



2017 2018

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

Begani & Begani
Chartered Accountants
2nd Floor, C- 34/1,
Tagore Nagar,
Raipur (C.G.)- 492001

BANKERS

State Bank of India
ICICI Bank Limited
Axis Bank

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

Big Share Services Private Limited
1st Floor, Bharat Tin Works Building, Opposite
Vasant Oasis Apartments (Next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai-400059

23rd ANNUAL GENERAL MEETING

DAY, DATE, TIME
Friday, 14th September 2018 at 11 A.M.

ANNUAL GENERAL MEETING VENUE

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

BOOK CLOSURE

07th September 2018 to
14th September 2018

WEBSITE

www.sarthakmetals.com

INDEX

Sr. No.	Particulars	Page No.
1	Letter to Shareholders	1
2	Notice for the AGM	2-4
3	Directors Report	5-15
4	Annexures to Directors Report	16
4a.	Annexure A	16
4b.	Annexure B	16-17
4c.	Form MGT - 9	18-27
4d.	Form AOC – 1	28-29
4e.	Form AOC – 2	30
5	Management Discussion & Analysis	31-32
6	Secretarial Report	33-35
7	Independent Auditors Report	36-41
8	Audited Financial Statements	42-45
9	Cash Flow Statement	46-47
10	Notes forming part of Financial Statement	48-69
11	Attendance Slip	70
14	Proxy Form	71
15	Route Map	72

Letter to Shareholders

Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the Financial Year 2018. During the year your company saw a 12.4% growth in revenues from FY 2017, a healthy sign of improving Steel sector in India. This growth has been from old plants as well as some green field projects of steel plants coming online in FY 2018. Your company has maintained the EBIDTA margin of 7% while increasing the revenues which has led to increase in absolute EBITDA by 16.7%. The EPS growth has doubled as compared to last year growing by 20%. The Profit After Tax stood at ₹ 4.75 Crores on net sales of ₹ 171.26 Crores against ₹ 153.87 Crores in FY 2016-17.

Your company has been breaking it's own records by way of production of Cored Wires and Aluminum Flipping Coil. This is year has been the year of highest production ever by your company. The company also saw it's Ferro Aluminum plant coming online in FY 2018. Ferro Aluminum is looking at healthy sales in FY 2019 especially from new customers. The average capacity utilization has been below 60%.

It has been more than a year since the shares of your company were listed on the Bombay Stock Exchange. The company's market capitalization has seen various highs and lows but comparing the year-ends, market has rewarded your company with a 17% increase in market capitalization.

Your company is consistent committed in it's strategy of backward integration. The company has started setting up Aluminum wire rod mill for backward integrating our aluminum flipping coil product. With the help of this backward integration we shall be able to reduce our raw material costs, add to our gross margins and leverage our existing relationships and brand name with the steel plants. Furthermore, your company shall be able to increase its market share by offering this product at competitive prices. The aluminum wire rod plant shall be come online by October 2018.

Your company has been delivering strong growth and performance due to hold on the domestic as well as exports market. Sarthak's brand good name, strategy of backward integration and research on new products has been the key in keeping new entrants at bay. We continue to grow by leveraging our strengths and exploiting new opportunities.

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 23rd Annual General Meeting of the members of **Sarthak Metals Limited** will be held on Friday, 14th September 2018 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 31.03.2018 with all annexure and attachment thereto including the Auditor's Report and the Directors' Report.
2. To appoint Mr. Kishore Kumar Bansal (DIN: 03067387), who retires by rotation and being eligible offers himself for re-appointment:

"RESOLVED THAT pursuant to the provision of section 152(6) of the Companies Act, 2013 and the rules made there under, Mr. Kishore Kumar Bansal (DIN: 03067387) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as the Director of the Company."

SPECIAL BUSINESS

3. **To set limit of borrowings upto Rs. 70 crores above the net worth of the Company.**

"RESOLVED THAT, pursuant to the provisions of Section 180 (1) (c) and (2) of Companies Act, 2013 or any amendment or modifications thereof, approval of members be and is hereby accorded to the Board of Directors of the Company to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, in excess of the aggregate of the paid-up capital of the Company and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, subject to the proviso that such borrowing shall not exceed Rs. 70,00,00,000 (Rupees Seventy Crores only) over and above the aggregate of the paid-up capital of the Company and its free reserves and shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

Registered Office:

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

CIN: L51102CT1995PLC009772

E-mail: 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 Friday, 07th September 2018 to Friday, 14th September 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 23rd 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 AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Section 180(1)(c) of the Companies Act, 2013 requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from the temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves.

In the view of growing operations, company may require additional funds. It is therefore recommended to authorize Board of Directors to borrow the money subject to the provisions that such borrowing shall not exceed Rs. 70,00,00,000 (Rupees Seventy Crores only) over and above the aggregate of the paid-up capital of the Company and its free reserves and shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider from time to time in the interest of the Company.

No Director of the Company are deemed to be directly or indirectly interested in passing this resolution.

The Directors of Your Company recommends these resolutions for your approval as a Special Resolution.

Registered Office:

B.B.C. Colony, Khursipar, G.E. Road,

Bhilai, Chhattisgarh-490011

CIN: L51102CT1995PLC009772

E-mail: 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

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 23RD ANNUAL GENERAL MEETING OF THE COMPANY

Mr. Kishore Kumar Bansal-Non Executive Non- independent Director

Name of Director	Mr. Kishore Kumar Bansal (DIN: 06359909)
Date of Birth	19/08/1968
Date of Appointment	Appointed as Director July 28, 1995 Change in designation from Executive Director to Non- Executive Director from August 16, 2016
Brief Resume and Nature of Expertise in Functional Areas Qualification	He has over 20 years of experience in the metals trading business and industry. Under Matriculation
No. of Equity Shares held in the Company	741000 shares
List of Directorship/Committee Memberships in other Public Companies as on 31st March, 2018	Other Directorship- NIL Other Committee Membership- NIL
Disclosure of Relationships between Directors inter-se	Mr. Anoop Kumar Bansal and Mr. Kishore Kumar Bansal are brothers

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 23rd Annual Report of SARTHAK METALS LIMITED along with the Audited Financial Statements for the year ended 31st March 2018.

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 31.03.2018	Previous Year as on 31.03.2017
Total Income	17,290.17	15,387.39
Less: Expenditure & Depreciation	16,575.70	14,799.98
Profit before Tax (PBT)	714.47	587.41
Less: Tax (including deferred tax)	227.29	192.39
Profit After Tax (PAT)	487.18	395.02

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 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 12.4% and EBIDTA increased by 16.7%. Earnings per share have also increased by 20%. 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

In order to conserve resources for future growth and business expansion, your directors do not recommend any dividend for the Financial Year 2017-18.

RESERVES

The Company has transferred the whole amount of Profit to Reserve & Surplus Account as per attached audited Balance Sheet for the year ended on 31st March 2018

SHARE CAPITAL

The Paid-up Equity share capital of the Company as on 1st April, 2017 was Rs. 13,68,97,500 divided into 1,36,89,750 Equity Shares of Rs 10/- each. No change was made during the year. The equity share capital thus, as on 31/03/2018 was Rs. 13,68,97,500.

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

The composition of the Board is as per the Listing Regulations and provisions of the Companies Act, 2013. There was no change in the composition of the Board during the year under review.

Presently, the composition of the Board is six Directors, led by Chairman and Managing Director with two Whole- Time Director, two Non- Executive Independent Director and one Non- Executive Non- Independent Director.

In accordance with the provisions of Companies Act, 2013, Mr. Kishore Kumar Bansal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS:

As required by Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Management Discussion & Analysis Report forms part of the Annual Report.

REPORT ON CORPORATE GOVERNANCE:

Sarthak Metals Limited is listed on SME Exchange of BSE, the requirement of Corporate Governance as notified in Regulation 15 (2) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 not applicable; therefore it is not required to maintain Corporate Governance Report.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declarations from all the Independent Directors of the Company under Section 149 (7) of Companies Act, 2013 confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES & INDIVIDUAL DIRECTOR

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was led by Nomination & Remuneration Committee, the evaluation was done using individual interviews covering amongst other vision, strategy and role clarity of the Board. Board dynamic and processes, contribution towards development of the strategy, risk management, budgetary controls, receipt of regular inputs and information, functioning, performance & structure of Board Committees, ethics & values, skill set, knowledge & expertise of Directors, leadership etc.

As part of the evaluation process the performance of non- independent Directors, the Chairman and the Board was done by the Independent Directors. The performance evaluation of the respective Committees and that of independent and non-independent Directors was done by the Board excluding the Director being evaluated. The Directors expressed satisfaction with the evaluation process.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS:

The Board members are provided with brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Chairman and Managing Director had one to one discussions with newly appointed Directors to familiarize them with the Company's operations. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory and regulatory changes are circulated to the Directors. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company.