



SARTHAK METALS LIMITED

(Formerly : Sarthak Metals Marketing Private Limited)



ANNUAL REPORT

2018-19

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

24th ANNUAL GENERAL MEETING

DAY, DATE, TIME
Wednesday, 28th August 2019 at 11 A.M.

BANKERS

State Bank of India
ICICI Bank Limited
Axis Bank

ANNUAL GENERAL MEETING 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

21st August 2019 to
28th August 2019

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

WEBSITE

www.sarthakmetals.com

INDEX

Sr. No.	Particulars	Page No.
1	Chairman's Message	1
2	Notice for the AGM	2-4
3	Directors Report	5-15
4	Annexures to Directors Report	16-30
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	36-42
8	Audited Financial Statements	43-46
9	Cash Flow Statement	47-48
10	Notes forming part of Financial Statement	49-70
11	Attendance Slip	71
12	Proxy Form	72
13	Route Map	73

Chairman's Message

Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the Financial Year 2019. Your company has maintained its double digit growth rate even in the trying times of the Steel Industry due to excellent goodwill with steel plants and agile strategy of the top management to pivot at a short notice. During the year your company saw a 10.37% growth in revenues from FY 2018. The growth has been from our old customers and also increase in exports.

You will be pleased to know that your company's exports have grown by 78% in FY 2018-19. This clearly shows how much confidence developed country's steel plants are placing in your company's products. We hope to gain more market share in the world market due to the Indian manufacturing competitive advantage, Make in India.

Your company has a healthy EBIDTA margin of 7.11% while increasing the revenues which has led to increase in absolute EBITDA by 13.47%. The EPS & PAT of FY 2019 have increased by 21.20% compared to FY 2018. The Profit After Tax stood at ₹ 5.76 Crores up from Rs 4.75 Crores last year on net sales of ₹ 190.83 Crores against ₹ 172.90 Crores last year.

Your company did its best production ever in FY 2018-19 in terms of quantity. The Aluminum wire rod plant came online in Feb 2019 and your company has already got confirmed orders from steel plants, despite us being new to the product. This clearly shows the confidence steel plants place when procuring critical items from your company. With this aluminum wire rod plant, your company expects to reduce raw material cost in its already established market. With these reduced costs, coupled with your company's brand name, we expect to get larger market share in the aluminum wire rod business.

I express my sincere gratitude to all fellow Directors for their invaluable contribution through their continuous 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

DIN:01661844

Sarthak Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the members of Sarthak Metals Limited will be held on Wednesday, 28th August 2019 at 11. A.M. at 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 31st March 2019 with all annexures and attachments thereto including the Auditor's Report and the Directors' Report.
2. To declare dividend on equity shares for the financial year 2018-19.

SPECIAL BUSINESS

3. **To consider and if thought fit, to pass, with or without modification, the following resolution as a ORDINARY RESOLUTION:**

"RESOLVED THAT, pursuant to the provisions of section 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification(s) or re- enactment thereof for the time being in force and as may be enacted from time to time, the consent of the Members be and is hereby accorded to the revision in the remuneration of Mr. Manoj Kumar Bansal, related party holding office or place of profit, w.e.f 1st April 2019 as detailed in the Explanatory Statement.

RESOLVED FURTHER THAT, the Nomination & Remuneration Committee/Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013 to effect change in designation and responsibilities of the persons holding office or place of profit within the maximum limit approved by the shareholders.

RESOLVED FURTHER THAT, for the purpose of giving effect to the foregoing Resolution, Mrs. Itika Singhal, Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filling of returns with any authority."

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 Wednesday, 21st August 2019 to Wednesday, 28th August 2019. (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 24thAGM 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

The provisions of section 188(1) of the Companies Act, 2013 Act that govern the Related Party Transactions require a Company to obtain prior approval of the Board of Directors and in certain cases approval of the shareholders is also required.

Section 188(1)(f) of the Companies Act, 2013 provides for the related party's appointment to any office or place of profit. The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 21st May 2019 had consented for increase of remuneration payable to Mr. Manoj Kumar Bansal (related parties holding office or place of profit) w.e.f. 1st April 2019, subject to approval of the Shareholders by way of an Ordinary Resolution.

The details of the increased remuneration are given below.

Name of Related Parties: Mr. Manoj Kumar Bansal

Name of the Director or KMP who is related: Mr. Anoop Kumar Bansal

Mr. Kishore Kumar Bansal

Nature of Relationship: Brother of Mr. Anoop Kumar Bansal and Mr. Kishore Kumar Bansal

Designation: Promoter and Plant Head

Monthly Remuneration payable individually w.e.f. 1st April 2019:

- Basic Salary: Rs 300,000/- (Rupees Three Lakh Only) P.M. (Proposed Increase from Rs. 200,000/- P.M to 300,000/- P.M)
- Perquisites u/s 17(2) of the Income Tax Act, 1961- Rs. 250,000/-
- Bonus- Rs. 200,000/-
- Your Directors recommends the resolutions for your approval.
- Mr. Anoop Kumar Bansal, Managing Director and Mr. Kishore Kumar Bansal, Non- Executive Non- Independent Director being relative are deemed to be interested or concerned in the respective offices.

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

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 24th Annual Report of SARTHAK METALS LIMITED along with the Audited Financial Statements for the year ended 31st March 2019.

FINANCIAL SUMMARY/HIGHLIGHTS

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

(Rs in Lacs)

Particulars	Current Year as on 31.03.2019	Previous Year as on 31.03.2018
Total Income	190,82.67	172,90.17
Less: Expenditure & Depreciation	182,71.69	165,75.70
Profit before Tax (PBT)	805.34	702.88
Less: Tax (including deferred tax)	229.00	227.29
Profit After Tax (PAT)	576.34	475.58

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 10.37% and EBIDTA increased by 13.47%. Earnings per share have also increased by 21.20%. 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

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). During the year under review, the Board in its meeting held on 21st May 2019 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.

RESERVES

The Company has not transferred any amount to the Reserves during the financial year.

SHARE CAPITAL

The Paid-up Equity share capital of the Company as on 1st April, 2018 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 31/03/2019 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 C appended to the Director's Report. The same is also placed on the website of the Company www.sarthakmetals.com

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.

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 discussion 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.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors duly met 4(Four) times in financial year 31st March, 2019 and as per section 173 of the Companies Act the time gap between anytwo Meetings has not been more than one hundred and twenty days. The dates on which the