



SARTHAK INDUSTRIES LIMITED

**32nd Annual Report
2015-16**

CIN	: L99999MH1982PLC136834
BOARD OF DIRECTORS	: Mr. Yogender Mohan Sharma Whole-time Director
	Mr. Udesb Dassani Independent Director
	Mr. Vijay Rathi Independent Director
	Mr. Sartajsing Chhabra Non-Executive Director
	Mrs. Deepika Arora Non-Executive Director
COMPANY SECRETARY	: CS Amit Jain
CHIEF FINANCIAL OFFICER	: CA Kailash Kumar Agarwal
BANKERS	: Punjab National Bank IDBI Bank Ltd.
REGISTERED OFFICE	: Room No. 4, Anna Bhuvan, 3 rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai-400009 (MH)
CORPORATE OFFICE	: 214, Trade Centre, South Tukoganj, Indore-452001(M.P.)
WORKS	: LPG Cylinder Unit Pithampur Industrial Area, Village Akoliya, District Dhar, (M.P.)
STATUTORY AUDITORS	: M/s Ashok Khasgiwala & Co., Chartered Accountants 317, Chetak Centre Annex, Indore-452001(M.P.)
COST AUDITORS	: M/s. A. GOYAL AND CO., Cost Accountants
SECRETARIAL AUDITORS	: M/s Ajit Jain & Co., Company Secretaries
REGISTRAR & SHARE TRANSFER AGENT	: M/s Sarthak Global Limited 170/10, Film Colony, R.N.T. Marg, Indore-452001 (M.P.)
STOCK EXCHANGE LISTING	: The Bombay Stock Exchange Ltd.

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the members of **Sarthak Industries Limited** will be held at Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai- (MH) – 400009 on Friday, the 30th September, 2016 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Deepika Arora (DIN: 07117491) who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint M/s Ashok Khasgiwala & Company, Chartered Accountants, (Firm Registration No.: 0743C) retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such Orders, Rules, Notifications, as may be promulgated by the appropriate authorities in this regard, the remuneration of Rs. 20,000/- (Rs. Twenty Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses for the financial year ending 31st March, 2016 as approved by the Board of Directors of the Company, payable to M/s. A. GOYAL AND CO., Cost Accountants (Firm Registration No. 101308) for conducting the audit of the cost records of the Company be and is hereby ratified and confirmed.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such Orders, Rules, Notifications, as may be promulgated by the appropriate authorities in this regard, the remuneration of Rs. 20,000/- (Rs. Twenty Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses for the financial year ending 31st March, 2017 as approved by the Board of Directors of the Company, payable to M/s. A. GOYAL AND CO., Cost Accountants (Firm Registration No. 101308) for conducting the audit of the cost records of the Company be and is hereby ratified and confirmed.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **special resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and subject to the necessary approvals, consents, sanctions and permissions of appropriate authorities, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called the “**Board**”, which term shall be deemed to include person(s) authorized and/or committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to make loan(s) in one or more tranches and/or give guarantee(s), provide any security(ies) in connection with loan(s) made either in Rupee or in any other foreign currency, to the Company or other Bodies Corporate by any Banks/Financial Institutions/Bodies Corporate and/or any other person, situated within or outside the country, and/or to make investment by acquisition, subscription, purchase or otherwise the securities of any Body Corporate upto a limit of Rs. 100.00 Crores (Rs. One Hundred Crores only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and finalise the terms and conditions of such investments, loans, guarantees and provision of securities on behalf of the Company and to take such other steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, if any required, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.”

By order of the Board of Directors

Place: Indore
Dated: 03rd September, 2016

AMIT JAIN
COMPANY SECRETARY

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. **A PERSON SHALL ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 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 MEMBER.**

3. Register of Members and Share Transfer Books of the Company will remain closed from **23rd September, 2016 to 30th September, 2016** (both days inclusive).
4. An Explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the “Act”) in respect of item no. 4 to 6 of the notice set out above, is annexed hereto.
5. Members are requested to:
 - a. Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
 - b. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c. Send their questions at least 10 days in advance of the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
6. Disclosure pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Directors seeking re-appointment/appointment at the Annual General Meeting is attached hereto. The Directors have furnished the requisite declarations for their appointment/re-appointment.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
8. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. transfer of shares, deletion of name, transmission of shares and transposition of shares.
9. The Notice of Annual General Meeting and Annual Report of the Company for the year 2015-16, circulated to the Members of the Company, is available on the Company’s website viz. www.sarthakindustries.com.

10. Remote E-Voting

- (I) In compliance with provisions of Section 108 of the Companies Act, 2013 read with the relevant Rules made thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- (i) The remote e-voting period begins on Tuesday, 27th September, 2016 at 09.00 A.M. and ends on Thursday, 29th September, 2016 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 23rd September, 2016 i.e. cut-off date (record date), may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first letter of their name and the 9 digits of the sequence number (which is printed on address sticker), in the PAN field. • In case the sequence number is less than 9 digits enter the applicable number of 0's before the number after the first character of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter R000000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> • 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 (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for “SARTHAK INDUSTRIES LIMITED” on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) 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 playstore. Iphone and Windows phone users can download the app from the App store and Windows phone store respectively. Please follow the Instructions as prompted by the mobile app while voting on your mobile
- (xx) Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to 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.
 - After receiving the login details they have to create a compliance user 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 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.

- (xxi) 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
- (II) (a) Mr. L. N. Joshi, FCS 5201, Practicing Company Secretary (CP No 4216) has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (b) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the meeting, a consolidated Scrutinizer’s report of the total votes cast in favor or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
11. Voting is provided to the members through remote e-voting and at the annual general meeting of the Company. A Member can opt for only one mode of voting i.e. either through e-voting or at the Annual General Meeting of the Company.
12. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
13. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail.
14. At the meeting, after all the items of the notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed.
15. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.sarthakindustries.com not later than 2 (two) days of passing of the resolution at the Annual General Meeting of the Company and will be communicated to the Stock Exchange.
16. A route map and prominent land mark for easy location to the venue of AGM is attached to this Notice.

By order of the Board of Directors

Place: Indore
Dated: 03rd September, 2016

AMIT JAIN
COMPANY SECRETARY

ANNEXURE TO THE NOTICE**Explanatory Statement as required under Section 102 of the Companies Act, 2013****Item No. 4:**

The Board of Directors of the Company on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. A. GOYAL AND CO., Cost Accountants (Firm Registration No. 101308), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at a remuneration of Rs. 20,000/- (Rupees Twenty Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration payable to the cost auditors has to be ratified by the shareholders of the Company.

The Board recommends the Ordinary Resolution at Item No. 4 for approval of the members.

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 the Ordinary Resolution set out at Item No. 4 of the Notice.

Item No. 5:

The Board of Directors of the Company on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. A. GOYAL AND CO., Cost Accountants (Firm Registration No. 101308), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 at a remuneration of Rs. 20,000/- (Rupees Twenty Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration payable to the cost auditors has to be ratified by the shareholders of the Company.

The Board recommends the Ordinary Resolution at Item No. 5 for approval of the members.

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 the Ordinary Resolution set out at Item No. 5 of the Notice.

Item No. 6:

Pursuant to the provisions of Section 186 of the Companies Act, 2013, Company, directly or indirectly can give any loan to any person or other body corporate; or give any guarantee or provide security in connection with a loan to any other body corporate or person; or acquire by way of subscription, purchase or otherwise, the securities of any other body corporate upto sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.

The Board proposes to enhance the said limit upto Rs. 100.00 Crores (Rs. One Hundred Crores only) to make investment/ give loan or security/ guarantee may be provided by the Board of Directors of the Company. In accordance with the provision of Companies Act, 2013, the said limit may also be considered as an annual limit fixed by the shareholders for extending guarantee till the time the same is fully utilized/exhausted.

Hence as per the provision of Section 186 of the Companies Act, 2013, the Board recommend the members to pass the resolution as set out in item no. 6 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 the Special Resolution set out at Item No. 6 of the Notice.

By order of the Board of Directors

Place: Indore

Dated: 03rd September, 2016

AMIT JAIN
COMPANY SECRETARY

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting (pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Director	MS. DEEPIKA ARORA (DIN: 07117491)
Date of Birth	03.05.1983
Age	33 years
Date of Appointment	16.03.2015
Expertise / Experience in specific functional areas	She is having vast experience in the field of finance.
Qualification	C.A
No. & % of Equity Shares held in the Company.	Nil
Name of listed Company in which Ms. Deepika Arora holds directorship and the membership of committees of the Board.	Ms. Deepika Arora is not a Director in any other listed company and also does not hold membership of committees of the Board of any other listed Company
Relationship between directors inter-se.	Nil
Sitting fee during 2015-16	Rs. 6,000
Attendance in Board Meeting	She has attended 6 meeting out of 7 meetings of Board of Directors of the Company.

By order of the Board of Directors

Place: Indore

Dated: 03rd September, 2016

AMIT JAIN
COMPANY SECRETARY

Sarthak Industries Ltd.

CIN: L99999MH1982PLC136834

Regd. Office: Room No. 4, Anna Bhuvan,

3rd Floor, 87C Devji Ratansi Marg,

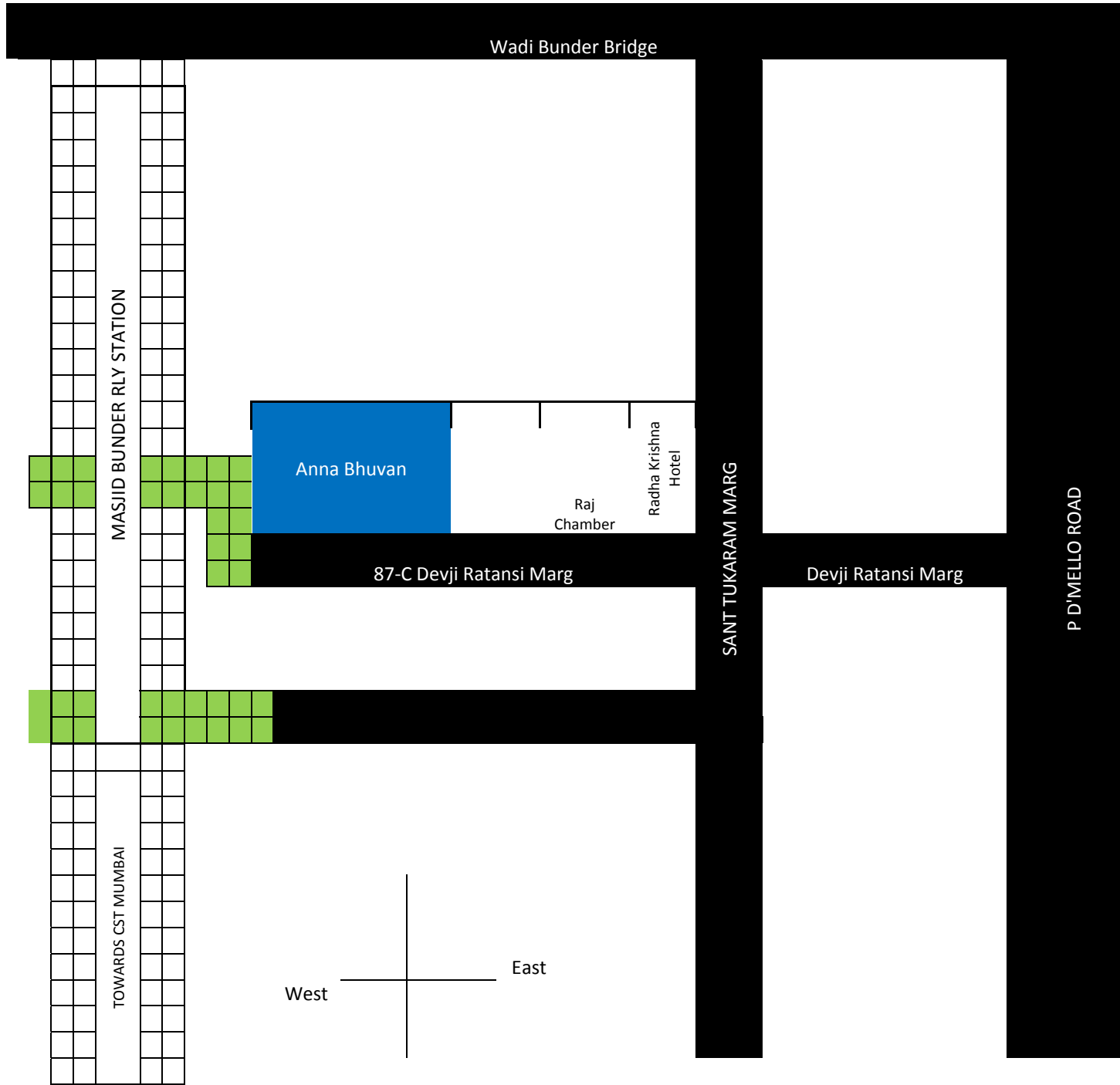
Dana Bunder, Mumbai (MH), 400009

Phone: 022-23480110,

Email Id: sarthakindustries@yahoo.in

Website: www.sarthakindustries.com

Route Map to the AGM Venue



DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 32nd Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

The performance of the Company for the financial year ended on 31st March, 2016 is summarized below:

Particulars	(Rs. In Lacs)	
	2015-16 (01.04.2015-31.03.2016)	2014-15 (01.04.2014-31.03.2015)
Sales and other Income	10,025.61	9,996.29
Profit/ (Loss) before Depreciation & Taxation	146.96	102.53
Depreciation	40.07	60.96
Profit/ (Loss) before tax	106.89	41.57
Tax Expenses	24.82	14.43
Profit/ (Loss) after Taxation	82.07	27.14
Balance brought forward from previous year	(409.55)	(411.68)
Adjustment of Depreciation as per schedule II of the Companies Act, 2013	--	(25.01)
Amount available for appropriation	(327.48)	(409.55)
APPROPRIATION	--	--
Amount Carried to Balance sheet	(327.48)	(409.55)

DIVIDEND

Your Directors have decided to plough back the profits to the operational fund requirement of the Company. Hence, no dividend has been recommended for the year under review.

AMOUNT TRANSFERRED TO RESERVE

During the year, the Company has not transferred any amount in General Reserve.

OPERATIONS

During the year under review, Sales and Other Income of the Company stood at Rs. 10,025.61 Lacs showing increasing trend over the previous year Sales and Other Income Rs. 9,996.29 Lacs. Profit before tax has increased and stood at Rs. 106.89 Lacs as compared to previous year figures Rs. 41.57 Lacs and Net Profit also increased and stood at Rs. 82.07 Lacs as compared to previous year net profit Rs. 27.14 Lacs. Your Directors are hopeful for better performance in the coming years.

DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL

During the year under review, the Company has not raised any paid up share capital. The Paid up Equity Share Capital as at 31st March 2016 stood at Rs. 6,96,88,500/-. The Company has not issued shares with differential voting rights nor has granted any stock option or sweat equity shares. As on 31st March 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

INSURANCE

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all the employees in maintaining cordial relations.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

A separate report on Corporate Governance in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of this report. Certificate regarding compliance of conditions of Corporate Governance Report issued by Statutory Auditors is attached separately to this report.

Management Discussion and Analysis Report as required under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached separately to this Annual Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

To the best of their knowledge and belief, your Directors make the following statements in terms of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013:

- i) That in the preparation of the annual accounts for financial year ended 31st March, 2016; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) That the Directors have 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 financial year and of the profit and loss of the Company for that period;
- iii) That the Directors have 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;
- iv) That the Directors have prepared the annual accounts on a going concern basis;

v) That the Directors have laid down internal financial controls, which are adequate and are operating effectively;

vi) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Deepika Arora (DIN: 07117491), Director of the Company retires by rotation in accordance with the provisions of the Articles of Association of the Company and being eligible offer herself for re-appointment.

During the year under review, the members approved the appointments of Ms. Deepika Arora as Director who are liable to retire by rotation.

Mr. Kailash Kumar Agarwal has been appointed by the Board as Chief Financial Officer (CFO) and Key Managerial Personnel of the Company w.e.f. 11.04.2015.

During the year, declarations received from the Directors of the Company pursuant to Section 164 of the Companies Act, 2013. Board appraised the same and found that none of the directors is disqualified holding office as director.

Details of the proposal for appointment/ re-appointment of Directors are mentioned in the Notice of the Annual General Meeting.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company does not have any subsidiary or joint venture or associate Company during the year.

NUMBER OF MEETINGS OF THE BOARD

The Board met 7 times during the financial year. The details of which are given in the *Corporate Governance Report* that forms part of this annual report. The intervening gap between any two Meetings was within the period prescribed under the Companies Act, 2013.

CODE OF CONDUCT

The Company has laid down a code of conduct for all Board members and Senior Management and Independent Directors of the Company. All the Board members including Independent Directors and Senior Management Personnel have affirmed compliance with the code of conduct. Declaration on adherence to the code of conduct is forming part of the Corporate Governance Report.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

None of Independent Directors are due for re-appointment.

FAMILIARIZATION PROGRAMME

Details of the programmes for familiarization of the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. are available on the website of the Company at the link: <http://www.sarthakindustries.com/images/Familiarisation%20Programme-SIL.pdf>

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements and during the year, no reportable material weaknesses in the design or operation were observed.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not given any loans or guarantees or made investment beyond the limits mentioned under the provisions of Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.sarthakindustries.com/images/Related_Party_Policy.pdf

MATERIAL CHANGES AND COMMITMENT BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, are given in the “*Annexure A*” forming part of this report.

PARTICULARS OF THE EMPLOYEES AND RELATED DISCLOSURES

None of the employee has received remuneration exceeding the limit as stated in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Disclosure pertaining to remuneration and other details as required 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, are given in the “*Annexure B*” forming part of this report.

POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

The policy on Directors’ Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as “*Annexure C*” forming part of this report.

AUDIT COMMITTEE

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism which also incorporates a Whistle Blower Policy in line with the provisions of the Companies Act, 2013 and the Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to report genuine concerns or grievances. The Vigil Mechanism/ Whistle Blower Policy may be accessed on the Company’s website i.e. www.sarthakindustries.com.

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company has formed a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company. The details of risk have been covered in the Management Discussion and Analysis Report forming part of the Boards report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

AUDITORS & AUDITORS REPORT

The Auditors M/s. Ashok Khasgiwala & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and they are not disqualified for such appointment.

The notes referred to by the Auditors in their Report are self explanatory and hence do not require any explanation.

Further, there was no fraud in the Company, which was required to report by statutory auditors of the Company under sub-section (12) of Section 143 of Companies Act, 2013.

COST AUDIT

The Board has appointed M/s A. Goyal & Co., Cost Accountants, (Firm Registration No. 101308) as Cost Auditors of the Company for conducting the audit of cost records maintained by the Company for the financial year 2015-16.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s Ajit Jain & Co., Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year 2015-16 is annexed herewith as “*Annexure D*” forming part of this report.

There are no adverse comments, qualifications or reservations or adverse remarks in the Secretarial Audit Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulator or courts or tribunals impacting the going concern status of the Company and future operations.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in form MGT 9 is annexed herewith as “*Annexure E*” forming part of this report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an anti harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was

no complaint received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all the employees of the Company for their enormous personal efforts as well as their collective contribution during the year. The Directors would also like to thank the shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continuous support given by them to the Company and their confidence in the management.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

YOGENDER MOHAN SHARMA

Whole-time Director

DIN: 03644480

SARTAJ SING CHHABRA

Director

DIN: 05342507

Place: Indore

Dated: 03rd September, 2016

ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2016 are as under.

(A) Conservation of energy-**(i) The steps taken or impact on conservation of energy:**

Various operational measures were taken to reduce energy consumption such as operation control on timing of lighting and other equipment, especially in off-season and timely preventive maintenance of equipment to enhance their efficiency.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

No steps taken during the year 2015-16.

(iii) The capital investment on energy conservation equipments:

No Capital investment on energy conservation equipments during the year 2015-16.

(B) Technology absorption-**(i) The efforts made towards technology absorption:**

A continuous interaction and exchange of information in the industry is being maintained with a view to absorbing, adapting and innovating new methods that may be possible.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

The main benefits derived are Quality improvement and Cost reduction.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company's operations do not require import of technology

(iv) The expenditure incurred on Research and Development:

No expenses have been incurred on Research and Development during the year 2015-16.

(C) Foreign exchange earnings and Outgo

During the year under review, the foreign exchange outgo was **Rs. 2,14,15,795** (Previous Year Rs. **10,61,85,533/-**) and the foreign exchange earning was Rs. **NIL** (Previous year Rs. Nil).

ANNEXURE 'B' TO DIRECTORS' REPORT**DISCLOSURE PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED 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:**

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Executive Director	Ratio of median remuneration
Mr. Yogender Mohan Sharma	9.07
Non-Executive Director	
Mr. Udesb Dassani	0.08
Mr. Vijay Rathi	0.08
Mr. Sartajsing Chhabra	0.06
Mrs. Deepika Arora	0.05

- (ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name of Directors, CFO and Company Secretary	% increase in the remuneration in the financial year 2015-16
Mr. Yogender Mohan Sharma (Whole-time Director)	4.96%
Mr. Udesb Dassani (Non-Executive Independent Director)	Nil
Mr. Vijay Rathi (Non-Executive Independent Director)	Nil
Mr. Sartajsing Chhabra (Non-Executive Director)	Nil
Mrs. Deepika Arora (Non-Executive Director)	Nil
Mr. Kailash Kumar Agrawal (Chief Financial Officer)*	-
Mr. Amit Jain (Company Secretary)	14.06%

* Mr. Kailash Kumar Agrawal appointed as CFO on 11.04.2015, therefore details not given.

(iii) The percentage increase in the median remuneration of employees in the financial year: 0%

(iv) The number of permanent employees on the rolls of Company: 31

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was NIL whereas the percentile increase in the managerial remuneration for the same financial year 2015-16 was 8.72%. There is normal increase in managerial remuneration as per the industry standard.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company.

It is affirmed that remuneration is as per the remuneration policy of the Company.

ANNEXURE 'C' TO DIRECTORS' REPORT

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of Listing Regulation, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors.

DEFINITIONS

“Act” means the Companies Act, 2013 and Rules made thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Company” means “Sarthak Industries Limited”.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“Directors” means Directors of the Company.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i) The Chief Executive Officer or the Managing Director or the Manager;
- ii) The Company Secretary;
- iii) The Whole-time Director;
- iv) The Chief Financial Officer; and
- v) such other officer as may be prescribed

“Senior Management” means the personnel of the Company who are members of its core management team excluding Board of Directors.

“Policy” or **“This policy”** means Nomination and Remuneration Policy.

“Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

NOMINATION AND REMUNERATION COMMITTEE

The Board constituted a Nomination and Remuneration Committee consisting of three or more non-executive directors out of which at least one half are independent directors. The Chairman of the Committee is an independent director.

ROLE OF THE COMMITTEE

The role of the Committee is as under:

- (a) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) To formulate criteria for evaluation of Independent Directors and the Board;
- (c) To carry out evaluation of every Director's performance;
- (d) To devise a policy on Board diversity;
- (e) To identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (f) To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- (g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meet appropriate performance benchmarks;
- (h) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

POLICY FOR APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:

I. Appointment criteria and qualifications

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- (b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- (c) Appointment of Independent Directors is also subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder and the Listing Agreement.
- (d) The proposed appointee shall also fulfill the following requirements for appointment as a director:
 - i. Shall possess a Director Identification Number;
 - ii. Shall not be disqualified under the Companies Act, 2013;
 - iii. Shall give his written consent to act as a Director;
 - iv. Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
 - v. Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
 - vi. Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

II. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

III. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:

I. Remuneration to Executive Directors and Key Managerial Personnel

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

The Executive Director and Key Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board. The breakup of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/the Person authorized by the Board and approved by the shareholders and Central Government, wherever required.

II. Remuneration to Non-Executive and Independent Directors

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non-Executive and Independent Directors of the Company within the overall limits approved by the shareholders.

Non-Executive and Independent Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The amount of such fees shall be decided by the Board on recommendation of the Nomination and Remuneration Committee.

The Non-Executive and Independent Directors shall also be entitled to profit related commission in addition to the sitting fees, if approved by the Board on recommendation of the Nomination and Remuneration Committee.

The remuneration payable to the Non-Executive and Independent Director shall be subject to ceiling/limits as provided under the Companies Act, 2013 and rules made thereunder.

III. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

REVIEW AND AMENDMENT

The Nomination and Remuneration Committee or the Board may review and amend the Policy as and when it deems necessary.

In case of any amendment(s), notification(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), notification(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification, circular(s) etc.

ANNEXURE 'D' TO DIRECTORS' REPORT**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SARTHAK INDUSTRIES LIMITED
(CIN: L99999MH1982PLC136834)
Room No. 4, Anna Bhuvan, 3rd Floor,
87C, Devji Ratansi Marg,
Dana Bunder,
Mumbai (MH) 400009

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sarthak 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 31st March, 2016 (Audit Period), 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 Sarthak Industries Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (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;
- (iv) Foreign Exchange Management Act, 1999 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, 1992; and 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, 2009 (**Not applicable to the Company during the audit period**);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during the audit period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the audit period**);
 - (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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the audit period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the audit period**);
- (vi) Other Laws applicable to the Company as per the representations made by the management.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 in so far as they are made applicable from time to time.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 Some of the Forms are filed with Registrar of Companies with Additional Fees.

We further report that during the audit period, there were no instances of:

- (i) Public/Rights/Preferential Issue/debentures/sweat equity.
- (ii) Redemption/ buy-back of Securities.
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- (iv) Merger/ amalgamation/ reconstruction etc.
- (v) Foreign technical collaborations

Place: Indore

Date : September 03, 2016

For Ajit Jain & Company
(Company Secretary)

Ajit Jain
Proprietor
FCS No.: 3933; C P No.: 2876

This report is to be read with our letter of even date which is annexed as “Annexure I” and forms an integral part of this report.

Annexure I to Secretarial Audit Report

To,
The Members,
SARTHAK INDUSTRIES LIMITED
(CIN: L99999MH1982PLC136834)
Room No. 4, Anna Bhuvan, 3rd Floor,
87C Devji Ratansi Marg,
Dana Bunder,
Mumbai (MH) 400009

Our report of even date 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 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. Where ever 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 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.

Place: Indore
Date: September 03, 2016

For Ajit Jain & Company
(Company Secretary)

Ajit Jain
Proprietor
FCS No.: 3933; C P No.: 2876

ANNEXURE 'E' TO DIRECTORS' REPORT

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016

[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	L99999MH1982PLC136834
ii)	Registration Date	23 rd December, 1982
iii)	Name of the Company	Sarthak Industries Limited
iv)	Category/ Sub-Category of the Company	Public Company/ Limited by Shares
v)	Address of the Registered office and contact details	Room No. 4, Anna Bhuvan, 3 rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai , Maharashtra - 400009 Phone No.:- 022-23480110
vi)	Whether listed company (Yes/ No)	Yes
vii)	Name, address and contact details of Registrar & Transfer Agent, if any	Sarthak Global Limited, 170/10, Film Colony, R.N.T. Marg, Indore – 452 001 (MP); Phone No. – 0731-4279626

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the Company
1	Manufacturing of LPG Cylinders	2512	26.25%
2	Wholesale of Dairy Products	4630	56.77%
3	Wholesale of Edible Oils	4630	12.30%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
--	--	--	--	--	--

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	25,86,650	4,91,000	30,77,650	44.16	25,86,038	4,91,000	30,77,038	44.15	-0.01
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	40,114	2,93,795	3,33,909	4.79	40,726	2,93,795	3,34,521	4.80	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5,53,285	-	5,53,285	7.94	5,53,285	-	5,53,285	7.94	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Overseas Corporate Bodies	-	4,66,540	4,66,540	6.69	0	4,66,540	4,66,540	6.69	-
ii) Hindu Undivided Families	1,101	-	1,101	0.02	1,101	-	1,101	0.02	-
iii) Non-Resident Indian	1,835	-	1,835	0.03	1,835	-	1,835	0.03	-
Sub-total (B)(2):-	31,82,985	12,51,335	44,34,320	63.63	31,82,985	12,51,335	44,34,320	63.63	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	31,82,985	12,51,335	44,34,320	63.63	31,82,985	12,51,335	44,34,320	63.63	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	57,17,515	12,51,335	69,68,850	100	57,17,515	12,51,335	69,68,850	100	-

ii) Shareholding of Promoter-

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Share holding at the end of the year (As on 31.03.2016)			% 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	Manish Shahra	9,10,000	13.06	-	9,10,000	13.06	-	-
2	Manish Shahra (HUF)	1,40,000	2.01	-	1,40,000	2.01	-	-
3	Suresh Chandra Shahra	1,12,000	1.61	-	1,12,000	1.61	-	-
4	Suresh Chandra Shahra (HUF)	2,10,000	3.01	-	2,10,000	3.01	-	-
5	Rishabh Suresh Mahajan	14,000	0.20	-	14,000	0.20	-	-
6	Amrita Shahra	100	0.00	-	100	0.00	-	-
7	Abha Devi Shahra	3,500	0.05	-	3,500	0.05	-	-
8	Bhavna Goel	500	0.01	-	500	0.01	-	-
9	Madhuri Shahra	1,000	0.01	-	1,000	0.01	-	-
10	Mridula Devi Shahra	2,600	0.04	-	2,600	0.04	-	-
11	Vishesh Shahra	3,150	0.05	-	3,150	0.05	-	-
12	Ruchi Mohan	1,500	0.02	-	1,500	0.02	-	-
13	Sandhya Khandelwal	500	0.01	-	500	0.01	--	-
14	Usha Devi Shahra	2,500	0.04	-	2,500	0.04	-	--
15	Shweta Shahra	6,250	0.09	-	6,250	0.09	--	-
16	Deepti Properties Pvt. Ltd.	1,00,000	1.43	-	1,00,000	1.43	-	-
17	Vishal Warehousing Pvt. Ltd.	1,05,760	1.52	-	1,05,760	1.52	-	-
18	Neha Securities Pvt. Ltd.	1,06,950	1.53	-	1,06,950	1.53	-	-
19	Mahakosh Papers Pvt. Ltd.	3,75,000	5.38	-	3,75,000	5.38	-	-
20	Mahakosh Amusement Pvt. Ltd.	80,000	1.15	-	80,000	1.15	-	-
21	Deepti Housing Pvt. Ltd.	2,22,900	3.20	-	2,22,900	3.20	-	-
22	Shahra Securities Pvt. Ltd.	1,36,320	1.96	-	1,36,320	1.96	-	-
	Total	25,34,530	36.37	-	25,34,530	36.37	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year	No change during the year			

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	ANAND MANGAL INVESTMENT & FINANCE PRIVATE LIMITED				
	At the beginning of the year (As on 01.04.2015)	13,85,200	19.88	13,85,200	19.88
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	13,85,200	19.88	13,85,200	19.88
2.	GIRISH KUMAR PUSHKARLAL AGARWAL				
	At the beginning of the year (As on 01.04.2015)	5,11,200	7.34	5,11,200	7.34
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	5,11,200	7.34	5,11,200	7.34
3.	ANTARICA RESOURCES LIMITED				
	At the beginning of the year (As on 01.04.2015)	4,66,540	6.69	4,66,540	6.69
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	4,66,540	6.69	4,66,540	6.69
4.	PROMISE SECURITIES PVT. LIMITED				
	At the beginning of the year (As on 01.04.2015)	4,00,000	5.74	4,00,000	5.74
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	4,00,000	5.74	4,00,000	5.74
5.	SELWEL WORLDWIDE TRADE PRIVATE LIMITED				
	At the beginning of the year (As on 01.04.2015)	2,58,350	3.71	2,58,350	3.71
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	2,58,350	3.71	2,58,350	3.71
6.	NEXGEN MINERALS PRIVATE LIMITED				
	At the beginning of the year (As on 01.04.2015)	2,41,650	3.47	2,41,650	3.47
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			

	At the end of the year (As on 31.03.2016)	2,41,650	3.47	2,41,650	3.47
7.	SHIELD TRADELINKS PRIVATE LIMITED				
	At the beginning of the year (As on 01.04.2015)	2,28,500	3.28	2,28,500	3.28
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	2,28,500	3.28	2,28,500	3.28
8.	GAGANDEEP EXPORT PVT. LTD.				
	At the beginning of the year (As on 01.04.2015)	1,50,000	2.15	1,50,000	2.15
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	1,50,000	2.15	1,50,000	2.15
9.	REHVA ESTATE PVT. LTD.				
	At the beginning of the year (As on 01.04.2015)	1,00,000	1.43	1,00,000	1.43
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	1,00,000	1.43	1,00,000	1.43
10.	GREAT EASTERN INFRA. CORP. PVT. LTD.				
	At the beginning of the year (As on 01.04.2015)	70,000	1.00	70,000	1.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	70,000	1.00	70,000	1.00

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Yogender Mohan Sharma				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-
2.	Mr. Udesb Dassani				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-

3.	Mr. Vijay Rathi				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-
4.	Mr. Sartajsing Chhabra				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-
5.	Ms. Deepika Arora				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-
6.	Mr. Kailash Kumar Agarwal (CFO) [Appointed on 11.04.2015]				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-
7.	Mr. Amit Jain (Company Secretary)				
	At the beginning of the year (As on 01.04.2015)	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the end of the year (As on 31.03.2016)	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	96.91	766.74	-	863.65
ii) Interest due but not paid	4.49	-	-	4.49

iii) Interest accrued but not due	0.93	-	-	0.93
Total (i+ii+iii)	102.33	766.74	-	869.07
Change in Indebtedness during the financial year				
* Addition	840.19	-	-	840.19
* Reduction	102.33	736.17	-	838.50
Net Change	737.86	-736.17	-	1.69
Indebtedness at the end of the financial year				
i) Principal Amount	833.76	24.46	-	858.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.43	6.11	-	12.54
Total (i+ii+iii)	840.19	30.57	-	870.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Yogender Mohan Sharma (Whole-time Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,91,990	7,91,990
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	7,91,990	7,91,990
	Ceiling as per the Act	Rs. 42,00,000 per annum as per section II of the Schedule V of the Companies Act, 2013	

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Udesb Dassani	Mr. Sartajsing Chhabra	Mr. Vijay Rathi	Ms. Deepika Arora	
1	Independent Directors					
	Fee for attending board committee meetings	10,000	-	10,000	-	20,000
	Commission	-	-	-	-	-

	Others, please specify	-	-	-	-	-
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	8,000	-	6,000	14,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	10,000	8,000	10,000	6,000	34,000
	Total Managerial Remuneration (Total of A and B)*					8,25,990
	Overall Ceiling as per the Act**	Rs. 42,00,000 per annum as per section II of the Schedule V of the Companies Act, 2013.				

* Total remuneration of Whole-time Director and other Directors including sitting fee (being the total of A and B)

** As per the provisions of Sub Section (2) read with sub section (5) of Section 197 of the Companies Act, 2013, sitting fees paid to directors are to be excluded while calculating the overall managerial remuneration.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Kailash Kumar Agrawal (Chief Financial Officer) [Appointed on 11.04.2015]	Mr. Amit Jain (Company Secretary)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,84,147	8,32,800	19,16,947
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	10,84,147	8,32,800	19,16,947

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

YOGENDER MOHAN SHARMA

Whole-time Director

DIN: 03644480

SARTAJ SING CHHABRA

Director

DIN: 05342507

Place: Indore

Dated: 03rd September, 2016

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industrial Structure and Developments

Your Company is primarily engaged in manufacturing of LPG Cylinders. The LPG Cylinders are supplied to Oil Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd. etc. and also to Private Companies. Apart from this, Company is also engaged in trading of agri-commodities and other businesses on opportunity basis. As a major of diversification, the Company has also decided to engage in Mining and Mineral Based Industry in India.

During the year 2015-16, the Company's performance was satisfactory as compared to last year. The Management is hopeful that Company's future is bright in the coming years.

Merchant Trading

Depending on market opportunities the Company is undertaking Merchant Trading activities of various commodities.

Segment-wise or product-wise performance

Your Company has identified two business segments in line with the Accounting Standard on Segment Reporting. These are:

- | | |
|------------------|---|
| Cylinders | - LPG Cylinders manufacturing and repairing |
| Merchant Trading | - Land, Skimmed Milk Powder, Coal and various commodities |

The segment wise performance in detail is given in **Note 36** to the audited accounts of the Company as available in this Annual Report.

Outlook

The year 2015-16 continues to be a challenging year for the global economy as well as Indian economy. In spite of this fact, Company has increased its gross profit as compared to last year. The Management is hopeful that in future, the Company will grow its manufacturing and trading activities and will get good orders for the manufacturing of cylinders as well as repairing of old cylinders.

Risk and concerns

Profitability may be affected on account of competition from existing and prospective manufacturers of the Company's products. The Company is exposed to risks from Change in policy of similar companies which are major buyers for the Company's product, further increase in input costs, higher levies, and changes in Govt. Policies/laws of land, etc. may affect profitability of the Company.

Internal control system and their adequacy

The Company maintains adequate internal control systems, which provide reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets and compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your Company in their report.

Financials

The performance of the Company for the financial year 2015-16 is summarized below:

Summarized Profit and Loss Account

Particulars	Rs. in Lacs	
	2015-16 (01.04.2015-31.03.2016)	2014-15 (01.04.2014-31.03.2015)
Sales and other Income	10,025.61	9,996.29
Profit/ (Loss) before Depreciation & Taxation	146.96	102.53
Depreciation	40.07	60.96
Profit/ (Loss) before tax	106.89	41.57
Tax Expenses	24.82	14.43
Profit/ (Loss) after Taxation	82.07	27.14
Balance brought forward from previous year	(409.55)	(411.68)
Adjustment of Depreciation as per schedule II of the Companies Act, 2013	--	(25.01)
Amount available for appropriation	(327.48)	(409.55)
APPROPRIATION	--	--
Amount Carried to Balance sheet	(327.48)	(409.55)

Material development in Human Resources / Industrial Relations front

Your Company considers the quality of its human resources to be the most important asset and constantly endeavors to attract and recruit best possible talent. Our training programs emphasize on general management perspective to business. The Company continues to empower its people and provide a stimulating professional environment to its officers to excel in their respective functional disciplines.

The industrial relations of the Company continue to remain harmonious and cordial with focus on improving productivity and quality.

Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Your Company believes that the main aim of Corporate Governance is to achieve high level of transparency and accountability with all its stakeholders together with meeting their aspirations. Also a Company cannot perform efficiently in the long run without respecting interests of stakeholders and society as a whole.

In so far as compliance with the requirements of the Listing Agreement, Listing Regulations, the Company is in full compliance with the norms and disclosures that have to be made on Corporate Governance format.

BOARD OF DIRECTORS

The number of independent directors is more than one-third of the total number of Directors. The number of non-executive Directors is more than 50% of the total number of Directors.

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/ she is a Director.

The name and categories of the Directors on the Board, their attendance at Board Meetings during the period and at the last Annual General Meeting are given below:

A) COMPOSITION AND CATEGORY OF DIRECTORS

Name of the Director	Category	Attendance		No. of Directorship/ Committee Positions held in other Public Limited Companies.			No. of Shares held by Non-Executive Director as on 31.03.16
		Board	Last AGM	Directorship	Committee Chairmanship*	Committee Membership*	
Mr. Yogender Mohan Sharma	Whole-time Director	6	Yes	1	1	1	N.A.
Mr. Vijay Rathi	Independent Director	5	Yes	1	2	1	Nil
Mr. Udesb Dassani	Independent Director	5	No	2	2	---	Nil
Mr. Sartajsing Chhabra	Non-Executive Director	6	No	4	3	1	Nil
Ms. Deepika Arora	Non-Executive Director	6	No	---	---	---	Nil

* Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee.

None of directors are related to any other director on the Board.

The details of familiarisation programmes imparted to independent directors are available at the website of the Company at the link: <http://www.sarthakindustries.com/images/Familiarisation%20Programme-SIL.pdf>.

B) BOARD PROCEDURE

During the financial year 2015-16, the Board of Directors met on the following dates: 11th April, 2015; 30th May, 2015; 14th August, 2015; 26th September, 2015; 14th November, 2015; 11th February, 2016; and 21st March, 2016.. The gap between two meetings did not exceed one hundred twenty days. The dates of meetings were generally decided in advance.

The Board has formulated a Code of Conduct for Directors and Senior Management of Company. It is hereby affirmed that all the Directors and the senior management personnel have complied with the code.

The Company placed before the Board most of the information specified in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. The Board periodically reviews compliance reports o all laws applicable to the Company. The Company takes effective steps to rectify instances of noncompliance, if any.

BOARD COMMITTEES

Presently the Board has following committees:

A) AUDIT COMMITTEE

The Company has an Audit Committee in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

a) Members of Committee:

The Composition of Audit Committee as on 31.03.2016 is as under:

Mr. Vijay Rathi	Chairman
Mr. Udesb Dassani	Member
Mr. Yogender Mohan Sharma	Member

The Company Secretary is the Secretary of the Committee.

b) Brief terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Act,
 - ii. Changes, if any, in accounting policies and practices and reasons for the same,
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management,
 - iv. Significant adjustments made in the financial statements arising out of audit findings,
 - v. Compliance with listing and other legal requirements relating to financial statements,
 - vi. Disclosure of any related party transactions,
 - vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters 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;
16. Discussion with 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;
17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO;
20. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
21. To review the following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses; and
 - v. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
22. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.

The terms of reference specified by the Board to the audit committee are as contained under Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

- c) The Chairman of the Audit Committee was present in previous Annual General Meeting held on 22nd September, 2015 to answer member's queries.

- d) Dates of the Audit Committee meetings and attendance:

The Committee met six times during the year on the following dates:

11th April, 2015; 30th May, 2015; 14th August, 2015; 26th September, 2015; 14th November, 2015 and 11th February, 2016.

Mr. Vijay Rathi and Mr. Udesb Dassani have attended six meetings, Mr. Yogender Mohan Sharma has attended five meetings.

B) NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the terms of reference meet with the requirements of Regulation 19 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

- a) Members of Committee:

The Composition of Nomination and Remuneration Committee as on 31.03.2016 is as under:

Mr. Vijay Rathi	Chairman
Mr. Udesb Dassani	Member
Mr. Sartajsing Chhabra	Member

- b) Brief terms of reference:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. To formulate criteria for evaluation of Independent Directors and the Board;

3. To carry out evaluation of every Director's performance;
4. To devise a policy on Board diversity;
5. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
6. To recommend to the Board on remuneration payable to the Directors, Key managerial personnel and senior management.
7. To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meet appropriate performance benchmarks;
8. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;

c) Dates of the Nomination and Remuneration Committee meetings and attendance:

The Committee met two times during the year on the following dates:

11th April, 2015 and 26th September, 2015.

Mr. Vijay Rathi has attended two meetings, Mr. Udesb Dassani has attended two meetings and Mr. Sartajsing Chhabra has attended two meetings.

- d) The details relating to remuneration of Directors, as required under the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, have been given under a separate heading, viz. '*DETAILS OF REMUNERATION TO DIRECTORS*' in this report.
- e) The Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and others matters is attached as "*Annexure C*" to the Directors Report.

C) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted for redressal of investors complaint/grievances. The Committee's primary responsibility is to implement a smooth share transfer process, minimize shareholders/investor grievances and to strengthen investor's relation.

The composition of the Stakeholders' Relationship Committee and the terms of reference meet with the requirements of Regulation 20 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

a) Members of Committee:

The Composition of Stakeholders' Relationship Committee as on 31.03.2016 is as under:

Mr. Udesb Dassani	Chairman
Mr. Vijay Rathi	Member
Mr. Yogender Mohan Sharma	Member

- b) Name and designation of compliance officer: Mr. Amit Jain, Company Secretary.

- c) During the financial year 2015-2016, the committee held four meetings on following dates:
02nd June, 2015, 18th August, 2015, 16th November, 2015 and 16th February, 2016.
Mr. Udesb Dassani has attended two meetings, Mr. Vijay Rathi has attended two meetings and Mr. Yogender Mohan Sharma has attended four meetings.
- d) No investor complaints were received during the financial year 2015-16. All valid share transfers received during the year 2015-16 have been acted upon by the Company and as on 31st March, 2016 there were Nil shares pending for transfer.

D) RISK MANAGEMENT COMMITTEE

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan and policy of the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness.

- a) Members of Committee:

The Composition of Risk Management Committee as on 31.03.2016 is as under:

Mr. Yogender Mohan Sharma	Chairman
Mr. Sartajsing Chhabra	Member
Mr. Kailash Kumar Agarwal	Member

- b) The Committee met two times during the year on 14th July, 2015 and 08th March, 2016.

DETAILS OF REMUNERATION TO DIRECTORS

A. REMUNERATION TO EXECUTIVE DIRECTORS

The particulars of remuneration of executive director during the financial year 2015-16 are as under:

Name	Designation	Salary	Perquisites	Total
Mr. Yogender Mohan Sharma	Whole-time Director	7,91,990	-	7,91,990

As on 31st March, 2016, Non executive Directors were holding Nil Shares of the Company.

B. REMUNERATION TO NON-EXECUTIVE DIRECTOR

The Non-Executive Directors are paid sitting fees for every meeting of the Board and/or Committee attended by them. No commission was paid or payable to the Non-Executive Directors during the financial year 2015-16.

The sitting fees paid to all Non-Executive Directors for attending meetings of the Board and/or Committee thereof for the year ended 31.03.2016 is as follows:- Mr. Vijay Rathi – Rs. 10,000/- , Mr. Udesb Dassani – Rs. 10,000/- , Mr. Sartajsing Chhabra– Rs. 8,000/- and Ms. Deepika Arora– Rs. 6,000/-.

SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

During the year under review, one meeting of the Independent Directors held, without the attendance of Executive Directors and members of management. All the Independent Directors were present in that meeting.

The Independent Directors in the said meeting had, inter-alia:

- i. Reviewed the performance of non-independent directors and the Board as a whole;
- ii. Reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- iii. Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

GENERAL BODY MEETINGS

Annual General Meetings

The last three Annual General Meetings of the Company were held as under:

YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION PASSED
2012-13	302, Devkrupa Building, 28, Raichur Street, Mumbai- (MH) – 400009	26/09/2013	12.30 p.m.	Special Resolution passed for re-appointment of Mr. Virendra Kumar Gupta as an Executive Director of the Company.
2013-14	Room No. 4, Anna Bhuvan, 3 rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai- (MH) – 400 009	10/09/2014	3.00 p.m.	Special Resolution passed for i. Appointment of Mr. Yogender Mohan Sharma as Whole-time Director of the Company. ii. Authorization to the Board of Directors under Section 180(1)(c) of the Companies Act, 2013. iii. Authorization to the Board of Directors under Section 180(1)(a) of the Companies Act, 2013.
2014-15	Room No. 4, Anna Bhuvan, 3 rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai- (MH) – 400 009	22/09/2015	4.30 p.m.	No Special Resolution passed.

All the special resolutions if any, passed in the last three Annual General Meetings were put to vote by show of hands and were passed with the requisite majority.

Extra-ordinary General Meeting

During the financial year 2015-16, no Extra Ordinary General Meeting of the Company was held.

Postal Ballot

No postal ballot was conducted during the year under review. At present, there is no proposal for passing any Special Resolution through Postal Ballot

RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total Admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Capital. The audit confirms that the total Issued/ Paid-up Capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

DISCLOSURES

The Company did not have any related party transactions, which may have potential conflict with its interest at large.

The Company has complied with the requirements of the regulatory authorities on capital markets and no penalties have been imposed against it in the last three years.

The Notice convening the Annual General Meeting of the Company has necessary disclosures relating to the appointment/ re-appointment of Directors.

The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and directors to report concerns about unethical behavior. No person has been denied access to the audit committee.

The Company has complied with the mandatory requirements as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Web link where policy for determining 'material' subsidiaries is disclosed:

<http://www.sarthakindustries.com/images/Policy%20for%20determining%20Material%20Subsidiary.pdf>

Web link where policy on dealing with related party transactions is disclosed:

http://www.sarthakindustries.com/images/Related_Party_Policy.pdf

Disclosure of commodity price risks and commodity hedging activities:

The management of the Company takes effective steps timely to minimise commodity price risks and also hedges its exposure.

MEANS OF COMMUNICATIONS

The quarterly and yearly financial results of the Company are published in the newspapers namely Free Press Journal & Navshakti (both Mumbai editions). The Company has a website, namely www.sarthakindustries.com for displaying its results.

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF ANNUAL REPORT

THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LODR) REGULATIONS, 2015:

The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

GENERAL SHAREHOLDERS INFORMATION

Date, Time & Venue of the Annual General Meeting

30th September, 2016 at 11:00 a.m. at
Room No. 4, Anna Bhuvan, 3rd Floor,
87C Devji Ratansi Marg, Dana Bunder
Mumbai (MH) - 400 009

Financial Year

01st April, 2015 – 31st March, 2016

Financial Calendar

Financial Reporting (tentative) for Quarter ending

June 30, 2016	- August, 2016
September 30, 2016	- November, 2016
December 31, 2016	- February, 2017
March 31, 2017	- May, 2017

Date of book closure

23rd September, 2016 to 30th September, 2016 (Both days inclusive)

Listing on Stock Exchanges at

The Bombay Stock Exchange Ltd. (BSE) (Stock Code: 531930)

The Madhya Pradesh Stock Exchange Ltd. (MPSE)

(As per the Securities and Exchange Board of India (SEBI) order dated 09th June, 2015, the Madhya Pradesh Stock Exchange Ltd. has been de-recognized, therefore, the Company is not listed with the Madhya Pradesh Stock Exchange Ltd. w.e.f. 09th June, 2015.)

Listing fees

Paid to the Bombay Stock Exchange (BSE) for the financial year 2015-16.

Electronic connectivity

The National Security Depository Ltd. & the Central Depository Services (India) Ltd.

ISIN No. at NSDL / CDSL

INE 074 H01012

Market Price Data

The monthly high & low share prices of the Company traded at the Bombay Stock Exchange from 1st April, 2015 to 31st March, 2016 are given below:

Month	The Bombay Stock Exchange Ltd.	
	Month High Price (Rs.)	Month Low Price (Rs.)
April-15	---	---
May-15	5.11	5.11
June-15	---	---
July-15	---	---
August-15	---	---
September-15	---	---
October-15	5.15	5.15
November-15	---	---
December-15	---	---
January-16	---	---
February-16	5.67	5.40
March -16	---	---

Investors' correspondence may be addressed to

Mr. Amit Jain
 Company Secretary and Compliance Officer
 Sarthak Industries Limited
 Room No. 4, Anna Bhuvan, 3rd Floor,
 87C Devji Ratansi Marg, Dana Bunder
 Mumbai (MH) - 400 009
 Tel. No.: +91- 22- 23480110
 Email: sarthakindustries@yahoo.in

Distribution of Equity Shareholding and its pattern as on 31st March, 2016

Distribution of Equity Shareholding 31.03.2016			
Share Class		No. of Equity Shares	
No. of Shares	No. of Holders	No. of shares held	Shareholding %
Up to 500	437	1,65,803	2.38
501-1000	155	1,28,691	1.85
1001-2000	13	19,152	0.27
2001-3000	9	22,249	0.32
3001-4000	2	6,650	0.09
4001-5000	3	13,250	0.19
5001-10000	1	9,000	0.13
10001 and above	30	66,04,055	94.77
Total	650	69,68,850	100.00

Shareholding Pattern		
Category	No. of Shares	Shareholding %
Promoters	25,34,530	36.37
Domestic Corporate Bodies	30,77,038	44.15
Indian Public	8,88,907	12.76
NRIs/OCBs/FIIs	4,68,375	6.72
Total	69,68,850	100.00

Communication regarding share Transfer in physical/electronic form and other related correspondence

Sarthak Global Limited
 170/10, R.N.T. Marg, Film Colony, Indore,
 (M.P.) – 452 001; Tel : + 91- 731- 2523545
 Fax: + 91-731- 2526388; Email: sgl@sarthakglobal.com
 Website: www.sarthakglobal.com

Dematerialization of shares and Liquidity

The Company's shares are traded compulsorily in demat mode under ISIN code INE 074 H01012. The National Securities Depository Limited (NSDL) and the Central Depository Services Ltd. (CDSL) are the depositories, holding Company's share in demat mode. As on 31st March, 2016 out of 69,68,850 equity shares of Rs. 10/- each, 57,17,515 equity shares which is 82.04% of total equity are now held in electronic form.

Share transfer system

The Registrar & Share Transfer Agent M/s. Sarthak Global Ltd. deals with share transfer both in physical and dematerialized mode. The dematerialized (demat) shares are transferable through the depository system. Shares in physical form are processed by the Registrar & Share Transfer Agent and approved by the Share Transfer Committee of Directors of the Company. Transfer of physical shares is made within the time stipulated by stock exchange.

Outstanding GDRs/ ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ ADRs / Warrants / Convertible instruments of the Company and hence, the same is not applicable to the Company.

Plant Locations

Pithampur Industrial Area,
Village Akoliya, District Dhar, (M.P.)

Address for correspondence

214, Trade Centre,
South Tukoganj,
Indore, (MP) – 452 001
+ 91-731- 2524399
Email: sarthakindustries@yahoo.in

CEO/CFO CERTIFICATION

To
The Board of Directors,
Sarthak Industries Ltd.

In relation to the Audited Financial Accounts of the Company as at March 31, 2016, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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 transactions entered into by the Company during the year ended March 31, 2016, which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) Significant changes in internal control over financial reporting during the year;

- (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which they 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.

YOGENDER MOHAN SHARMA
Whole-time Director
DIN: 03644480

Place: Indore
Dated: 03rd September, 2016

KAILASH KUMAR AGARWAL
CFO

Auditors' Certificate Regarding Compliance of Conditions of Corporate Governance

To

The Members of

SARTHAK INDUSTRIES LIMITED

We have examined the compliances of conditions of corporate governance by Sarthak Industries Limited for the year ended March 31, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange ("Listing Agreement") for the period April 1, 2015 to November 30, 2015 and the Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for the period from December 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the listing agreement and SEBI Listing regulations applicable for the respective period as mentioned above.

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

For **ASHOK KHASGIWALA & CO.,**
CHARTERED ACCOUNTANTS
(Firm Reg. No. 0743C)

Place : Indore

Dated: 03rd September, 2016

CA Avinash Baxi
Partner
(Membership No. 79722)

Independent Auditors Report

To,
The Members of
Sarthak Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sarthak Industries Limited ("The Company") which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statement that give a true and fair view of the financial position , financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This Responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provision of the Act, the accounting and auditing standard and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

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 of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards 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 31st March 2016 taken on records by the Board of Director, none of the directors is disqualified as on 31st March, 2016 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".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 27 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For Ashok Khasgiwala & Co.
Chartered Accountants
(Firm Reg. No. 0743C)

CA Avinash Baxi
(Partner)
M.No. 079722

Date : 30.05.2016
Place : Indore

Annexure A to Independent Auditor's Report

Referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sarthak Industries Limited on the financial statements for the year ended 31st March, 2016.

i. In respect of its Fixed Assets :

- a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets of the Company have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not in the name of the Company :

Particulars	No. of cases	Gross Block as at 31 st March, 2016 (Rs.)	Net Block as at 31 st March, 2016 (Rs.)	Remarks
Leasehold Land	1	57536142	57536142	Land allotted by Indore Development Authority (IDA) the possession of which have been handed over but lease deed of the same is yet to be executed.
Freehold Land	1	139700000	139700000	The title deeds are in the name of erstwhile Company that was amalgamated with the company in the year 2011-12.
Buildings	1	46048500	33944814	

ii. In respect of its Inventories:

The inventories has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed.

- iii. According to the information and explanations given to us, the Company has not granted any loan secured or unsecured loans to company, firm, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion the provisions of para 3 (iii) of the Order is not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made and guarantee given. The company has not provided any security in terms of section 185 and 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules, framed there under. As informed to us no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of Statutory dues :
- a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There were no undisputed statutory dues in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, value added tax, income tax, service tax, duties of customs, duties of excise which have not been deposited with appropriate authorities on account of any dispute except as follows :

Name of the Statute	Nature of Dues	Amount Involved Rs.	Period to which amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	729731	2009-10 & 2010-11	MP Commercial Tax Appellate Board
Central Sales Tax Act, 1956	Sales Tax	186105	2013-14	Asstt. Commissioner of Commercial Tax, Indore, M.P.
Bombay Sales Tax Act, 1959	Sales Tax	998913	1998-99	Hon. Judicature of High Court at Bombay
Bombay Sales Tax Act, 1959	Sales Tax	9231996	2001-02	Maharastra Sales Tax Tribunal, Mumbai.
Bombay Sales Tax Act, 1959	Sales Tax	18631908	2002-03	Maharastra Sales Tax Tribunal, Mumbai.
M.P. Vat Act, 2002	Sales Tax	313051	2011-12	Dy. Comm. of Comm. Tax (Appeals)
Income Tax Act, 1961	Income Tax	3868780	FY 2010-11	Dy. Comm. of Income Tax

- viii. According to the records of the company examined by us and as per the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to a financial institution, bank or government as on the balance sheet date. The Company has not issued any debenture.
- ix. In our opinion and according to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and In our opinion and according to the information and explanations given to us, the term loans obtained during the year have been applied for the purpose for which they were obtained.
- x. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to information and explanation given to us, the company is not a Nidhi Company therefore, the provision of para 3 (xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore the provision of para 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, the company has not entered into any non-cash transactions with directors or persons connected with him during the year, hence the provision of para 3 (xv) of the Order is 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 therefore, the provision of para 3 (xvi) of the Order is not applicable to the company for the year under audit.

**For Ashok Khasgiwala & Co.
Chartered Accountants
(Firm Reg. No. 0743C)**

Date : 30.05.2016
Place : Indore

**CA Avinash Baxi
(Partner)
M.No. 079722**

Annexure B To the Independent Auditor's Report of even date on the Financial Statements of Sarthak Industries Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sarthak Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 Company's internal financial controls system over financial reporting.

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 purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

**For Ashok Khasgiwala & Co.
Chartered Accountants
(Firm Reg. No. 0743C)**

Date : 30.05.2016
Place : Indore

**CA Avinash Baxi
(Partner)
M.No. 079722**

SARTHAK INDUSTRIES LIMITED
CIN: L99999MH1982PLC136834
BALANCE SHEET AS AT 31ST MARCH, 2016

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015				
I. EQUITY AND LIABILITIES							
(1) Shareholder's Funds							
(a) Share capital	1	69688500	69688500				
(b) Reserves and surplus	2	241060693	232853256				
		310749193	302541756				
(2) Non-Current Liabilities							
(a) Long-term borrowings	3	0	2446207				
(b) Long-term provisions	4	1857892	1727561				
		1857892	4173768				
(3) Current Liabilities							
(a) Short-term borrowings	5	83376000	76073721				
(b) Trade payables	6	535711937	530200716				
(c) Other current liabilities	7	17932396	19770565				
(d) Short-term provisions	8	321467	288715				
		637341800	626333717				
TOTAL		949948885	933049241				
II. ASSETS							
(1) Non-Current Assets							
(a) Fixed assets							
(i) Tangible assets	9	248866579	229767509				
(ii) Capital work-in-progress		14937870	15410195				
(b) Non-current investments	10	1617369	1620190				
(c) Deferred tax assets	11	3232447	2817326				
(d) Long term loans and advances	12	59571715	36055619				
(e) Other non-current assets	13	2769157	3700070				
		330995137	289370909				
(2) Current Assets							
(a) Inventories	14	158280941	65943553				
(b) Trade receivables	15	169348331	303859659				
(c) Cash and bank balances	16	40825344	21846548				
(d) Short-term loans and advances	17	250139371	251527713				
(e) Other current assets	18	359761	500859				
		618953748	643678332				
TOTAL		949948885	933049241				
Notes forming integral part of the financial statements	1 to 43						
General information and significant accounting policies	A-B						
<p>As per our report of even date For Ashok Khasgiwala & Co. Chartered Accountants</p> <p style="text-align: center;">CA Avinash Baxi Partner M. No. : 79722 Place : Indore Dated : 30th May, 2016</p>		<p style="text-align: center;">For and on behalf of Board of Directors</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;"> <p>Yogender Mohan Sharma Whole Time Director DIN: 03644480</p> </td> <td style="width: 50%; text-align: center;"> <p>Sartaj Singh Chhabra Director DIN: 05342507</p> </td> </tr> <tr> <td style="width: 50%; text-align: center;"> <p>CS Amit Jain Company Secretary</p> </td> <td style="width: 50%; text-align: center;"> <p>CA Kailash Agarwal Chief Financial Officer</p> </td> </tr> </table>		<p>Yogender Mohan Sharma Whole Time Director DIN: 03644480</p>	<p>Sartaj Singh Chhabra Director DIN: 05342507</p>	<p>CS Amit Jain Company Secretary</p>	<p>CA Kailash Agarwal Chief Financial Officer</p>
<p>Yogender Mohan Sharma Whole Time Director DIN: 03644480</p>	<p>Sartaj Singh Chhabra Director DIN: 05342507</p>						
<p>CS Amit Jain Company Secretary</p>	<p>CA Kailash Agarwal Chief Financial Officer</p>						

SARTHAK INDUSTRIES LIMITED

CIN: L99999MH1982PLC136834

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	Note No.	For the year 2015-16	For the year 2014-15
I. INCOME			
a. Revenue from operations	19	1008595123	977045668
Less : Excise duty		30753003	19003784
Revenue from operations (Net)		977842120	958041884
b. Other income	20	24718434	41587159
Total Revenue		1002560554	999629043
II. EXPENSES			
a. Cost of materials consumed	21	180113317	128354281
b. Purchases of stock-in-trade	22	816153578	660429477
c. Changes in inventories of finished goods, work in progress and stock-in-trade	23	(86122884)	145775796
d. Employee benefits expense	24	25333418	20045659
e. Finance costs	25	17348377	10551637
f. Depreciation expense	9	4007371	6096138
g. Other expenses	26	35038412	24218761
Total Expenses		991871589	995471749
III. Profit before exceptional and extraordinary items and tax(I-II)		10688965	4157294
IV. Exceptional/Extraordinary Items		0	0
V. Profit before tax (III - IV)		10688965	4157294
VI. Tax expense:			
a. Current tax		2949000	1275000
b. Deferred tax		(415121)	(612257)
c. Income tax for earlier year		(52351)	780121
		2481528	1442864
VII. Profit for the year (V - VI)		8207437	2714430
VIII. Earning per equity share: (Face value of Rs 10/- each)			
(1) Basic		1.18	0.39
(2) Diluted		1.18	0.39
Notes forming integral part of the financial statements	1 to 43		
General information and significant accounting policies	A-B		
<p>As per our report of even date For Ashok Khasgiwala & Co. Chartered Accountants</p> <p style="text-align: center;">CA Avinash Baxi (Partner) M. No. : 79722 Place : Indore Dated : 30th May, 2016</p>	<p style="text-align: center;">For and on behalf of Board of Directors</p> <p style="text-align: center;">Yogender Mohan Sharma Whole Time Director DIN: 03644480</p> <p style="text-align: center;">CS Amit Jain Company Secretary</p>	<p style="text-align: center;">Sartaj Singh Chhabra Director DIN: 05342507</p> <p style="text-align: center;">CA Kailash Agarwal Chief Financial Officer</p>	

SARTHAK INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	2015-16	2014-15
A Cash flow from Operating activities		
a. Net Profit/ (Loss) before Tax & Extraordinary item	10688965	4157294
Adjustment for :		
Depreciation	4007371	6096138
Finance costs	17348377	10551637
Interest Received	(20528090)	(17027352)
Dividend Received	(117842)	(117842)
Loss / (Profit) on sale of Fixed assets	(187368)	(16816099)
Provision for diminution in the value of investments	2821	33140
b. Operating profit/(loss) before working capital changes	11214234	(13123084)
Adjustment for :		
Trade and Other receivables	129354388	(196887668)
Inventories	(92337388)	143365581
Trade and other payables	7789631	56316727
c. Cash generated from Operations	56020865	(10328444)
Direct Taxes (paid)/Refund	(2769127)	(2095707)
d. Cash flow before Extraordinary item	53251738	(12424151)
Extraordinary item	0	0
Net Cash Flow from Operating activities	53251738	(12424151)
B. Cash flow from investing activities		
Purchase of Tangible Fixed Assets	(40830553)	(183373)
Sale of Tangible Fixed Assets	1418719	17290640
Interest Received	20896190	17059390
Dividend Received	117842	117842
Change in Bank balances not considered as cash and cash Equivalent	(5766726)	(8675763)
Net Cash Flow from Investing activities	(24164528)	25608736
C. Cash flow from Financing activities		
Proceeds from Borrowings	83376000	76073721
Repayment of Borrowings	(83319111)	(81437318)
Finance costs	(16635940)	(10759400)
Net Cash flow from Financing activities	(16579051)	(16122997)
D. Net Increase / (Decrease)in Cash and Cash Equivalent	12508159	(2938412)
Cash and Cash Equivalent at the beginning of the year	10719185	13657597
Cash and Cash Equivalent at the end of the year	23227344	10719185
Net Increase / (Decrease)in Cash and Cash Equivalent	12508159	(2938412)

As per our report of even date
For Ashok Khasgiwala & Co.
Chartered Accountants

For and on behalf of Board of Directors

CA Avinash Baxi
Partner
Membership No. 79722

Yogender Mohan Sharma
Whole Time Director
DIN: 03644480

Sartaj Singh Chhabra
Director
DIN: 05342507

Dated : 30th May, 2016
Place : Indore

CS Amit Jain
Company Secretary

CA Kailash Agarwal
Chief Financial Officer

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	As at	
	31st March, 2016	31st March, 2015

NOTE 1. SHARE CAPITAL**Authorised**

1,10,00,000 (Previous Year 1,10,00,000) Equity Share of Rs. 10 each	110000000	110000000
1,00,000 (Previous Year 1,00,000) Preference Share of Rs.100 each	10000000	10000000

Total	120000000	120000000
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Issued, Subscribed and fully Paid up

69,68,850 (Previous Year 69,68,850) Equity Shares of Rs 10 Each fully paid up	69688500	69688500
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Total	69688500	69688500
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1.1 The reconciliation of the number of shares and amount outstanding is set out below:

Particulars	As at 31st March,2016		As at 31st March,2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at beginning of the year	6968850	69688500	6968850	69688500
Add: Shares issued during the year	-	-	-	-
Equity Shares at end of the year	6968850	69688500	6968850	69688500

1.2 Rights, preferences and restrictions attached to Equity shares :

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. The dividend if any, proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

1.3 The details of Shareholders holding more than 5% shares in the Company :

Name of the Shareholders	As at 31st March,2016		As at 31st March,2015	
	No of shares held	% Held	No of shares held	% Held
Anand Mangal Investment & Finance Pvt. Ltd	1385200	19.88	1385200	19.88
Promise Securities Pvt. Ltd.	400000	5.74	400000	5.74
Girish Kumar Pushkarlal Agarwal	511200	7.34	511200	7.34
Antarica Resource Ltd.	466540	6.69	466540	6.69
Manish Shakra	910000	13.06	910000	13.06
Mahakosh Papers Pvt. Ltd.	375000	5.38	375000	5.38

1.4 Equity shares allotted as fully paid-up (during 5 years immediately preceding 31st March, 2016) including equity shares issued pursuant to contract without payment being received in cash :

Pursuant to amalgamation of Gloryshine Property Developers Pvt Ltd (Transferor Company) into and with the company, approved by the shareholders of the company and sanctioned by Hon'ble High Court at Mumbai on 21st October 2011, the company has issued and allotted 14,00,000 equity shares of Rs. 10 each fully paid up on 5th December 2011, to the shareholders of transferor company for consideration otherwise than in cash.

1.5 During the period of five years immediately preceding the Balance Sheet date as at 31st March, 2016, the company has not:

- allotted any shares as fully paid up by way of bonus shares,
- bought back any shares.

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 2. RESERVES AND SURPLUS**Capital Reserve**

Balance as at beginning of the year	4536358	4536358
Add: Addition during the year	0	0
Balance as at end of the year	<u>4536358</u>	<u>4536358</u>

Securities Premium Account

Balance as at beginning of the year	267623752	267623752
Add : Received during the year	0	0
Balance as at end of the year	<u>267623752</u>	<u>267623752</u>

General Reserve

Balance as at beginning of the year	1648608	1648608
Add: Transferred from Profit & Loss Account	0	0
Balance as at end of the year	<u>1648608</u>	<u>1648608</u>

Surplus/(Deficit) in Statement of Profit and Loss

Balance as at beginning of the year	(40955462)	(41168516)
Less - Adjustment of Depreciation as per schedule II of Companies Act, 2013 (Net of tax expense of Nil, Previous Year Rs. 12,88,013)	0	2501376
	<u>(40955462)</u>	<u>(43669892)</u>
Add: Profit/(Loss) for the year	8207437	2714430
Balance as at end of the year	<u>(32748025)</u>	<u>(40955462)</u>

Total	<u><u>241060693</u></u>	<u><u>232853256</u></u>
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NOTE 3. LONG-TERM BORROWINGS**Secured****Term Loans**

From Banks (Refer note (a) below)	0	623322
Less : Current Maturity of Long term borrowings (Refer note 7)	0	623322
	<u>0</u>	<u>0</u>

Unsecured

From others (Refer note (b) below)		
Indore Development Authority (IDA)	2446207	9068275
Less : Amount due but not paid	0	2094003
Less : Current Maturity of Long term borrowings (Refer note 7)	2446207	4528065
	<u>0</u>	<u>2446207</u>

Total	<u><u>0</u></u>	<u><u>2446207</u></u>
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Note :

a. Term loan from HDFC bank current year NIL (Previous Year Rs. 6,23,322) was secured by charge on the specific assets (vehicles) acquired from loan.

The loan from banks was repayable as under:

(i). Sanctioned amount Rs 17,50,000 outstanding Nil (Previous Year Rs. 2,79,669) was repayable in 60 monthly installments (EMI) of Rs. 36,115 (including Interest) commencing from December 2010 and last installment was due on November 2015. Rate of interest 8.75% p.a.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

(ii). Sanctioned amount Rs 16,50,000 outstanding Nil (Previous Year Rs. 33,370) was repayable in 60 monthly installments (EMI) of Rs. 33,595 (including Interest) commencing from May 2010 and last installment was due on April 2015. Rate of interest 8.18 % p.a.

(iii). Sanctioned amount Rs 50,85,000 outstanding amount Nil (Previous Year Rs. 3,10,283) was repayable in 60 equal monthly installments (EMI) of Rs. 1,04,940 (including Interest) commencing from July 2010 and last installment was due on June 2015. Rate of interest 8.75 % p.a.

b. Unsecured Loan taken from Indore Development Authority (IDA) Rs. 3,12,56,130 and outstanding amount Rs. 24,46,207 (Previous Year Rs. 90,68,275) is repayable in 40 quarterly installments (EMI) of Rs. 12,71,480 (including interest) commencing from November 2006 and last installment is due on August 2016. Rate of interest 10.5 % p.a. (Previous year 10.5 % p.a.).

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 4. LONG-TERM PROVISIONS

Provision for Employee benefit (Refer note 32 for disclosure as per AS -15)	1857892	1727561
Total	1857892	1727561

NOTE 5. SHORT-TERM BORROWINGS**From Bank**

a. Secured		
Working Capital Loan - Repayable on demand	83376000	0
b. Unsecured		
Buyers Credit	0	76073721
Total	83376000	76073721

Note :

1. Short term working capital loan from HDFC Bank Ltd for Rs. 8,33,76,000 (Previous year Nil) is secured against pledge of respective Stock in trade with HDFC Bank Ltd. as a continuing security and personal guarantee by others.

NOTE 6. TRADE PAYABLES

Due to Micro and Small Enterprises	314808	-
Due to others	535397129	530200716
Total	535711937	530200716

Note :

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 -

a. Trade Payables includes Rs. 3,14,808 (Previous Year Nil) amount due to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

SARTHAK INDUSTRIES LIMITED**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

b. The details of amount outstanding to Micro and Small Enterprises as identified based on the information available with the Company are as under :

Particulars	As at 31st March, 2016	As at 31st March, 2015
Principle amount due and remain unpaid	-	-
Interest due on above and unpaid interest	-	-
Interest paid		
Interest payment made beyond appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest due and payable in succeeding years	-	-

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 7. OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowings (Refer note 3)	2446207	5151387
Interest accrued but not due on Borrowings	1254212	92818
Long Term loan and interest due but not paid	0	2542960
Other Payables		
Statutory Dues	2376453	3878581
Advances from Customers	130645	132054
Security deposits	599906	599906
Other Liabilities*	11124973	7372859
Total	17932396	19770565

*other liabilities includes amount payable to employees, expenses and other payables.

NOTE 8. SHORT-TERM PROVISIONS

Provision for Employee benefit (Refer note 32 for disclosure as per AS -15)	321467	288715
Total	321467	288715

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****NOTE 9. FIXED ASSETS**

(Amount in Rs.)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1st April, 15	Additions	Deductions	As at 31st March,16	Up to 31st March,15	For the year	Adjustment in Retained Earnings (Refer note iii below)	Adjustment	Up to 31st March,16	As at 31st March,16	As at 31st March,15
Tangible Assts											
Land :											
Free Hold	142555094	-	-	142555094	-	-	-	-	-	142555094	142555094
Lease Hold	40288336	17544706	-	57833042	43712	9896	-	-	53608	57779434	40244624
Buildings	56328918	3044947	-	59373865	17774538	1986910	-	-	19761448	39612417	38554380
Plant & Machinery	32948047	3748139	-	36696186	28238482	1072259	-	-	29310741	7385445	4709565
Furniture & Fixtures	587378	-	-	587378	474670	35053	-	-	509723	77655	112708
Office Equipments	1478940	-	-	1478940	1312055	68284	-	-	1380339	98601	166885
Vehicles	17124030	-	7403404	9720626	13699777	834969	-	6172053	8362693	1357933	3424253
Current Year	291310743	24337792	7403404	308245131	61543234	4007371	0	6172053	59378552	248866579	229767509
Previous Year	296890421	183373	5763051	291310743	56946217	6096138	3789389	5288510	61543234	229767509	

Note :

(i) Free hold land includes Rs. 139700000 and Building includes Gross Value Rs. 46048500 acquired, pursuant to the scheme of amalgamation in earlier year pending registration in the name of the Company.

(ii) Lease hold land includes land of Rs. 57536142 allotted by Indore Development Authority (IDA) to the company, possession of which have been handed over but lease deed of the same is yet to be executed pending full payment of the same as per loan schedule of IDA.

(iii) During the previous year pursuant to enactment of new Companies Act, 2013 and as per the Schedule II of the Companies Act 2013; with effect from 1st April, 2014 company has revised the useful life of fixed assets for providing depreciation on it. Accordingly, carrying amount as on 1st April, 2014 has been depreciated over the remaining revised useful life of the fixed assets. Due to this change the depreciation for the year ended 31st March, 2015 is higher by Rs. 14,42,675 and profit before tax for the year ended 31st March, 2015 is lower to the extent of Rs. 14,42,675. In accordance with transitional provision in respect of assets whose useful life is already exhausted as on 1st April, 2014, depreciation of Rs. 25,01,376 (Net of tax expense of Rs. 12,88,013) has been recognized in the opening balance of retained earnings in accordance with the requirements of Schedule II of the Act.

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 10. NON-CURRENT INVESTMENTS**A. Investment in Equity Instruments :****I. Quoted (Other Than Trade)**

1953000 (Previous Year 1953000) Equity Shares of Ruchi Infrastructure Ltd. of Rs. 1/- each fully paid up	470075	470075
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5000 (Previous Year 5000) Equity Shares of Ruchi Soya Industries Ltd. of Rs. 2/- each fully paid up	36000	36000
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1600 (Previous Year 1600) Equity Shares of National Steel & Agro Industries Ltd. of Rs. 10/- each fully paid up	65272	65272
---	-------	-------

Less : Provision for diminution in value of investments	45272	43192
	20000	22080

100 (Previous Year 100) Equity Shares of Ruchi Strips & Alloys Ltd. of Rs. 10/- each fully paid up	2400	2400
--	------	------

Less : Provision for diminution in value of investments	1992	1851
	408	549

108800 (Previous Year 108800) Equity Shares of Sarthak Global Limited of Rs. 10/- each fully paid up	1022000	1022000
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500 (Previous Year 500) Equity shares of Kernex Micro Ltd. of Rs. 10/- each fully paid up	122233	122233
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Less : Provision for diminution in value of investments	106308	105708
	15925	16525

	1564408	1567229
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II. Unquoted (Other Than Trade)

1800 (Previous Year 1800) Equity shares of Vaishnavi Insurance Consultants Pvt. Ltd. of Rs. 5/- each fully paid up	9000	9000
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	9000	9000
--	------	------

B. Investments in Government Securities

National Saving Certificate VIII issue	43500	43500
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(Deposited with Govt. Department)	43500	43500
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C. Investment in Partnership Firms

Balance in Capital account of "Giriraj Buildcon"	461	461
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(Refer note no. 35)	461	461
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Total (A+B+C)	1617369	1620190
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Aggregate Amount of Quoted investments	1717980	1717980
Aggregate Amount of Unquoted investments	9,000	9,000
Market Value of Quoted investments	15,271,613	5,797,904
Aggregate Provision for diminution in value of investments	153,572	150,751
Aggregate Amount of Unquoted investments- In Government Securities	43,500	43,500
Aggregate Amount of Unquoted investments- In Partnership Firm	461	461

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 11. DEFERRED TAX ASSETS**Deferred Tax Assets**

Due to Depreciation difference on Fixed Assets	2559025	2131994
Other Timing Difference	673422	685332
Deferred Tax Assets/(Liabilities)	Total	
	<u>3232447</u>	<u>2817326</u>

NOTE 12. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

Capital Advances	18965086	2000000
Deposits	30154707	30461025
Share Application Money (refer note 31)	6851600	0
Others		
Advance Income Tax	3600322	3594594
(Net of provision for tax Rs. 16524000; Previous year Rs. 17822172)		
Total	<u>59571715</u>	<u>36055619</u>

NOTE 13. OTHER NON-CURRENT ASSETS

Others		
Interest accrued on deposits	111549	338551
Balance with Bank in Deposit account having maturity more than 12 months		
Earmarked against credit facility	138000	100000
Others	2519608	3261519
	<u>2657608</u>	<u>3361519</u>
Total	<u>2769157</u>	<u>3700070</u>

NOTE 14. INVENTORIES

(As valued and certified by the management)

Raw Materials	14933287	7990943
Work in Progress	1506341	3748058
Finished Goods	3415502	4875126
Stock In Trade	136165341	46341116
Stores and Spares	2260470	2988310

(Valued at lower of Cost or Net realizable value, except for scrap valued at net realizable value.)

Total	<u>158280941</u>	<u>65943553</u>
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SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
Details of Raw Materials		
H.R. Coil	11612865	3563728
Others	3320422	4427215
Total	14933287	7990943
Details of Work in Progress		
Semi finished LPG Cylinders	1506341	3748058
Total	1506341	3748058
Details of Finished Goods		
LPG Cylinders	1817275	2369292
Others	1598227	2505834
Total	3415502	4875126
Details of Stock in Trade		
Skimmed Milk Powder	136088501	46002780
Iron & Steel	76840	338336
Total	136165341	46341116

NOTE 15. TRADE RECEIVABLES

(Unsecured, considered good)

Outstanding for a period exceeding six months
from the date they are due for payment

Others

	62742516	68793531
	106605815	235066128
Total	169348331	303859659

NOTE 16. CASH AND BANK BALANCES

a. Cash and Cash Equivalents

i. Balances with Banks

in Current Accounts

15795835

2751517

in Deposit Accounts with maturity up to 3 months

Earmarked against credit facility

665000

2965000

Others

6000000

0

ii. Cash on hand

766509

5002668

23227344

10719185

b. Other Bank Balances

In Deposit Accounts

having maturity more than 3 months up to 12 months

Earmarked against credit facility

15346000

11124628

Others

2252000

2735

17598000

11127363

having maturity more than 12 months

2657608

3361519

Less : Shown under other non current assets (Refer note 13)

2657608

3361519

0

0

Total **40825344** **21846548**

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	As at 31st March, 2016	As at 31st March, 2015
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NOTE 17. SHORT-TERM LOANS AND ADVANCES

(Unsecured considered good)

Security deposits	143000	193000
Inter corporate deposits	200565585	179051205
Others		
Loans and Advances to Employees	284341	919496
Balances with Government Authorities	8982431	7402794
Advance to Suppliers	907764	3370993
Other Advances recoverable in cash or in kind for value to be received	39256250	60590225
Total	250139371	251527713

NOTE 18. OTHER CURRENT ASSETS

Interest accrued on fixed deposits with banks

	359761	500859
Total	359761	500859

NOTE 19. REVENUE FROM OPERATIONS

Sales of Products	995552707	970611320
Sale of Services	1122542	1759288
Other Operating Revenues	11919874	4675060
Revenue from operations (Gross)	1008595123	977045668

Details of Sales of product

LPG Cylinders	260674372	163184080
Skimmed Milk Powder	104750857	272712041
Chana	8586662	256215000
Dairy Whitener	0	141645000
Iron & Steel	26933364	127236570
Edible Oils	120315278	0
Wheat	10249014	0
Ghee	227268750	0
Milk	223060500	0
Other	13713910	9618629
	995552707	970611320

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014- 15
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NOTE 20. OTHER INCOME

Interest Received	20528090	17027352
Dividend Received on long term investments	117842	117842
Other Non operating income		
Rent Received	3467788	3057852
Profit on sale of Fixed Assets	187368	16816099
Miscellaneous Income	417346	4568014
Total	24718434	41587159

NOTE 21. COST OF MATERIALS CONSUMED

Raw Materials Consumed	180113317	128354281
Total	180113317	128354281

Raw Materials Consumed

H.R.Coil	150740534	109263127
Others	29372783	19091154
Total	180113317	128354281

	FY 2015-16		FY 2014-15	
	Value	%	Value	%
Raw Materials Consumed				
Imported	0	0	0	0
Indigenous	180113317	100	128354281	100

NOTE 22. PURCHASES OF STOCK IN TRADE

Purchases of traded goods	816153578	660429477
Total	816153578	660429477

Details of Purchases of Traded Goods

Skimmed Milk Powder	139518501	133000000
Edible Oils	120937968	0
Chana	8646680	256155000
Dairy Whitener	0	141578500
Iron & Steel	27776340	129695977
Wheat	10330339	0
Ghee	227075000	0
Milk	222742750	0
Others	59126000	0
Total	816153578	660429477

SARTHAK INDUSTRIES LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014- 15
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NOTE 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**Inventories at the end of the year**

Finished Goods	3415502	4875126
Work in Progress	1506341	3748058
Stock in Trade	136165341	46341116
	141087184	54964300

Less : Inventories at the beginning of the year

Finished Goods	4875126	8336235
Work in Progress	3748058	4015861
Stock in Trade	46341116	188388000
	54964300	200740096

Changes in Inventories

Total	(86122884)	145775796
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NOTE 24. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	24714597	19427860
Contribution to Provident and other fund	486520	483385
Staff Welfare Expenses	132301	134414

Total	25333418	20045659
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NOTE 25. FINANCE COSTS

Interest Expenses	13525785	7695887
Other Borrowing costs	3822592	2843590
Net Loss on Foreign Currency Transactions and Translations	0	12160

Total	17348377	10551637
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NOTE 26. OTHER EXPENSES

Power and Fuel	6154253	4550516
Stores, spares and consumables	6293243	2824066
Rent	1368946	1628442
Repairs to Machinery	117408	723618
Repairs to Buildings	231344	230815
Insurance	516532	533070
Rates & Taxes excluding taxes on income	3772593	1288270
Factory Expenses	277996	143588
Legal and Professional Charges	3807863	2026318
Travelling & Conveyance Expenses	677889	888895
Vehicle Expenses	546299	1051448
Loss on Commodity Business	40811	325459
Provision for diminution in the value of investments	2821	33140
Net Loss on Foreign Currency Transactions and Translations	1864356	2856245
Miscellaneous Expenses	9366058	5114871

Total	35038412	24218761
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SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****27 Contingent Liabilities and Commitments**

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014-15
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A. Contingent Liabilities

a) Estimated amount of claims against the Company not acknowledged as debts in respect of:

- Sales Tax, Competition Commission of India and other demand disputed in appeals (Amount deposited Rs. 20219919 (Previous Year Rs. 19963039))

72934973 75236586

b) Corporate Guarantee given on behalf of others

NIL 90000000

B. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 25817590 (net of advances of Rs. 14461366), (Previous Year NIL) .

28 In the opinion of the Board of Directors the current assets, loans and advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The company has made adequate provision for all known liabilities.

29 The Company has been sanctioned non fund based credit facilities of Rs. 110000000 by Punjab National Bank Ltd. and Rs. 55000000 by IDBI Bank Ltd.. Further an overdraft facility of Rs. 5000000 is sanctioned by IDBI Bank Ltd. (overdraft amount availed - NIL). Non fund based facilities are secured by hypothecation of entire current assets of the Company present and future, and further secured by -

- Hypothecation of all movables assets, equipments and fixtures of the company located at the Company's plant at Village Akolia, Pithampur, Distt. Dhar, (M.P.).
- Lien on Term Deposit Receipts of Rs. 16149000 (Previous year Rs. 14189628).
- Equitable mortgage on Company's plant situated at Village Akolia, Pithampur, Distt. Dhar, (M.P.).
- Personal guarantee of others.

**30 Leases : Operating Leases
Where Company is lessee**

The Company has taken various premises under operating leases with these are renewable on periodic basis at the option of both lessor and lessee. The aggregate amount of cancellable operating lease payments recognized in the statement of profit and loss is Rs. 13,68,946 (Previous Year Rs.16,28,442). The company has not recognized any contingent rent as expense in the statement of profit and loss.

Where company is lessor

The assets given on operating leases by the Company are included in fixed assets. The lease rentals recognized as income in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation are recognized as an expense in the statement of Profit and loss. Initial direct costs are recognized immediately in the statement of Profit and loss. The company has not recognized any contingent rent as income in the statement of profit and loss.

The aggregate amount of cancellable operating lease income recognized in the Statement of Profit and Loss is Rs. 34,67,788 (Previous Year Rs. 30,57,852).

31 During the year company has remitted Rs. 68,51,600 to SIA account in State Bank of India, Colombo for onward investment in ordinary shares of M/s. Paras Industries (Pvt) Limited, Colombo, Sri Lanka. The amount is shown as share application money on 31st March, 2016 pending allotment of shares.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****32 Employee Retirement Benefit :****(A) Defined contribution plans**

In respect of defined contribution plans, an amount of Rs. 388774 (Previous Year: Rs. 419733) has been recognised in the statement of profit and loss for the year towards employer share of provident fund contribution.

(B) Defined benefit plans

The employees gratuity is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014-15
I. Change in Benefit Obligation	Rs.	Rs.
Liability at the beginning of the year	1704580	2117625
Interest Cost	133602	175182
Current Service Cost	97459	90282
Past Service Cost (Non Vested Benefit)	0	0
Past Service Cost (Vested Benefit)	0	0
Liability Transfer in	0	0
Liability transfer out	0	0
Benefit Paid	0	(998654)
Actuarial (Gain)/Loss on obligations	(131531)	320145
Liability at the end of the year	1804110	1704580
II. Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	0	0
Expected Return on Plan Assets	0	0
Contributions by Employer	0	998654
Transfer from other company	0	0
Transfer to other company	0	0
Benefit Paid	0	(998654)
Actuarial (Gain)/Loss on Plan Assets	0	0
Fair Value of Plan Assets at the end of the year	0	0
Total Actuarial (Gain)/Loss To Be Recognized	(131531)	320145
III. Amount Recognized in the Balance Sheet		
Liability at the end of the year	1804110	1704580
Fair Value of Plan Assets at the end of the year	0	0
Difference	1804110	1704580
Unrecognized Past Service Cost	0	0
Un recognized Transition Liability	0	0
Amount Recognized in the Balance Sheet	1804110	1704580
IV. Expenses Recognized in Profit and Loss A/c		
Current Service Cost	97459	90282
Interest Cost	133602	175182
Expected Return on Plan Assets	0	0
Past Service Cost (Non Vested Benefit) Recognized	0	0
Past Service Cost (Vested Benefit) Recognized	0	0
Recognition of Transition Liability	0	0
Actuarial (Gain)/Loss	(131531)	320145
Expense Recognized in P& L	99530	585609
V Assets Information		
Government of India Assets	0	0
Corporate Bonds	0	0
Special Deposits Scheme	0	0
Equity Shares of Listed Companies	0	0
Property	0	0
Other	0	0
Insurer Managed Funds	0	0
Total	0	0

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****VI. Balance Sheet Reconciliation**

Opening Net Liability	1704580	2117625
Expense as above	99530	585609
Employers Contribution	0	0
Benefit Paid	0	(998654)
Amount Recognized in Balance Sheet	1804110	1704580

VII. Assumptions

Discount Rate Current	7.75%	7.95%
Rate of Return on Plan Assets Current	0.00%	0.00%
Salary Escalation Current	5.00%	5.00%

(ii) Expected contribution for defined benefit plan for the next financial year would be Rs. 2,52,098 (Previous Year Rs. 2,43,031).

(iii) Amounts recognized in current year and previous four years:

Experience adjustment

(Amount in Rs.)

Particulars	31 st March 2016	31 st March 2015	31 st March 2014	31 st March 2013	31 st March 2012
Defined Benefit Obligation	1804110	1704580	2117625	2119938	1766825
Fair Value of Plan Assets	0	0	0	0	0
Surplus/ (Deficit) in plan	(1804110)	(1704580)	(2117625)	(2119938)	(1766825)
Experience Adjustments on Plan Liabilities Loss / (Gain)	(152771)	183304	(17474)	0	(64315)
Experience Adjustments on Plan Assets (Loss) / Gain	0	0	0	0	0

(B) LEAVE ENCASHMENT

The liability in respect of leave encashment is determined using actuarial valuation carried out as at Balance Sheet date. Actuarial gain and losses are recognized in full in statement of Profit and Loss for the year in which they occur. Liability on account of Leave Encashment as at the year end Rs. 3,75,249 (Previous Year Rs. 3,11,696).

33 Earning Per Share (EPS) :-

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014-15
Net Profit after tax	8207437	2714430
Nominal Value of each equity share	10	10
Weighted average no. of shares	6968850	6968850
Basic and diluted earning per share	1.18	0.39

Particulars	For the year 2015-16	For the year 2014-15
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34 Payment to auditors (including service tax) :

Statutory Audit Fees	171750	140450
Tax Audit Fees	57000	28090
Other Services	37105	45505
Cost Audit Fees	20000	20000

35 Particulars in respect of Investment in the Capital of Partnership firms :-**i) M/s Giriraj Buildcon**

Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss
Beejay Realtors Pvt. Ltd.	460	0.05%	460	0.05%
Sarthak Industries Ltd.	461	0.05%	461	0.05%
Ashok Kumar Jain	92000	10.00%	92000	10.00%
Kiran Jain	184000	20.00%	184000	20.00%
Arpit Realty Holding Pvt Ltd	30360	3.30%	30360	3.30%
Mamta Rathi	552000	60.00%	552000	60.00%
Ultratech Energy Ltd	60720	6.60%	60720	6.60%

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****36 Segment Reporting :**

	2015-16			(Amount in Rs.)
	L.P.G. Cylinders	Merchant Trading	Other/ Unallocable	Total Amount
(a) Primary Segment - Business				
Segment Revenue	256677695	721164425	24718434	1002560554
	<i>177049372</i>	<i>797808611</i>	<i>24771060</i>	<i>999629043</i>
Segment Results (PBIT)	18924185	(6894332)	16007489	28037342
	<i>17452704</i>	<i>(8554530)</i>	<i>5810757</i>	<i>14708931</i>
Less : Finance Cost				17348377
				<i>10551637</i>
Profit before Tax				10688965
				<i>4157294</i>
Less : Tax Expenses				2481528
				<i>1442864</i>
Profit after Tax				8207437
				<i>2714430</i>
Segment Assets	107485819	280736372	561726694	949948885
	<i>72767611</i>	<i>292208302</i>	<i>568073328</i>	<i>933049241</i>
Segment Liability	62815571	191864613	384519507	639199691
	<i>39653473</i>	<i>267830118</i>	<i>323023894</i>	<i>630507485</i>
Segment fixed assets purchased/trfd. during the year	1126774	0	23211018	24337792
	<i>0</i>	<i>0</i>	<i>183373</i>	<i>183373</i>
Segment depreciation	2014870	45684	1946816	4007370
	<i>2194802</i>	<i>489064</i>	<i>3412272</i>	<i>6096138</i>

Previous year figures shown in italic.

(b) Secondary Segment - Geographical

The company's all operations are in India only.

Domestic Revenue	1002560554	999629043
Export Revenue	-	-
Total	1002560554	999629043

37 Related Party Disclosure :**(A) Related parties and their relationship**

a. Key management personnel

Name	Designation	Remarks
Mr. Yogender Mohan Sharma	Whole Time Director	
Mr. Virendra Kumar Gupta	Executive Director	Ceased w.e.f. 22.05.2014
Mr. Sartaj Singh Chabra	Director	
CS Amit Jain	Company Secretary	
CA Kailash Agarwal	Chief Financial Officer	

b. Other Party - Associate

Giriraj Buildcon Company is a Partner in partnership firm

Related party relationship as identified by company and relied upon by auditor.

(Amount in Rs.)

Particulars	For the year 2015-16	For the year 2014-15
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(B) Transactions with related parties for the year ended 31st March, 2016**Income :**

- -

Expenditure :Remuneration

Mr. Virendra Kumar Gupta	0	685950
Mr. Yogender Mohan Sharma	791990	512903
CS Amit Jain	832800	721301
CA Kailash Agarwal	1084147	0

Sitting Fees

Mr. Sartaj Singh Chabra	8000	9000
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SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016****(C) Balances with related parties as at 31st March, 2016**

Investment in partnership firm :		
Giriraj Buildcon	461	461
Trade Payables :		
Giriraj Buildcon	956	956

38 Pursuant to disclosure pertaining to section 186 (4) of the Companies Act 2013.

Particulars	Rate of Interest	For the year 2015-16	For the year 2014-15
a. Particulars of Loan given and outstanding as at the year end:			
Anik Jicks Logistics Ltd	15.00%	28142744	13145290
Ruchi Reality Holdings Ltd	10.00%	172422841	165905915

b. Investments made :

The same are classified under respective heads for purposes as mentioned in their object clause (Refer Note 10).

c. Guarantees given :

Anik Industries Limited	NIL	90000000
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39 Capital work-in-progress represents building under construction of Rs. NIL (Previous Year Rs. 94,973), plant & machinery under installation of NIL (Previous year Rs. 6,44,201) and preoperative expenses incurred for other projects of Rs 1,49,37,870 (Previous Year Rs. 1,46,71,021)**40 Value of Imports on CIF basis in respect of**

Purchase of Stock-in-Trade	21300369	105581124
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41 Stores and Spares Consumed -

Particulars	For the year 2015-16		For the year 2014-15	
	Value	%	Value	%
Imported	0	0	0	0
Indigenous	6293243	100	3547684	100

42 Earnings and Expenditure in foreign currency

Earnings in foreign currency	NIL	NIL
Expenditures in foreign currency		
- Interest and Bank Charges	115426	604409

43 Previous year's figures are regrouped or rearranged wherever considered necessary to make them comparable with current year's figures.

As per our report of even date For and on behalf of the Board of Directors
For Ashok Khasgiwala & Co.
Chartered Accountants

CA Avinash Baxi
(Partner)
M. No. 79722

Yogender Mohan Sharma
Whole Time Director
DIN: 03644480

Sartaj Singh Chhabra
Director
DIN: 05342507

Place : Indore
Date : 30th May, 2016

CS Amit Jain
Company Secretary

CA Kailash Agarwal
Chief Financial Officer

SARTHAK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(A) GENERAL CORPORATE INFORMATION

Sarthak Industries Ltd. (Formerly known as Avanti LPG (India) Ltd. and initially known as Malav Metals Pvt. Ltd.) is a public limited company incorporated on 23.12.1982. The Company is engaged in manufacturing of LPG Cylinders at works situated at Industrial Area, Pithampur, Dist. Dhar (M.P.) The LPG Cylinders are supplied to Oil Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. and also to private companies. Apart from this, Company is also engaged in trading of agri-commodities, mining and mineral based industry on opportunity basis. The Company is listed with the Bombay Stock Exchange (BSE).

(B) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared as going concern under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Rule 7 of the Companies (Accounts) Rules, 2014 in respect of section 133 of the Companies Act, 2013 and other recognized accounting policies and practices. The financial statements are presented in Indian Rupees.

(b) Use of Estimates

The preparation and presentation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

(c) Revenue Recognition

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis in accordance with the applicable accounting standards.

Sales revenue is recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated net of sales tax, VAT, trade discounts and rebates but includes excise duty.

Income from services is recognised as they are rendered based on arrangement/agreement with the concern customer.

Interest income is recognized on time proportion basis.

Dividend income on investments is accounted for as and when the right to receive the payment is established.

(d) Fixed Assets

Fixed assets are stated at cost of acquisition or construction, development, net of tax and duty credit availed if any including any cost attributable for bringing the assets to its working condition for its intended use ; less depreciation, amortization and impairment, if any (except freehold land).

Assets under erection/installation/expenditure during construction and erection period are shown as "capital work in progress".

(e) Depreciation/ Amortization

Depreciation on fixed assets is provided in the manner as specified in Schedule II to the Companies Act, 2013. Depreciation of an asset is the difference between Original cost/revalued amount and the estimated residual value and is charged to the statement of profit and loss over the useful life of an asset on written down value method. The estimated useful life of assets and estimated residual value is taken as prescribed under Schedule II to the Companies Act, 2013.

Cost of lease hold land is amortized over the period of lease.

Depreciation on additions during the year is provided on pro rata basis with reference to date of addition/installation. Depreciation on assets disposed/discarded is charged up to the date on which such asset is sold.

Intangible assets if any, are amortized over its useful life.

(f) Borrowing Cost

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets is ready for its intended use. Other borrowing costs are charged to statement of profit and loss.

SARTHAK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(g) Investments

Investments that are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as non current investments. Current Investments are carried at lower of cost or fair value.

Non current investments are carried at cost of acquisition. However, no provision is made for diminution in the value of investments, where, in the opinion of the Board of Directors such diminution is temporary.

(h) Valuation of Inventories

Inventories are valued at lower of cost or net realisable value on FIFO basis. Cost of inventory is generally comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as cost of finished goods and goods in transit stated at cost. Scrap are valued at net realizable value.

(i) Foreign Currency Transactions

a. All transactions in foreign currency, are recorded at the rates of exchange prevailing on the date of transaction. Any gain or loss on account of fluctuation in the rate of exchange is recognized in the statement of profit and loss.

b. Monetary items in the form of Loans, Current assets and Current liabilities in foreign currencies at the close of the year are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss on account of fluctuation in the rate of exchange is recognized in the statement of profit and loss.

c. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expense over the life of the contract.

(j) Employee Benefits

(I) Post-employment benefit plans -

i) Defined Contribution Plan - Contributions to provident fund/family pension fund are accrued in accordance with applicable statute and charged to Statement of Profit and loss.

ii) Defined Benefit Plan - The company has carried out actuarial valuation of gratuity and leave encashment using Projected Unit Credit Method as required by Accounting Standard 15 "Employee Benefits" (Revised 2005) as at year end. Actuarial gains/(losses) are recognized in full in the statement of profit and loss for the period in which they occur.

(II) Short term employment benefits -

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recoanized during the period when the employees renders the services.

(k) Lease Accounting

As a Lessee

Leases, where risk and reward of ownership, are significantly retained by the lessor are classified as operating lease and lease rentals thereon are charged to the statement of profit and loss over the period of lease.

As a Lessor

The Company has given assets on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(l) Taxes on Income

Provision for current tax is the amount of tax payable on taxable income for the year as determined in accordance with the provision of the Income tax Act, 1961.

Deferred tax is recognized on timing differences. Being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

(m) Segment Accounting

(I) The company has disclosed business segment as the primary segment. Segments have been identified taking into account the type of products, the differing risks and returns and the internal reporting systems. The various segments identified by the company comprise as under :

<u>Name of Segment</u>	<u>Comprises of</u>
Cylinders	LPG Cylinders manufacturing and repairing
Merchant Trading	Land, Skimmed Milk Powder, Coal and various commodities

By products related to segment have been included in respective segment.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

(II) Segment revenue, segment results, segment assets and segment liabilities include respective amounts directly identified with the segment and also an allocation on reasonable basis of amounts not directly identified. The expenses which are not directly relatable to the business segment are shown as unallocable corporate cost. Assets and liabilities that can not be allocated are shown as unallocable corporate assets and liabilities respectively.

(n) Impairment of Assets

An assets is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been an indication that impairment loss recognised for an asset no longer exists or may have decreased.

(o) Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but disclosed in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

(p) Cash Flow Statement

Cash flows are reported using indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company are segregated based on the available information.

**FORM NO. MGT- 11
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L99999MH1982PLC136834
 Name of company : **SARTHAK INDUSTRIES LIMITED**
 Registered office : Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai-400009 (MH), India

Name of the member(s)	:
Registered address	:
E-mail Id	:
Folio No/ Client Id	:
DP ID	:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :, or failing him

2. Name :

Address :

E-mail Id :

Signature :, or failing him

3. Name :

Address :

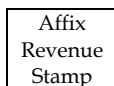
E-mail Id :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on the **Friday, 30th September, 2016** at 11.00 a.m. at Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai-400009 (MH), India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description
Ordinary Business	
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 st March, 2016 together with the Report of the Directors and Auditors thereon.
2.	To appoint a Director in place of Ms. Deepika Arora (DIN: 07117491), who retires by rotation and being eligible offers herself for re-appointment.
3.	To appoint M/s Ashok Khasgiwala & Company, Chartered Accountants, (Firm Registration No.: 0743C) retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company.
Special Business	
4.	To approve the remuneration payable to M/s A. GOYAL AND CO., Cost Accountant (Firm Registration No. 101308), Cost Auditors of the Company for the financial year ending 31st March, 2016.
5.	To approve the remuneration payable to M/s A. GOYAL AND CO., Cost Accountant (Firm Registration No. 101308), Cost Auditors of the Company for the financial year ending 31st March, 2017.
6.	To authorize the Board of Directors u/s 186 of the Companies Act, 2013.

Signed this..... day of..... 2016



Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SARTHAK INDUSTRIES LIMITED

CIN: L99999MH1982PLC136834

Regd. Office: Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai - 400009 (MH), India

32nd Annual General Meeting

ATTENDANCE SLIP

ANNUAL GENERAL MEETING ON FRIDAY, 30TH SEPTEMBER, 2016

Registered Folio No/ Client Id No.

Full Name of Member (in BLOCK LETTERS)

No. of Shares held.....

I/We certify that I/We am/are registered shareholder/ proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the 32nd Annual General Meeting of the Company at Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai-400009 (MH), India on Friday, 30th September, 2016.

(Member/proxy's Signature)

(Name in BLOCK LETTERS, if signed by proxy)

Note:

1. Shareholders / proxy holders are requested to bring the attendance Slips with them when they come to the meeting and hand over them at the entrance after affixing their signatures on them.
2. If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.