed dividend. The above proposal has been recommended by the Board of Directors of the Company which needs to be approved by the shareholders at ensuing Annual General Meeting. The Company has transferred Rs. 3,20,00,000 to the securities premium account and no amount has been transferred to the Revaluation Reserve.

SHARE CAPITAL

The Paid-up Equity share capital of the Company as on 1st April, 2016 was Rs. 12,08,97,500 divided into 1,20,89,750 Equity Shares of Rs 10/- each. On 24th March 2017, the Company has issued 16,00,000 more shares worth Rs 10 each. The equity share capital thus, as on 31/03/2017 was Rs. 13,68,97,500.

SUCCESSFUL INITIAL PUBLIC OFFERING

At the beginning of the financial year, the Company was an unlisted private Company. With effect from 23rd August, 2016 the Company converted into a Public Limited Company. The Company has made an Initial Public Offer of 36,36,000 Equity Shares of Face Value of Rs.10 each for cash at a price of Rs. 30 per Equity Share (including a share premium of Rs. 20 per Equity share) ("Offer Price) aggregating to Rs.1090.80 Lakhs ("The Offer") consisting of a fresh issue of 16,00,000 Equity Shares aggregating to Rs. 480 lakhs (The "Fresh Issue) and an offer for sale of 20,36,000 Equity Shares by the selling shareholders aggregating to Rs. 610.80 lakhs ("Offer for Sale") vide Prospectus dated 25th February, 2017. The Company has successfully completed the Initial Public Offering (IPO) in the current year pursuant to the applicable SEBI Rules and Regulations. The IPO opened on 10th March, 2017 and closed on 17th March, 2017.

The Public Offer of the Company received an encouraging response from the investors and the public issue was oversubscribed. The Equity Shares of the Company have been listed on SME Platform of BSE Limited w.e.f 27th March, 2017.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is attached in Annexure A appended to the Director's Report.

CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the requirement of Key Managerial Personnel became applicable to the Company.

- Mr. Chetan Kumar (DIN: 00327687) and Mrs. Rama Kohli (DIN: 01835824) were appointed as Independent Directors w.e.f 24.08.2016 of the Company pursuant to section 149 of the Companies Act, 2013 for a term of five years each from 24th August, 2016 to 23rd August, 2021 and that he/she will not be liable to retire by rotation. The appointment of Mr. Chetan Kumar and Mrs. Rama Kohli were approved by the shareholders at Extra Ordinary General Meeting on 26th August, 2016.
- In accordance with section 149 (7) of the Act, each Independent Director has given a written declaration to the company that he/she meets the criteria of independence as laid down under section 149(6) of the Act and clause 49 of the Listing Agreement/ Regulation 16(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- Mr. Anoop Kumar Bansal (DIN: 01661844) was appointed as Managing Director of the company for a period of five years w.e.f 21.08.2016. The appointment was approved by the Board of shareholders of the Company at Annual General Meeting on 20th August, 2016.
- Mr. Kishore Kumar Bansal (DIN: 03067387) resigned from the post of Whole Time Director of the company and continues as a normal Director of the Company w.e.f 16.08.2016.
- Mr. Mayur Bhatt (07586457) was appointed as Whole Time Director of the Company w.e.f. 24.08.2016 for a period of 3 years. The appointment was approved by the shareholders at Annual General Meeting on 20th August, 2016.
- Mr. Sanjay Shah (00350967) was only a Director of the Company but w.e.f. 24.08.2016 he was appointed as Whole Time Director of the Company for a period of 3 years. The appointment was approved by the shareholders at Extra Ordinary General Meeting on 26th August, 2016
- Mr. Anirudh Singhal was appointed as Chief Financial Officer of the Company w.e.f. 24.08.2016. The appointment of Mr. Anirudh Singhal, Chief Financial Officer, was approved by the Board of Directors of the company at Board Meeting on 4th August, 2016.
- Ms. Brinda Sethi was appointed as Company Secretary of the Company w.e.f 12th August, 2016. She has resigned