

भारतीय मानक ब्यूरो



IS / ISO 9001



(An ISO 9001 Company)



SARTHAK INDUSTRIES LIMITED

**39th Annual Report
2022-23**

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| CIN | : L99999MH1982PLC136834 |
| BOARD OF DIRECTORS | : Mr. Yogender Mohan Sharma (upto 17.05.2023) Whole-time Director Mr. Ajay Peshkar (w.e.f. 19.05.2023) Whole-time Director Mr. Udesh Dassani Independent Director Mr. Vijay Rathi Independent Director Mr. Nimishek Ved Independent Director Ms. Deepika Arora Non-Executive Director Mr. Shashikant Padgil (w.e.f. 01.08.2023) Additional cum Independent Director Mrs. Ankita Hasmukhdas Sethi (w.e.f. 01.08.2023) Additional cum Independent Director |
| COMPANY SECRETARY | : CS Riya Bhandari |
| CHIEF FINANCIAL OFFICER | : CA Kailash Kumar Agarwal (upto 30.06.2022) : CA Om Prakash Mundra (w.e.f. 05.07.2022) |
| BANKERS | : Punjab National Bank HDFC Bank Ltd. |
| REGISTERED OFFICE | : Room No. 4, Anna Bhuvan, 3 rd Floor, 87C Devji Ratansi Marg, Dana Bunder, Mumbai-400009 (MH), Phone: 022-23486740, Email Id: sarthakindustries@yahoo.in Website: www.sarthakindustries.com |
| CORPORATE OFFICE | : 214, Trade Centre, South Tukoganj, Indore-452001(M.P.) Phone: 0731-2527949 |
| WORKS | : LPG Cylinder Unit Pithampur Industrial Area, Village Akoliya, District Dhar, (M.P.), Phone: 07292-296766 |
| STATUTORY AUDITORS | : M/s SMAK & Co., Chartered Accountants 120 Trade Centre, South Tukognaj, 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.), Phone: 0731-4279626, Email: sgl@sarthakglobal.com |
| STOCK EXCHANGE LISTING | : The BSE Ltd. |

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NOTICE

NOTICE is hereby given that the 39th Annual General Meeting of the members of Sarthak Industries Limited will be held on Friday, the 11th August, 2023 at 5.00 p.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended 31st March, 2023 together with the Report of the Board of 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 Statutory Auditors of the Company and fix their remuneration and in this regard to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force) M/s ASHOK KHASGIWALA & CO. LLP, Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) vide registration number 000743C/C400037, be and are hereby appointed as Statutory Auditors of the Company (in place of M/s SMAK & Co, the retiring Auditors) for a term of 5 (five) consecutive years from the conclusion of this 39th Annual General Meeting of the Company till the conclusion of the 44th Annual General Meeting on such remuneration plus service tax, out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and the Statutory Auditors;

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and are hereby severally authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

SPECIAL BUSINESSES:

4. To ratify and confirm payment of remuneration of Cost Auditors for the financial year ending March 31st, 2024 and in this regard to consider and, if thought fit, to pass 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 taxes as applicable and reimbursement of out of pocket expenses for the financial year ending 31st March, 2024 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 approve the appointment of Mr. Ajay Peshkar (DIN-03094090) as Whole-time Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 ("the Act") and rules made thereunder including any statutory modification(s) or re-enactment thereof, for the time being in force) Mr. Ajay Peshkar (DIN-03094090), who was appointed as an Additional cum Whole-time Director of the Company by the Board of Directors with effect from 19th May, 2023 and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of the Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory Modification(s) or re-enactments thereof, for the time being in force) and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for appointment of Mr. Ajay Peshkar (DIN-03094090) as Whole-Time Director of the Company for a period of 3 years with effect from 19th May, 2023 on the terms and conditions including remuneration as set out hereunder with the liberty to Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and / or remuneration within the parameters of the applicable laws or any amendments thereto.

TENURE: 3 (Three) years with effect from 19th May, 2023.

SALARY: Rs. 1,14,083/- per month.

PROVIDENT FUND: Company's contribution towards provident fund as per the rules of the Company for the time being in force.

BONUS, GRATUITY & LEAVE ENCASHMENT: As per rules of the Company and subject to provisions of respective statutory enactment.

SITTING FEES: Mr. Ajay Peshkar shall not be entitled to any sitting fees.

RESOLVED FURTHER THAT wherein a financial year during the currency of his tenure, the Company has no profits or its profits are inadequate the remuneration payable to him shall not exceed the ceiling limit prescribed in Section II of Part II of Schedule V to the Companies Act, 2013 for that year, which will be payable to him as minimum remuneration for that year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase the salary with an annual increment upto Rs. 25,000/- (Rupees Twenty Five Thousand only) per month, from time to time during the tenure of said three years AND THAT the said increase or revision shall also be subject to overall limit on remuneration payable to all the managerial personnel taken together, as laid down in the Companies Act, 2013, read with Schedule V thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide breakup of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution or as may be otherwise considered by it to be in the best interest of the Company.

RESOLVED FURTHER THAT Any Director or CFO or Company Secretary of the Company be and are hereby authorised severally to file necessary forms with the Registrar of Companies and to do all such acts, deeds, things required for the aforesaid purpose."

6. To approve the appointment of Mr. Shashikant Padgil (DIN: 07896216) as an Independent Director of the Company and in this regard 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 Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made there under and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations") (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the provisions of the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Members be and is hereby accorded for appointment of Mr. Shashikant Padgil (DIN: 07896216), who was appointed as an Additional Director (in the capacity of an Independent Director) of the Company by the Board of Directors with effect from 1st August, 2023, and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and is eligible for appointment under the provisions of the Act, the Rules made thereunder and the Listing Regulations, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of an Independent Director, as an Independent Director, not liable to retire by rotation, to hold office for a term of five consecutive years i.e., from 1st August, 2023 upto 31st July, 2028.

RESOLVED FURTHER THAT the Board or any duly constituted Committee of the Board, be and is hereby authorised to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the foregoing resolution."

7. To approve the appointment of Mrs. Ankita Hasmukhdas Sethi (DIN: 08467476) as an Independent Director of the Company and in this regard 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 Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made there under and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations") (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the provisions of the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Members be and is hereby accorded for appointment of Mrs. Ankita Hasmukhdas Sethi (DIN: 08467476), who was appointed as an Additional Director (in the capacity of an Independent Director) of the Company by the Board of Directors with effect from 1st August, 2023, and who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and is eligible for appointment under the provisions of the Act, the Rules made thereunder and the Listing Regulations, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing her candidature for the office of an Independent Director, as an Independent Director, not liable to retire by rotation, to hold office for a term of five consecutive years i.e., from 1st August, 2023 upto 31st July, 2028.

RESOLVED FURTHER THAT the Board or any duly constituted Committee of the Board, be and is hereby authorised to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the foregoing resolution."

By order of the Board of Directors

Place: Indore
Dated: 14th July, 2023

RIYA BHANDARI
COMPANY SECRETARY
(ACS-55403)

NOTES:

1. Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to conduct their annual general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), thereby, dispensing with the requirement of physical attendance of the members at their AGM and accordingly, the **39th Annual General Meeting (the "AGM" or the "Meeting") of Sarthak Industries Limited (the "Company")** will be held through VC or OAVM in compliance with the said circulars and the relevant provisions of the Companies Act, 2013 (as amended) (the "Act") and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations"). The deemed venue for the AGM shall be the Registered Office of the Company.
2. Members attending the AGM through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
3. **IN TERMS OF THE MCA CIRCULARS AND SEBI CIRCULARS, THE REQUIREMENT OF SENDING PROXY FORMS TO HOLDERS OF SECURITIES AS PER PROVISIONS OF SECTION 105 OF THE ACT READ WITH REGULATION 44(4) OF THE LISTING REGULATIONS, HAS BEEN DISPENSED WITH. THEREFORE, THE FACILITY TO APPOINT PROXY BY THE MEMBERS WILL NOT BE AVAILABLE AND CONSEQUENTLY, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE CONVENING THE 39th AGM OF THE COMPANY (THE "NOTICE").**

However, in pursuance of Section 113 of the Act and Rules framed thereunder, the corporate members are entitled to appoint authorized representatives for the purpose of voting through remote e-Voting or for the participation and e-Voting during the AGM, through VC or OAVM. Institutional Shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Power of Attorney / appropriate Authorization Letter together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at **Injoshics@gmail.com** with a copy marked to **helpdesk.evoting@cdslindia.com**

4. Register of Members and Share Transfer Books of the Company will remain closed from 31st July, 2023 to 11th August, 2023 (both days inclusive) for the purpose of 39th Annual General Meeting.
5. An Explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") in respect of item no. 3 to 7 of the notice set out above, is annexed hereto.
6. Details of Directors retiring by rotation / seeking appointment / re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.
7. In terms of Regulation 40(1) of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019. Members may please note that SEBI, vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website under the weblink at <http://sarthakindustries.com/formats-for-kyc> and on the website of the Company's RTA at <http://sarthakglobal.com/formats-for-kyc>. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI, vide its notification dated January 24, 2022, has mandated that all requests for transmission and transposition shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.
8. **Norms for furnishing of PAN, KYC, Bank details and Nomination:**

Pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD-1/P/ CIR/2023/37 dated March 16, 2023, issued in supersession of earlier circulars issued by SEBI bearing nos. SEBI/HO/ MIRSD/MIRSD RTAMB /P/CIR/2021/655 and SEBI/HO/MIRSD/ MIRSD RTAMB/ P/CIR/2021/687 dated November 3, 2021 and December 14, 2021, respectively, SEBI has mandated all listed companies to record PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers of holders of physical securities. **The folios wherein any one of the cited documents/details is not available on or after October 1, 2023, shall be frozen by the RTA.**

The securities in the frozen folios shall be eligible:

- To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC, bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website <http://sarthakindustries.com/formats-for-kyc>. In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest. Members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination, are requested to contact their respective DPs. Further, Shareholders holding shares in physical form are requested to ensure that their PAN is linked to Aadhaar to avoid freezing of folios. Such frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, after December 31, 2025.

9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members, who have not yet registered their nomination, are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website <http://sarthakindustries.com/formats-for-kyc>. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.

10. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, Sarthak Global Limited at investors@sarthakglobal.com, to receive copies of the Annual Report 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend.

| Type of holder | Process to be followed | |
|----------------|---|------------|
| Physical | For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, Sarthak Global Limited either by email to investors@sarthakglobal.com or by post to Sarthak Global Limited, Unit: Sarthak Industries Limited, 170/10, Film Colony, RNT Marg, Indore, M.P. 452001 | |
| | Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode | Form ISR-1 |
| | Update of signature of securities holder | Form ISR-2 |
| | For nomination as provided in Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 | Form SH-13 |
| | Declaration to opt out | Form ISR-3 |
| | Cancellation of nomination by the holder(s) (along with ISR-3) / Change of nominee | Form SH-14 |
| | Form for requesting issue of duplicate certificate and other service requests for shares / debentures / bonds, etc., held in physical form | Form ISR-4 |
| | Form for request of transmission | Form ISR-5 |
| Demat | Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP. | |

11. Mode of submission of form(s) and documents

a. Submitting Hard copy through Post/Courier etc.

Members can forward the hard copies of duly filled-in and signed form(s) along with self-attested and dated copies of relevant documentary proofs as mentioned in the respective forms, to the following address:

Registrar & Share Transfer Agent

Sarthak Global Limited

Administrative/Corporate Office: 170/10, Film Colony, R.N.T. Marg, Indore (M.P.)– 452001, India
Contact No.: 0731-4279626; Email Id: investors@sarthakglobal.com

b. Through Electronic Mode with e-sign

In case members have registered their email address, they may send the scan soft copies of the form(s) along with the relevant documents, duly e-signed, from their registered email address to investors@sarthakglobal.com.

c. Submitting Hard copy at the office of the RTA

The form(s) along-with copies of necessary documents can be submitted by the securities holder (s) / claimant (s) in person at RTA's office. For this, the securities holder/claimant should carry Original Documents against which copies thereof shall be verified by the authorised person of the RTA and copy(ies) of such documents with IPV (In Person Verification) stamping with date and initials shall be retained for processing.

12. Mandatory Self-attestation of the documents

Please note that, each page of the documents that are submitted in hard copy must be self-attested by the holder (s). In case the documents are submitted in electronic mode then the same should be furnished with e-sign of scan copies of the documents unless otherwise prescribed in the Companies Act, 2013 or the Rules issued thereunder or in SEBI Regulations or Circulars issued thereunder.

13. In case of Joint-holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at least 10 days before the meeting (i.e. on or before August, 01, 2023) through email on sarthakindustries@yahoo.in. The same will be replied by the Company suitably.
15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
16. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to sarthakindustries@yahoo.in.
17. In accordance with the aforesaid MCA Circulars and the SEBI Circulars, the Notice of the AGM alongwith the Annual Report of the Company for the financial year ended March 31, 2023, is being sent only through e-mail, to those Members whose e-mail addresses are registered with the Company or the Registrar and Share Transfer Agent (the "RTA"), i.e., M/s. Sarthak Global Limited or the Depository Participant(s). The Notice and the Annual Report for the financial year ended March 31, 2023 shall be available on the websites of the Company viz., www.sarthakindustries.com and of the Stock Exchanges where Equity Shares of the Company are listed. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

18. Since the AGM will be held through VC or OAVM, no Route Map is being provided with the Notice.
19. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
20. **Voting through electronic means (E-Voting) and E-Voting during the AGM**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting facility provided by listed entities, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

(I) THE INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step-1: Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

Step-2: Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- The voting period begins on **Tuesday, 08th August, 2023 at 9.00 a.m.** and ends on **Thursday, 10th August, 2023 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in Dematerialized form, as on **04th August, 2023** i.e. cut-off date (record date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step-1: Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

- In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

| Type of Shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and clicks on Login icon and select New System Myeasi.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> |

| Type of Shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL DEPOSITORY | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|---------------------------|--|
| Securities held with CDSL | Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |
| Securities held with NSDL | Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step-2: Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- v. Login method for e-voting and joining virtual meetings for Physical Shareholders and Shareholders other than individual holding in Demat form.
 1. The shareholders should log on to the e-voting website www.evotingindia.com.
 2. Click on “Shareholders” module.
 3. Now Enter your User ID :
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 4. Next enter the Image Verification as displayed and Click on Login.
 5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted earlier in voting of any Company, then your existing password is to be used.
 6. If you are a first time user, follow the steps given below:

| | For Physical Shareholders and other than individual shareholders holding shares in Demat. |
|--|--|
| 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 sequence number sent by Company/RTA and send an email to the Company at sarthakindustries@yahoo.in to obtain a sequence number for such login, if not available. |
| 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. |

- vi. After entering these details appropriately, click on **“SUBMIT”** tab.
 - vii. Shareholders 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 the 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.
 - viii. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - ix. Click on the **EVS** for **“SARTHAK INDUSTRIES LIMITED”** on which you choose to vote.
 - x. 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.
 - xi. Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
 - xii. 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.
 - xiii. Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
 - xiv. You can also take out print of the votes cast by clicking on **“Click here to print”** option on the Voting page.
 - xv. 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.
 - xvi. There is also an optional provision to upload BR/POS, if any uploaded, which will be made available to scrutinizer for verification.
 - xvii. Additional Facility for Non-Individual Shareholders & Custodians – For Remote Voting only -**
 - Non-Individual shareholders (i.e. Other than Individuals, HUF, NRI etc.) are required to log on to **www.evotingindia.com** and register themselves in the **“Corporate”** module.
 - 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 a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **sarthakindustries@yahoo.in**, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (II) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:**
- a. **For Physical shareholders-** Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company's email id at **sarthakindustries@yahoo.in** respectively.
 - b. **For Demat shareholders –** Please update your email id & mobile no. with your respective Depository Participant (DP).
 - c. **For Individual Demat Shareholders-** Please update your email id & mobile no. with your respective Depository Participants (DP) which is mandatory while e-voting & joining virtual meetings through Depository.

(III) INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

- i. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- iii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- iv. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- v. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- vi. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vii. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id. These queries will be replied to by the company suitably by email.
- viii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- ix. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- x. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting
- xi. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to **helpdesk.evoting@cdslindia.com** or contact at **toll free no. 1800 22 55 33**

All grievances connected with the facility for voting by electronic means may be addressed to: -

Mr. Rakesh Dalvi,
Sr. Manager, (CDSL) Central Depository Services (India) Limited,
A Wing, 25th Floor, Marathon Futurex,
Mafatlal Mill Compounds, N M Joshi Marg,
Lower Parel (East), Mumbai – 400013

or send an email to **helpdesk.evoting@cdslindia.com** or call **toll free no. 1800 22 55 33**.

21. GENERAL INFORMATION FOR SHAREHOLDERS:

- i. Shareholders can update their mobile numbers and e-mail IDs (which may be used for sending future communication(s)) by writing to **sgl@sarthakglobal.com**.
- ii. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. **04th August, 2023** may obtain the login ID and password by sending an email to **sarthakindustries@yahoo.in** or **sgl@sarthakglobal.com** or **helpdesk.evoting@cdslindia.com** by mentioning their Folio No./DP ID and Client ID No.
- iii. 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.
- iv. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolutions have been carried or not, and such report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign the same.
- v. Based on the Scrutinizer's Report, the Company will submit within 2 (two) working days of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.
- vi. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website **www.sarthakindustries.com** immediately after the declaration of the result by the Chairperson or a person authorized by him in writing and communicated to the Stock Exchanges.

By order of the Board of Directors

Place: Indore
Dated: 14th July, 2023

RIYA BHANDARI
COMPANY SECRETARY
(ACS-55403)

ANNEXURE TO THE NOTICE**Explanatory Statement as required under Section 102 of the Companies Act, 2013****Item No. 3:**

This explanatory statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the same is strictly not required as per Section 102 of the Companies Act, 2013.

The term of M/s SMAK & Co., Chartered Accountants (Firm Registration No.: 020120C), Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The Board of Directors of the Company at their meeting held on 14th July, 2023, on the recommendation of the Audit Committee, have recommended the appointment of M/s ASHOK KHASGIWALA & CO. LLP, Chartered Accountants (Firm Registration No. 000743C/C400037), as the Statutory Auditors of the Company to the Members at the 39th Annual General Meeting of the Company for an initial term of 5 years.

The said appointment of Auditors is due to the completion of two consecutive terms of previous Auditor M/s SMAK & Co. Chartered Accountants, (Firm Registration No. 020120C).

M/s. ASHOK KHASGIWALA & CO. LLP., Chartered Accountants, (Firm Registration No. 000743C/C400037) has proven track record of successful execution of assignments with due diligence of Multinational and other reputed companies in India. They have vast experience in statutory audit, internal audit of manufacturing companies.

The Board and the Audit Committee considered various parameters while recommending the appointment of M/s. ASHOK KHASGIWALA & CO. LLP. as the Statutory Auditor of the Company including but not limited to their capability to serve the Company, existing experience in the Company's business verticals and segments, technical knowledge, and found M/s. ASHOK KHASGIWALA & CO. LLP. suited to continue to provide audit services to the Company.

M/s. ASHOK KHASGIWALA & CO. LLP have consented to their appointment as statutory auditors and have confirmed that that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder. They have also confirmed that they hold a valid certificate as required under the provisions of Regulation 33 of the Listing Regulations.

Based on the recommendations of the Audit Committee and the Board of Directors of the Company, it is proposed to appoint M/s. ASHOK KHASGIWALA & CO. LLP., Chartered Accountants, (Firm Registration No. 000743C/C400037) as the Statutory Auditor of the Company for a term of five consecutive years i.e. from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting of the Company of the Company to be held in the year 2028.

The remuneration proposed to be paid to M/s ASHOK KHASGIWALA & CO. LLP. for the financial year 2023-24 would be in line with the existing remuneration of existing auditors.

Besides the audit services, the Company would also obtain certification from the statutory auditors under various statutory regulation and certification required by clients, banks, statutory auto rites, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the audit committee.

The Board of directors, in consultation with the audit committee, may alter and vary their terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

The Board recommends the Ordinary Resolution at Item No. 3 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. 3 of the Notice.

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, 2024 at a remuneration of Rs. 20,000/- (Rupees Twenty Thousand only) plus taxes 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:

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on 19th May, 2023, appointed Mr. Ajay Peshkar (DIN- 03094090) as an additional cum Whole-time Director of the Company for a period of 3 years with effect from 19th May, 2023, subject to the approval of the Members and he holds office up to the date of the Annual General Meeting.

The Company has received a notice under Section 160 of the Companies Act, 2013 along with the deposit of the requisite amount proposing his candidature for the office of Director of the Company.

The resolution needs the approval of the members in terms of sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) for the appointment of Mr. Ajay Peshkar as a Whole-time Director of the Company on the terms and conditions as mentioned in resolution.

Pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, Details of Directors seeking appointment/ re-appointment at the ensuing Meeting are provided and forms a part of the Notice.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013 and regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

THE FOLLOWING INFORMATION PERTAINING TO MR. AJAY PESHKAR IS FURNISHED PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION**(i) Nature of Industry**

Company is engaged in manufacturing of LPG Cylinders. The LPG cylinders are supplied to Oil Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited and also to private companies. Apart from this, Company is also engaged in trading of agri-commodities on opportunity basis.

(ii) Date of Commencement of commercial production

The company has started its commercial production in the year 1982.

(iii) In the case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable.

(iv) Financial Performance based on given indicators

Figures of revenue and profit recorded during last five financial years are as follows:

(Rs. in Lacs)

| Financial Year | Revenue from operations | Profit before Tax | Profit after Tax |
|----------------|-------------------------|-------------------|------------------|
| 2022-23 | 5827.58 | 103.43 | 75.90 |
| 2021-22 | 16364.52 | 228.43 | 167.92 |
| 2020-21 | 13354.29 | 294.02 | 209.24 |
| 2019-20 | 9556.04 | 400.95 | 270.99 |
| 2018-19 | 11195.67 | 118.51 | 44.90 |

(v) Foreign investments or collaborators, if any

The Company has invested in Paras Industries (Private) Limited, Sri Lanka and holds 19,49,284 ordinary shares representing 8.53% as on 31.03.2023. As per the shareholding pattern of the Company as on March 31, 2023, one Overseas Corporate Bodies holds 6,22,053 equity shares representing 6.69% and 12 Non-Resident Indian hold 32954 equity shares representing 0.35% of the paid-up equity share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

| | |
|--|--|
| Name of Director | Mr. Ajay Peshkar (DIN-03094090) |
| Background Details | Mr. Ajay Peshkar, aged 48 years has completed his diploma in Mechanical Engineering in the year 1995. Mr. Peshkar served to different companies under different roles and holds a total experience of 28+ years in the Strategic Planning and Leadership, Plant Administration, Production/Quality Management and Project Management & Execution and other related activities. Before appointment as director, he was working in the Company as plant head. Before joining Sarthak Industries Limited in June, 2021, he was last associated with KPMC Technology Ltd., Indore as Plant Head. |
| Past Remuneration | Rs. 13,68,998/- during FY 2022-23 |
| Recognition or Award | Nil |
| Job profile and his suitability | As Whole-time Director of the Company, Mr. Ajay Peshkar is responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person as the Whole-time Director of the Company. |
| Remuneration Proposed | The remuneration details are provided in the resolution. |
| Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person | Taking into consideration the size of the Company, the profile of Mr. Ajay Peshkar, the responsibilities shouldered on him and the industry benchmarks, the proposed remuneration is reasonable, justified and commensurate with the remuneration packages paid in the comparable companies. |
| Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any | Mr. Ajay Peshkar has no pecuniary relationship directly or indirectly with the Company or key managerial personnel of the Company except his remuneration in the capacity of a Director. He does not hold any equity share of the Company. |

III. OTHER INFORMATION:**(1) Reasons for loss or inadequate profits**

- Global economic slowdown
- Higher finance cost
- Increase in raw material cost
- Losses in manufacturing operations

(2) Steps taken or proposed to be taken for improvement

The Company has initiated various steps to improve its operational performance/liquidity, including cost control measures have been put in place. Company has drastically reduced credit facilities and various realignment initiatives ensured reduced debt burden on the Company resulting in overall reduction in finance cost.

(3) Expected increase in productivity and profit in measurable terms

Based on the current business plans, strict cost control measures, availability of banking limits and continued support from the Promoters, the Company believes that it would be able to sustain the volatile market conditions and emerge successfully in terms of good turnover and profits in the days to come.

IV. DISCLOSURES:

The details as required in this part has been mentioned under 'Report on Corporate Governance forming part of Board's Report.

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

Save and except Mr. Ajay Peshkar, 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. 5 of the Notice.

Item No. 6:

Pursuant to Section 161 of the Companies Act, 2013, the Board, on July 14, 2023, appointed Mr. Shashikant Padgil (DIN: 07896216) as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) years with effect from August 01, 2023 to July 31, 2028 (both days inclusive) subject to the approval of the shareholders through a special resolution.

The Company has received the following from him:

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules");
- (ii) Intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act;
- (iii) A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and under the LODR Regulations
- (iv) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, and NSE Circular No. NSE/CML/2018/24 dated June 20, 2018, that he has not been debarred from holding office of a director by virtue of any order passed by SEBI or any other such authority;
- (v) Confirmation that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties as an Independent Director of the Company;
- (vi) A declaration that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of independent directors maintained by the Indian Institute of Corporate Affairs.

The Company has received a notice in writing by a member proposing his candidature under Section 160 of the Act.

The Nomination and Remuneration Committee (NRC) had previously finalized the desired attributes for the selection of the independent director(s). Based on those attributes, the NRC recommended the candidature of Mr. Shashikant Padgil. In the opinion of the Board, Mr. Shashikant Padgil fulfils the conditions for independence specified in the Act, the Rules made thereunder, the LODR Regulations and such other laws / regulations for the time being in force, to the extent applicable to the Company. The Board noted that Mr. Shashikant Padgil skills, background and experience are aligned to the role and capabilities identified by the NRC and that he is eligible for appointment as an Independent Director.

The Board was satisfied that the appointment of Mr. Shashikant Padgil is justified due to the following reasons:

- He has global career to handle human resources problem in manufacturing industries.
- He has extensive experience in labour laws and administration.
- His experience of serving on the diversified boards of various companies.

A copy of the draft letter for the appointment of Mr. Shashikant Padgil as an Independent Director setting out the terms and conditions is available for electronic inspection by the members during normal business hours on working days up to the date of AGM.

The resolution seeks the approval of members for the appointment of Mr. Shashikant Padgil as an Independent Director of the Company for a term of 5 (five) years effective August 01, 2023 to July 31, 2028 (both days inclusive) pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof) and he shall not be liable to retire by rotation.

Pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, Details of Mr. Shashikant Padgil are provided and form a part of the Notice.

In compliance with Section 149 read with Schedule IV to the Act and Regulation 25 of the LODR Regulations, the approval of the Members is sought for the appointment of Mr. Shashikan Padgil as an Independent Director of the Company, as a special resolution.

No director, KMP or their relatives except Mr. Shashikant Padgil, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 6.

The Board recommends the special resolution as set out in Item no. 6 of this notice for the approval of members.

Item No. 7:

Pursuant to Section 161 of the Companies Act, 2013, the Board, on July 14, 2023, appointed Mrs. Ankita Hasmukhdas Sethi (DIN: 08467476) as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) years with effect from August 01, 2023 to July 31, 2028 (both days inclusive) subject to the approval of the shareholders through a special resolution.

The Company has received the following from her:

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules");
- (ii) Intimation in Form DIR-8 in terms of the Appointment Rules to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act;
- (iii) A declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and under the LODR Regulations;



- (iv) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, and NSE Circular No. NSE/CML/2018/24 dated June 20, 2018, that she has not been debarred from holding office of a director by virtue of any order passed by SEBI or any other such authority;
- (v) Confirmation that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company;
- (vi) A declaration that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to her registration with the data bank of independent directors maintained by the Indian Institute of Corporate Affairs.

The Company has received a notice in writing by a member proposing her candidature under Section 160 of the Act.

The Nomination and Remuneration Committee (NRC) had previously finalized the desired attributes for the selection of the independent director(s). Based on those attributes, the NRC recommended the candidature of Mrs. Ankita Hasmukhdas Sethi. In the opinion of the Board, Mrs. Ankita Hasmukhdas Sethi fulfils the conditions for independence specified in the Act, the Rules made thereunder, the LODR Regulations and such other laws / regulations for the time being in force, to the extent applicable to the Company. The Board noted that Mrs. Ankita Hasmukhdas Sethi skills, background and experience are aligned to the role and capabilities identified by the NRC and that she is eligible for appointment as an Independent Director.

The Board was satisfied that the appointment of Mrs. Ankita Hasmukhdas Sethi is justified due to the following reasons:

- She is company secretary and having good experience of corporate laws.
- She has extensive experience in audit, accounting and Corporate Governance.
- Her experience of serving on the diversified boards of various companies.

A copy of the draft letter for the appointment of Mrs. Ankita Hasmukhdas Sethi as an Independent Director setting out the terms and conditions is available for electronic inspection by the members during normal business hours on working days up to the date of AGM.

The resolution seeks the approval of members for the appointment of Mrs. Ankita Hasmukhdas Sethi as an Independent Director of the Company for a term of 5 (five) years effective August 01, 2023 to July 31, 2028 (both days inclusive) pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof and she shall not be liable to retire by rotation.

Pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, Details of Mrs. Ankita Hasmukhdas Sethi are provided and form a part of the Notice.

In compliance with Section 149 read with Schedule IV to the Act and Regulation 25 of the LODR Regulations, the approval of the Members is sought for the appointment of Mrs. Ankita Hasmukhdas Sethi as an Independent Director of the Company, as a special resolution.

No director, KMP or their relatives except Mrs. Ankita Hasmukhdas Sethi, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 7.

The Board recommends the special resolution as set out in Item no. 7 of this notice for the approval of members.

By order of the Board of Directors

Place: Indore

Dated: 14th July, 2023

RIYABHANDARI
COMPANY SECRETARY
(ACS-55403)

ADDITIONAL INFORMATION OF DIRECTORS SEEKING RE-APPOINTMENT/ APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION 2015 AND SECRETARIAL STANDARD OF GENERAL MEETING:

| | | | | |
|---|--|--|---|---|
| Name of Director | MS. DEEPIKA ARORA (DIN: 07117491) | Mr. AJAY PESHAKR (DIN: 03094090) | Mr. SHASHIKANT PADGIL (DIN: 07896216) | Mrs. Ankita Hasmukhdas Sethi (DIN: 08467476) |
| Date of Birth | 03.05.1983 | 14.08.1974 | 23.08.1954 | 02.02.1990 |
| Age | 40 years | 48 years | 69 years | 33 years |
| Date of first appointment | 16.03.2015 | 19.05.2023 | w.e.f. 01.08.2023 | w.e.f. 01.08.2023 |
| Expertise / Experience in specific functional areas | She is having vast experience in the field of finance. | He is having experience of more than 28 years in the Strategic Planning and Leadership, Plant Administration, Production/Quality Management and Project Management & Execution and other related activities. | He is having more than 45 years of experience of liasioning, labour laws, administration in Infrastructure, Real Estate, Dairy, Manufacturing Industries etc. at senior position. | She is having vast experience in the field of Accounts, audit and corporate laws. |
| Qualification | C.A. | Diploma in Mechanical Engineering | MSW, LL.B. | C.S. |
| Terms and Conditions of Appointment/ Re-appointment | As per the resolution passed by the shareholders at the Annual General Meeting held on 22 nd September, 2015. | As provided in the resolution at item no. 5 of the Notice of this Annual General Meeting read with explanatory statement thereto. | As provided in the resolution at Item No. 6 of the Notice of this Annual General Meeting. | As provided in the resolution at Item No. 7 of the Notice of this Annual General Meeting. |
| Remuneration last drawn during 2022-23) | Rs. 9,000/- as Sitting Fee during the financial year 2022-23. | Rs. 13,68,998/- during FY 2022-23. | Not Applicable | Not Applicable |
| Remuneration proposed to be paid | As per existing terms and conditions. | As provided in the resolution at item no. 5 of the Notice of this Annual General Meeting read with explanatory statement thereto. | As provided in the resolution at Item No. 6 of the Notice of this Annual General Meeting. | As provided in the resolution at Item No. 7 of the Notice of this Annual General Meeting. |
| No. & % of Equity Shares held in the Company (as on 31.03.2023). | Nil | Nil | Nil | Nil |
| Directorship in other Companies (As on 31.03.2023) | Nil | Nil | <ol style="list-style-type: none"> 1. VISHAL RESORTS AND HOTELS PRIVATE LIMITED 2. SONAKSHI HOTELS PRIVATE LIMITED 3. SADASHAY CONSTRUCTIONS PRIVATE LIMITED 4. SHALIN INFRA TECH PRIVATE LIMITED 5. SAKUSHAL BUILDTECH PRIVATE LIMITED 6. SAHARSHA INFRA CONSTRUCTIONS AND DEVELOPERS PRIVATE LIMITED 7. REWA LEISURE PRIVATE LIMITED | <ol style="list-style-type: none"> 1. PRISM GLOBAL VENTURES LIMITED 2. NATIONAL STEEL AGRO INDUSTRIES LIMITED |

| | | | | |
|--|--|--|---|--|
| | | | 8. NIRVANA HOUSING PRIVATE LIMITED 9. BRIGHTSTAR INFRASTRUCTURE PRIVATE LIMITED 10. RRHL REALTY LIMITED | |
| Number of Meetings of the Board attended during the year. | 6 out of 9 | Not applicable | Not applicable | Not applicable |
| Chairman / Member of the Committees of the Board Directors of other Companies (includes only Audit Committee and Stakeholders' Relationship Committee) | Nil | Nil | 1. Member of Audit Committee of RRHL Realty Limited 2. Member of Audit Committee of Vishal Resorts and Hotels Private Limited 3. Member of Audit Committee of Brightstar Infrastructure Private Limited | 1. Member of Stakeholders Relationship Committee |
| Chairman/Member of the Committees of the Board of Directors of the Company | Nil | Nil | Nil | Nil |
| Relationship between directors inter-se. | Not related to any director of the Company | Not related to any director of the Company | Not related to any director of the Company | Not related to any director of the Company |

By order of the Board of Directors

Place: Indore
Dated: 14th July, 2023

RIYA BHANDARI
COMPANY SECRETARY
(ACS-55403)

Sarthak Industries Ltd.
L99999MH1982PLC136834
Regd. Office: Room No. 4, Anna Bhuvan, 3rd Floor,
87C Devji Ratansi Marg, Dana Bunder, Mumbai (MH), 400009
Phone: 022-23486740,
Email Id: sarthakindustries@yahoo.in
Website: www.sarthakindustries.com

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 39th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2023.

FINANCIAL SUMMARY

The performance of the Company for the financial year ended on 31st March, 2023 is summarized below:

[Rs. In Lacs (Except EPS)]

| Particulars | 2022-23 | 2021-22 |
|---|----------------|---------------|
| Revenue from operations | 5827.58 | 16364.52 |
| Other Income | 337.36 | 247.62 |
| Profit/ (Loss) before Depreciation, Finance Cost, Exceptional items & Tax Expenses | 268.12 | 431.46 |
| Less: Depreciation | 70.88 | 80.19 |
| Profit/ (Loss) before Finance Cost, Exceptional Items and Tax Expenses | 197.24 | 351.27 |
| Less: Finance Cost | 93.81 | 122.84 |
| Profit/ (Loss) before Exceptional Items and Tax Expenses | 103.43 | 228.43 |
| Add/ (Less): Exceptional items | - | - |
| Profit/ (Loss) before Tax Expenses | 103.43 | 228.43 |
| Less: Tax Expenses | 27.53 | 60.51 |
| Profit/ (Loss) after Taxation | 75.90 | 167.92 |
| Add/(Less): Other Comprehensive Income | (144.15) | 20.97 |
| Total Comprehensive Income/(Loss) | (68.25) | 188.89 |
| Balance brought forward from previous year | 3252.60 | 3063.71 |
| Amount available for appropriation | 3184.36 | 3252.60 |
| APPROPRIATION | 232.30 | -- |
| Amount Carried to Balance sheet | 2952.06 | 3252.60 |
| Paid Up Equity Share Capital | 929.18 | 696.89 |
| Earnings Per share [EPS] (Rs. 10/- each) Basic & Diluted (in Rs.) | 0.82 | 1.81 |

INDIAN ACCOUNTING STANDARDS (Ind AS)

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017. The financial statements of the Company for the financial year 2022-23 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and the other recognized accounting practices and policies to the extent applicable.

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

The Board of Directors has not proposed any amount for transfer to reserves for the year ended 31st March 2023.

CHANGE IN NATURE OF BUSINESS

During the year there was no change in the nature of business of the company.

OPERATIONS

During the year under review, Revenue from operations and Other Income of the Company stood at Rs. 6,164.94 Lacs showing decreasing trend over the previous year Revenue from operations and Other Income Rs. 16,612.14 Lacs. Profit before tax has decreased and stood at Rs. 103.43 Lacs as compared to previous year figures Rs. 228.43 Lacs and Net Profit also decreased and stood at Rs. 75.90 Lacs as compared to previous year net profit Rs. 167.92 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.

The Company has not received any unsecured loan from director during the financial year.

SHARE CAPITAL

During the year under review, the Company allotted 23,22,950 Equity shares as bonus shares to existing shareholders in the ratio of 1:3 (one new equity share for every three existing fully paid-up equity shares held by the shareholders of the Company on record date i.e. 20th December, 2022). As a result of Bonus allotment, the paid up capital of the company has been raised to Rs. 9,29,18,000/- divided into 92,91,800 shares of Rs. 10/- each.

The Company has not issued shares with differential voting rights nor has granted any stock option or sweat equity shares. As on 31st March 2023, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

There were no funds which were required to be transferred to Investor Education and Protection Fund.

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 Practicing Company Secretary 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, 2023; 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/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

Appointment/ Reappointment:

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 Mr. Nimishk Ved (DIN: 07362817) has been re-appointed as an Independent Director of the Company for the Second term of five consecutive years by the approval of the shareholders in the Annual General Meeting held on 07th September, 2022.

During the year, Mr. Yogender Mohan Sharma has been re-appointed as Whole-time Director for a period of 3 years w.e.f. 15.07.2022 in the Annual General Meeting held on 07th September, 2022. Further, Mr. Yogender Mohan Sharma has resigned from the post of director and Whole-time Director of Company w.e.f. 17th May, 2023 due to his advancing age and certain health related issues. The Board appreciates the services rendered by him in the capacity of Whole-time Director.

Further, the Board of Directors based on the recommendation of the Nomination and Remuneration Committee of the Company, approved the following appointments to the Board:

- (a) The Board of Directors at its meeting held on 19th May, 2023 appointed Mr. AJAY PESHKAR (DIN: 03094090) as additional cum whole-time director of the Company for a period of three years w.e.f. 19th May, 2023.
- (b) The Board of Directors at its meeting held on 14th July, 2023 appointed Mrs. ANKITA HASMUKHDAS SETHI (DIN: 08467476) as an Additional cum Independent Director of the Company for a term of five consecutive years with effect from 01st August, 2023.
- (c) The Board of Directors at its meeting held on 14th July, 2023 appointed Mr. SHASHIKANT PADGIL (DIN: 07896216) as an Additional cum Independent Director of the Company for a term of five consecutive years with effect from 01st August, 2023.

The above-mentioned appointments are subject to approval of the Members at the ensuing AGM of the Company. The Board propose to appoint them in ensuing annual general meeting.

In the opinion of the Board, the independent directors appointed during the year possess requisite integrity, expertise, experience and proficiency.

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

Key Managerial Personnel

During the year, Mr. Kailash Kumar Agarwal (PAN: ABDPA8768M) had resigned from the post of Chief Financial Officer (CFO) of the company w.e.f. 30th June, 2022 due to his pre-occupations. The Board appreciates the services rendered by him in the capacity of Chief Financial Officer. Mr. Om Prakash Mundra (PAN: AHRPM9148H) has been appointed as Chief Financial Officer of the company w.e.f. 05th July, 2022.

Declaration by directors:

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 director is disqualified holding office as director.

Declaration by Independent Directors:

All Independent Directors have given declarations under section 149(7) that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline. They have also confirmed that they will appear for the online proficiency test, wherever applicable.

LISTING OF SHARES

The equity shares of the Company are listed on the BSE Limited (BSE). The listing fee for the year 2022-23 has already been paid to the Stock Exchange.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As on 31.03.2023, the Company does not have any subsidiary company or joint venture or associate company.

NUMBER OF MEETINGS OF THE BOARD

The Board met 9 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.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, one meeting of the Independent Directors was held on 14.02.2023, without the attendance of Executive Directors and members of management. All the Independent Directors were present in that meeting.

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.

BOARD EVALUATION

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

The 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.

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://sarthakindustries.com/upload/investors_file/CTI1676637163.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. Thus, Form AOC 2 is not required.

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://sarthakindustries.com/upload/investors_file/CTI1618510472.pdf

A statement showing the disclosure of transactions with related parties as required under Ind AS 24 is set out separately in this Annual Report.

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

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.

During the year under review, none of the employee of the company is drawing more than Rs. 1,02,00,000/- per annum or Rs. 8,50,000/- per month for the part of the year. The information required under Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure forming part of this Report. In terms of the first provision to Section 136 of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company.

Further, none of directors is drawing any remuneration or commission from any subsidiary or associate companies.

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, and under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Board's 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

Pursuant to the provisions of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s SMAK & Co., Chartered Accountants (Firm Registration No.: 020120C), Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The Board of Directors of the Company at their meeting held on 14th July, 2023, on the recommendation of the Audit Committee, have recommended the appointment of M/s ASHOK KHASGIWALA & CO. LLP, Chartered Accountants (Firm Registration No. 0007 43C/C400037), as the Statutory Auditors of the Company to the Members at the 39th Annual General Meeting of the Company for an initial term of 5 years. Accordingly, a resolution, proposing appointment of M/s ASHOK KHASGIWALA & CO. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice calling 39th Annual General Meeting of the Company. In this regard, the Company has received a certificate to the effect that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

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 2023-24. The Cost Audit Report for the year 2021-22 was filed with the Central Government within time.

INTERNAL AUDITORS

Internal Audit for the year ended March 31, 2023 was done by M/s 'S K Malani & Co' (Firm Registration Number: 159090W). The Board takes his suggestions and recommendations to improve and strengthen the internal control systems. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Board has appointed M/s 'S K Malani & Co.' (Firm Registration Number: 159090W), as Internal Auditor of the company for the year ended March 31, 2024.

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 2022-23. The Secretarial Audit Report for the financial year 2022-23 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.

PREVENTION OF INSIDER TRADING

The Board of Directors has adopted the code as per SEBI (Prohibition of Insider Trading) Regulations, 2015; The Details of the said code is available on website of the Company at the weblink: http://sarthakindustries.com/upload/investors_file/CT11618510757.pdf

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending March 31, 2023.

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.

APPLICATION OR PROCEEDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There is no application made or no proceeding pending under the Insolvency and Bankruptcy Code, 2016. There was no instance of onetime settlement with any Bank or Financial Institution.

SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

IMPLEMENTATION OF CORPORATE ACTION

During the year under review, the Company has not failed to implement any Corporate Actions within the specified time limit.

CREDIT RATING

Credit rating obtained along with revisions thereto for bank facilities of the Company during FY 2022-23 as under:

| S. No. | Facilities | Rating Agency | As on 01.04.2022 | As on 31.03.2023 | Reason for credit downgrade in ratings |
|--------|-----------------------|--|------------------|------------------|--|
| 1. | Non-fund- based limit | India Ratings and Research Private Limited | INDA4+ | INDA4 | Due to decline in revenue and profitability. |

ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, the annual return is available at Company's website <http://sarthakindustries.com/annual-return>.

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. An Internal Complaints Committee (ICC) has also been set up to redress complaints received on sexual harassment. There was no complaint received from any employee during the financial year 2022-23 and hence no complaint is outstanding as on 31.03.2023 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

AJAY PESHKAR
Whole-time Director
DIN: 03094090

DEEPIKAARORA
Director
DIN: 07117491

Place: Indore
Dated: 14.07.2023



ANNEXURE 'A' TO BOARD'S 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, 2023 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 2022-23.

(iii) The capital investment on energy conservation equipments:

No Capital investment on energy conservation equipments during the year 2022-23.

(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 2022-23.

C) Foreign exchange earnings and Outgo

During the year under review, the foreign exchange outgo was Rs. 3846.11 Lacs (Previous Year Rs. 11,099.55 Lacs) and the foreign exchange earning was Rs. NIL (Previous year Rs. 421.08 Lacs).

ANNEXURE 'B' TO BOARD'S 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 | 2.08 |
| Non-Executive Director | |
| Mr. Udesb Dassani | 0.07 |
| Mr. Vijay Rathi | 0.08 |
| Ms. Deepika Arora | 0.04 |
| Mr. Nimishek Ved | 0.04 |

- (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 2022-23 |
|--|---|
| Mr. Yogender Mohan Sharma (Whole-time Director) | Nil |
| Mr. Udesb Dassani (Non-Executive Independent Director) | Nil |
| Mr. Vijay Rathi (Non-Executive Independent Director) | Nil |
| Ms. Deepika Arora (Non-Executive Director) | Nil |
| Mr. Nimishek Ved (Non-Executive Independent Director) | Nil |
| Mr. Om Prakash Mundra (Chief Financial Officer) * | - |
| Ms. Riya Bhandari (Company Secretary) | Nil |

* Appointed w.e.f. 05.07.2022. Since the remuneration is only for current year, the percentage increase in remuneration is not comparable and hence, not stated.

- (iii) **The percentage increase in the median remuneration of employees in the financial year:** 3.85 %.

- (iv) **The number of permanent employees on the rolls of Company:** 26

- (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. 2022-23 was NIL whereas there is no percentile increase in the managerial remuneration for the same financial year.

- (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 BOARD'S 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 Regulations.

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 BOARD'S REPORT**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2023

[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 (CIN: L99999MH1982PLC136834)** (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 01st April, 2022 to 31st March, 2023 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, 2023 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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**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 (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the audit period**); and
 - (g) 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.
- (ii) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

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 and there were no dissenting views by any members of the Board during the period under review.



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

We further report that during the audit period, there was one instance of Bonus issue. Company allotted 23,22,950 Equity shares as bonus shares to existing shareholders in the ratio of 1:3 (one new equity share for every three existing fully paid-up equity shares hold by the shareholders of the Company on record date i.e. 20th December, 2022). We hereby report that the Company has duly complied with the provisions of applicable laws, rules, regulations and guidelines in respect of said issue of bonus shares. The important dates of said Bonus issue is as under:

| S. No. | Particular | Date |
|--------|--|---------------------------------|
| 1. | Date of Board Meeting wherein the proposed Bonus shares was approved | 14 th November, 2022 |
| 2. | Date of Extra Ordinary General Meeting approving the Bonus Issue | 10 th December, 2022 |
| 3. | Date of In-principle approval from BSE | 14 th December, 2022 |
| 4. | Record date for the purpose of ascertaining the eligibility of shareholders for issuance of Bonus shares | 20 th December, 2022 |
| 5. | Date of allotment of Bonus equity Shares | 22 nd December, 2022 |
| 6. | Date of Listing approval from BSE | 26 th December, 2022 |
| 7. | Date from permitted to Trade | 04 th January, 2023 |

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) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Indore
Date: 14.07.2023

For Ajit Jain & Co.
Company Secretaries

Ajit Jain
(Proprietor)
FCS No.: 3933; C P No.: 2876
UDIN- F003933E000583226
Peer Review Certificate No.: 767/2020
PCS Unique ID NO.: S1998MP023400

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: 14.07.2023

For Ajit Jain & Co.
Company Secretaries

Ajit Jain
(Proprietor)
FCS No.: 3933; C P No.: 2876
UDIN- F003933E000583226
Peer Review Certificate No.: 767/2020
PCS Unique ID NO.: S1998MP023400



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, non agri-commodities and other businesses on opportunity basis. As a major of diversification, the Company also decided to enter into IT sector through acquisition by equity investment in existing IT Company. The Company searching out suitable investment opportunities in existing IT Sector Company.

During the year 2022-23, the Company's performance showing decreasing trend in turnover and in profitability as compared to last year. Looking at global economic slowdown and other factors, the performance of Company is satisfactory. The Management is hopeful that Company's future is bright in the coming years.

Opportunities and Threats

Just as the world was on the mend post multiple waves of COVID, the continuation of Russia-Ukraine conflict induced a trail of irreversible economic, social and political effects. Accordingly as of 31st March 2023, based on the facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern. The management will continue to closely monitor the evolving situation and assess its impact on the business of the Company.

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

The future performance of your Company would depend to a large extent on its ability to successful diversification, market of commodities. We are hopeful that through the combination of market developments and expansion activity, there will be healthy growth over the next few years. Due to COVID-19 pandemic and Russia-Ukraine war, the situation is uncertain and it is difficult to predict when economies will fully normalize. Hence, FY24 is likely to be a challenging year.

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 - Manufacturing and repairing of LPG cylinders
- Merchant Trading - Trading of various commodities, materials etc.

The segment wise performance in detail is given in **Note 42** to the audited accounts of the Company as available in this Annual Report.

Outlook

Post multiple waves of COVID pandemic and continuation of Russia-Ukraine war, the financial year 2023-24 will be a challenging year for the global economy as well as Indian economy. 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.

Financial Performance

The performance of the Company for the financial year 2022-23 is summarized below:

(Rs. in Lacs)

| | Balance Sheet | As at March 31, 2023 | As at March 31, 2022 |
|----|-------------------------------|-------------------------|-------------------------|
| a. | Property, Plant and Equipment | 429.57 | 478.17 |
| b. | Right-of-use assets | 1.78 | 1.88 |
| c. | Capital Work-in-progress | 149.38 | 149.38 |
| d. | Intangible assets | 0.19 | 0.36 |
| e. | Financial assets | 332.55 | 453.66 |
| f. | Deferred tax assets (net) | 21.05 | 1.78 |
| g. | Other Non-current assets | 1090.63 | 1529.64 |
| h. | Current assets | 4867.63 | 5293.61 |
| i. | Total Equity | 3881.24 | 3949.49 |
| j. | Non-current liabilities | 61.67 | 84.86 |
| k. | Current liabilities | 2949.87 | 3874.13 |

Summarized Profit and Loss Account

(Rs. in Lacs except EPS)

| Particulars | 2022-23 | 2021-22 |
|--|----------------|---------------|
| Revenue from operations | 5827.58 | 16364.52 |
| Other Income | 337.36 | 247.62 |
| Profit/ (Loss) before Depreciation, Finance Cost, Exceptional items & Tax Expenses | 268.12 | 431.46 |
| Less: Depreciation | 70.88 | 80.19 |
| Profit/ (Loss) before Finance Cost, Exceptional Items and Tax Expenses | 197.24 | 351.27 |
| Less: Finance Cost | 93.81 | 122.84 |
| Profit/ (Loss) before Exceptional Items and Tax Expenses | 103.43 | 228.43 |
| Add/ (Less): Exceptional items | - | - |
| Profit/ (Loss) before Tax Expenses | 103.43 | 228.43 |
| Less: Tax Expenses | 27.53 | 60.51 |
| Profit/ (Loss) after Taxation | 75.90 | 167.92 |
| Add/(Less): Other Comprehensive Income | (144.15) | 20.97 |
| Total Comprehensive Income/(Loss) | (68.25) | 188.89 |
| Balance brought forward from previous year | 3252.60 | 3063.71 |
| Amount available for appropriation | 3184.36 | 3252.60 |
| APPROPRIATION (Issue of bonus shares from securities premium account) | 232.30 | -- |
| Amount Carried to Balance sheet | 2952.06 | 3252.60 |
| Paid Up Equity Share Capital | 929.18 | 696.89 |
| Earnings Per share [EPS] (Rs.10/- each) Basic & Diluted (in Rs.) | 0.82 | 1.81 |

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.

The number of permanent employees on the rolls of Company as on 31.03.2023 is 26.

KEY FINANCIAL RATIOS ANALYSIS

Details of key financial ratios are as follows:

| S. No. | Particulars | FY 2023 | FY 2022 | Remarks |
|--------|-----------------------------|---------|---------|---|
| 1 | DEBTORS TURNOVER RATIO | 3.38 | 10.79 | Debtors turnover ratio decreased due to reduction in sales |
| 2 | INVENTORY TURNOVER RATIO | 10.42 | 20.12 | Inventory turnover ratio also decreased due to lower sales |
| 3 | INTEREST COVERAGE RATIO | 14.16 | 30.06 | ratio decreased during the year due to reduction in profit |
| 4 | CURRENT RATIO | 1.65 | 1.37 | Current ratio improved during the year due to reduction in current liabilities. |
| 5 | DEBT EQUITY RATIO | 0.08 | 0.10 | Ratio improved due to reduction in outstanding loan. |
| 6 | OPERATING PROFIT MARGIN (%) | -2.40% | 0.63% | Reduction in operating ratio due to decrease in operating income |
| 7 | NET PROFIT MARGIN (%) | 1.30% | 1.03% | Increased due to increase in other income during the year |
| 8 | RETURN ON NET WORTH (%) | 1.96% | 4.25% | Decreased due to lower profitability during the year. |

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 REPORT

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

As on 31st March 2023, the number of independent directors is 60% of the total number of Directors. The number of non-executive Directors is 80% of the total number of Directors.

None of the Directors is a director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (Committees being, Audit Committee and Stakeholders' Relationship Committee), 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, No. of Directorship/ Committee Positions held in other Public Limited Companies, No. of shares held and Directorship in other listed entities along with Category as on 31.03.2023 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 31.03.23 | Directorship in other listed entities (Category of Directorship) |
|---------------------------|------------------------|------------|----------|--|---------------------------------|--|---|--|
| | | Board | Last AGM | Directorship | No. of Membership in Committee* | No. of Post of Chairperson in Committee* | | |
| Mr. Yogender Mohan Sharma | Whole-time Director | 09 | Yes | 01 | 02 | 01 | Nil | SARTHAK GLOBAL LIMITED (Independent Director) |
| Mr. Vijay Kumar Rathi | Independent Director | 06 | Yes | 01 | 02 | 02 | Nil | ANIK INDUSTRIES LIMITED (Independent Director) |
| Mr. Udesh Dassani | Independent Director | 04 | Yes | 02 | 02 | 02 | Nil | Nil |
| Ms. Deepika Arora | Non-Executive Director | 06 | No | -- | -- | -- | Nil | Nil |
| Mr. Nimishek Ved | Independent Director | 07 | Yes | -- | -- | -- | Nil. | Nil |

* Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee. The membership count include the count in which the director is Chairperson.

Relationship between directors interse

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

Familiarisation Programmes

The details of familiarisation programmes imparted to independent directors are available at the website of the Company at the link: http://sarthakindustries.com/upload/investors_file/CTI1676637163.pdf

Skills/expertise/Competence of the Board of Directors

The Board of Directors has identified the following skills/competencies for its effective functioning:

- Leadership and Management Strategy
- Sales, Marketing and International Business
- Corporate Governance and Disclosure
- Financial Literacy
- Social and Environmental Accountability

| S.No. | Name of Director | Expertise / Skill |
|-------|---------------------------|---|
| 1. | Mr. Yogender Mohan Sharma | Running Manufacturing units, Sales and Marketing, Liaisoning, Leadership, Environmental Accountability |
| 2. | Mr. Vijay Kumar Rathi | Stock audits, Internal Audit, Tax and Regulatory reforms, Banking |
| 3. | Mr. Udesh Dassani | Accounts and audit, Corporate Finance, Banking |
| 4. | Ms. Deepika Arora | Finance and allied matters, Corporate Management, Corporate Governance |
| 5. | Mr. Nimishek Ved | Real Estate, Project Funding, Government projects, Strategic private equity investment, Risk Management |

Confirmation for Independent Directors

The Board of the Company confirms that all Independent Directors fulfil the conditions specified in Listing Regulations and are independent of the Management.

Further as per the provisions of Companies Act, 2013, Independent Directors were appointed for a term of (Five) years, but shall be eligible for re-appointment by passing of a special resolution by the Company and shall not be eligible to retire by rotation.

The details of Directors being recommended for appointment/ re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking your approval for the appointment/ re-appointment of Directors are also included in the Notice.

B) BOARD PROCEDURE

During the financial year 2022-23, the Board of Directors met 9 times on the following dates: 30th May 2022, 04th July 2022, 10th August 2022, 26th September 2022, 14th November 2022, 05th December 2022, 22nd December 2022, 14th February 2023 and 27th March 2023. 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 on 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 31.03.2023 is as under:

| | | |
|---------------------------|---|----------|
| Mr. Vijay Rathi | : | Chairman |
| Mr. Udesh Dassani | : | Member |
| Mr. Yogender Mohan Sharma | : | Member |

The Company Secretary is the Secretary of the Committee.

b) Brief terms of reference:

- 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;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - 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,
 - Changes, if any, in accounting policies and practices and reasons for the same,
 - Major accounting entries involving estimates based on the exercise of judgment by management,
 - Significant adjustments made in the financial statements arising out of audit findings,
 - Compliance with listing and other legal requirements relating to financial statements,
 - Disclosure of any related party transactions,
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 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;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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) Mr. Vijay Rathi, Chairman of the Audit Committee was present in previous Annual General Meeting held on 07th September, 2022 to answer member's queries.

d) Dates of the Audit Committee meetings and attendance:

The Committee met 8 (Eight) times during the year on the following dates:

30th May 2022; 04th July 2022; 10th August 2022; 26th September 2022; 14th November 2022, 05th December 2022, 22nd December 2022 and 14th February 2023.

Mr. Vijay Rathi, Mr. Yogender Mohan Sharma and Mr. Udesb Dassani have attended all the 8 (Eight) 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 31.03.2023 is as under:

| | | |
|-------------------|---|----------|
| Mr. Vijay Rathi | : | Chairman |
| Mr. Udesb Dassani | : | Member |
| Mr. Nimishek Ved | : | 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 2 (Two) times during the year on the following dates:

04th July 2022 and 27th March 2023.

Mr. Udesb Dassani and Mr. Nimishek Ved have attended all the 2 (Two) meetings. Mr. Vijay Rathi has attended 1 (One) meeting.

- 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 Board's Report.
- f) Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes attendance, participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgement.

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 31.03.2023 is as under:

| | | |
|---------------------------|---|----------|
| Mr. Vijay Rathi | : | Chairman |
| Mr. Udesh Dassani | : | Member |
| Mr. Yogender Mohan Sharma | : | Member |

b) Name and designation of compliance officer: Ms. Riya Bhandari, Company Secretary.

c) During the financial year 2022-2023, the committee held 5 (Five) meetings on following dates:

10th June 2022; 10th August 2022; 14th November 2022, 22nd December 2022 and 14th February 2023.

Mr. Vijay Rathi and Mr. Yogender Mohan Sharma have attended all the 5 (Five) meetings. Mr. Udesh Dassani has attended 4 (Four) meetings.

d) No investor complaints were received during the financial year 2022-23. All valid share transfers received during the year 2022-23 have been acted upon by the Company and as on 31st March, 2023 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 31.03.2023 is as under:

| | | |
|---------------------------|---|----------|
| Mr. Yogender Mohan Sharma | : | Chairman |
| Mr. Om Prakash Mundra | : | Member |
| Mr. Nimishek Ved | : | Member |

During the year under review, Mr. Kailash Kumar Agarwal has been ceased from the membership of the committee w.e.f. closing hours of 30.06.2022. Mr. Om Prakash Mundra has been appointed as member of Committee w.e.f. 05.07.2022.

b) The Committee met two times during the year on 10th August, 2022 and 27th March, 2023.

Mr. Yogender Mohan Sharma, Mr. Om Prakash Mundra and Mr. Nimishek Ved have attended all the 2 (Two) meetings.

DETAILS OF REMUNERATION TO DIRECTORS

A. REMUNERATION TO EXECUTIVE DIRECTORS

The particulars of remuneration of executive director during the financial year 2022-23 are as under:

(Rs. in Lacs)

| Name | Designation | Salary | Perquisites | Total |
|---------------------------|---------------------|--------|-------------|-------|
| Mr. Yogender Mohan Sharma | Whole-time Director | 4.20 | - | 4.20 |

As on 31st March, 2023, 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 2022-23.

The sitting fees paid to all Non-Executive Directors for attending meetings of the Board and/or Committee thereof for the year ended 31.03.2023 is as follows:- Mr. Vijay Rathi – Rs. 0.17 Lacs, Mr. Udesh Dassani – Rs. 0.15 Lacs, Mr. Nimishek Ved Rs. 0.09 Lacs and Ms. Deepika Arora – Rs. 0.09 Lacs.

Service Contracts, Severance Fees and Notice Period

The appointment of the Executive Directors is governed by Resolutions passed by the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. No notice period or severance fee is payable to any Director.

Stock Option details

The Company has not granted any stock option to any of its director/employees.

SENIOR MANAGEMENT AND CHANGE THEREIN

The details of members of senior management as on 31.03.2023 is as under:

1. Mr. Om Prakash Mundra – Chief Financial Officer
2. Ms. Riya Bhandari – Company Secretary

During the year, Mr. Kailash Kumar Agarwal (PAN: ABDPA8768M) had resigned from the post of Chief Financial Officer (CFO) of the company w.e.f. 30th June, 2022 due to his pre-occupations. Mr. Om Prakash Mundra (PAN: AHRPM9148H) has been appointed as Chief Financial Officer of the company w.e.f. 05th July, 2022.

SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

During the year under review, one meeting of the Independent Directors was held on 14.02.2023, 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:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- 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 |
|---------|--|------------|----------|---|
| 2021-22 | Annual General Meeting held through VC/OAVM. The Registered office of the company was deemed to be the venue of the AGM. | 07/09/2022 | 05.00 pm | Special Resolution passed for re-appointment of Mr. Yogender Mohan Sharma as whole-time director of the company w.e.f. 15/07/2022 for further term of 3 years. Special Resolution passed for re-appointment of Mr. Nimishek Ved as independent director of the company for second term of 5 years. |
| 2020-21 | Annual General Meeting held through VC/OAVM. The Registered office of the company was deemed to be the venue of the AGM. | 15/09/2021 | 05.00 pm | Special Resolution passed for approving continuation of Mr. Yogender Mohan Sharma at the post of Whole-time director in the company after attaining the age limit of 70 years. |
| 2019-20 | Annual General Meeting held through VC/OAVM. The Registered office of the company was deemed to be the venue of the AGM. | 28/09/2020 | 05.00 pm | No Special Resolution passed. |

Extra-ordinary General Meeting

During the financial year 2022-23, one Extra-Ordinary General Meeting held on 10th December, 2022 as under:

| YEAR | VENUE | DATE | TIME | ORDINARY RESOLUTION PASSED |
|---------|--|------------|----------|---|
| 2022-23 | Extra Ordinary General Meeting held through VC/OAVM. The Registered office of the company was deemed to be the venue of the AGM. | 10/12/2022 | 03.30 pm | - Ordinary Resolution passed for increase in authorised capital. - Ordinary Resolution passed for issue of bonus shares. |

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.

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.

GENERAL SHAREHOLDERS INFORMATION

Date, Time & Venue of the Annual General Meeting

Day and Date: Friday, 11th August, 2023 at 5:00 p.m.

Venue: The Company is conducting meeting through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") pursuant to MCA Circulars. For details, please refer Notice of this AGM.

The proceedings of the AGM shall be deemed to be conducted at the registered office of the Company situated at Room No. 4, Anna Bhuvan, 3rd Floor, 87C Devji Ratansi Marg, Dana Bunder Mumbai (MH) - 400 009, which shall be the deemed venue of AGM.

Financial Year

01st April, 2022 – 31st March, 2023

Dividend Payment Date

No Dividend was recommended by the Board of the Directors for financial 2022-23.

Financial Calendar

Financial Reporting (tentative) for Quarter ending

| | | |
|--------------------|---|----------------|
| June 30, 2023 | - | August, 2023 |
| September 30, 2023 | - | November, 2023 |
| December 31, 2023 | - | February, 2024 |
| March 31, 2024 | - | May, 2024 |

Date of book closure

31st July, 2023 to 11th August, 2023 (Both days inclusive)

Listing on Stock Exchanges

The BSE Ltd. (BSE)
25th Floor, P.J. Towers, Dalal Street, Mumbai - 400001

Listing fees

Paid to the BSE Limited (BSE) for the financial year 2022-23.

Company's Code / Symbol / Series on Stock Exchange

The BSE Ltd.: (Stock Code: 531930)

Electronic connectivity

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

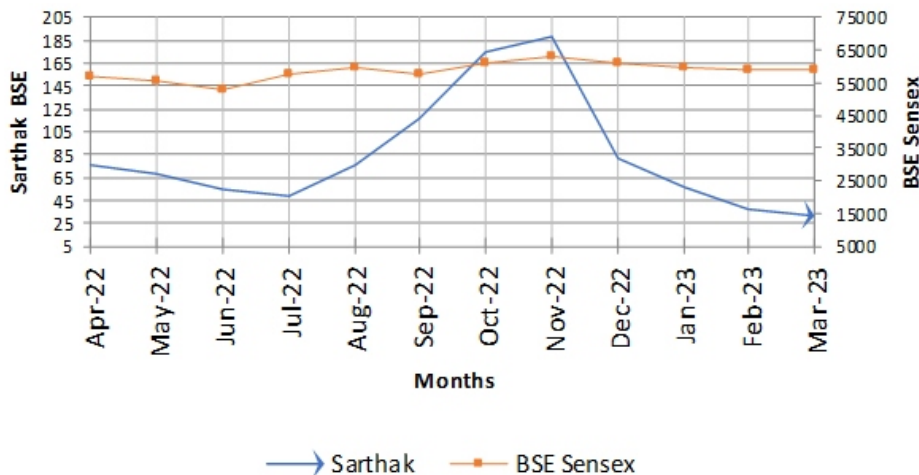
ISIN No. at NSDL / CDSL

INE 074 H01012

Market Price Data

The monthly high & low share prices of the Company traded at the Bombay Stock Exchange from 1st April, 2022 to 31st March, 2023 are given below: given below:

| Month | The Bombay Stock Exchange Ltd. | |
|--------------|--------------------------------|-----------------------|
| | Month High Price (Rs.) | Month Low Price (Rs.) |
| April-22 | 85.75 | 73.60 |
| May-22 | 74.80 | 67.50 |
| June-22 | 64.15 | 53.70 |
| July-22 | 53.65 | 46.15 |
| August-22 | 76.50 | 46.10 |
| September-22 | 143.75 | 80.30 |
| October-22 | 177.95 | 121.00 |
| November-22 | 216.05 | 165.55 |
| December-22 | 191.50 | 82.50 |
| January-23 | 86.60 | 48.35 |
| February-23 | 59.50 | 33.40 |
| March-23 | 40.32 | 28.89 |

Share Price Performance in comparison to BSE Sensex as on March 31, 2023**Sarthak Share Price vs BSE Sensex****Suspension of Securities**

Nil

Share Transfer Agent (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

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.

Nodal Officer (For the purpose of IEPF)

Name : Riya Bhandari, Company Secretary
Email address : sarthak@sarthakindustries.com

Distribution of Equity Shareholding and its pattern as on 31st March, 2023

| Distribution of Equity Shareholding 31.03.2023 | | | |
|--|----------------|----------------------|-----------------|
| Share Class | | No. of Equity Shares | |
| No. of Shares | No. of Holders | No. of shares held | Share-holding % |
| Up to 5000 | 2705 | 808159 | 8.70 |
| 5001-10000 | 17 | 115334 | 1.24 |
| 10001-20000 | 8 | 121071 | 1.30 |
| 20001-30000 | 2 | 44244 | 0.48 |
| 30001-40000 | 1 | 39467 | 0.42 |
| 40001-50000 | 2 | 96667 | 1.04 |
| 50001-100000 | 5 | 370667 | 3.99 |
| 100001 and above | 19 | 7696191 | 82.83 |
| Total | 2759 | 9291800 | 100.00 |

| Shareholding Pattern | | |
|---------------------------|------------------|----------------|
| Category | No. of Shares | Shareholding % |
| Promoters | 33,70,317 | 36.27 |
| Domestic Corporate Bodies | 34,85,500 | 37.51 |
| Indian Public | 17,80,976 | 19.17 |
| NRIs/OCBs/FIIs | 6,55,007 | 7.05 |
| Total | 92,91,800 | 100.00 |

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, 2023 out of 92,91,800 equity shares of Rs. 10/- each, 76,30,314 equity shares which is 82.12% of total equity are now held in electronic form.

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.

Commodity price risks or Foreign Exchange risk and hedging activities:

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

Plant Location

LPG Cylinder Unit, Pithampur Industrial Area,
Village Akoliya, District Dhar, (M.P.)
Phone: 07292-296766

Address for Correspondence

Sarthak Industries Limited
Room No. 4, Anna Bhuvan, 3rd Floor,
87C Devji Ratansi Marg, Dana Bunder
Mumbai (MH) - 400 009
Tel. No.: +91-22-23486740
Email: sarthakindustries@yahoo.in

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listing entity involving mobilization of funds, whether in India or abroad

Credit rating obtained along with revisions thereto for bank facilities of the Company during FY 2022-23 as under:

| S. No. | Facilities | Rating Agency | As on 01.04.2022 | As on 31.03.2023 | Reason for downgrade in credit ratings |
|--------|----------------------|--|------------------|------------------|--|
| 1. | Non-fund-based limit | India Ratings and Research Private Limited | INDA4+ | INDA4 | Due to decline in revenue and profitability. |

OTHER DISCLOSURES

- a. **Materially Significant Related Party Transactions:** All transactions entered into with related parties under Regulation 23 of the Listing Regulations, during the year under review were on Arm's Length basis and in the ordinary course of Business. There are no materially significant related party transactions of the company which have potential conflict with the interest of the Company at large. Further, the particulars of transactions between the Company and its related parties in accordance with the Indian Accounting Standards (IND AS) are set out in Note No. 44 of Standalone Financial Statements forming part of the annual report.
- b. **Details of non-compliance by the Company, fine, and strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years:** 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.
- c. **Vigil Mechanism/Whistle Blower Policy:** 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.
- d. **Compliance with mandatory / Non-mandatory requirements:** The Company has complied with the mandatory requirements as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the status of non-mandatory (discretionary) requirements are given below:
 - i) Chairman is elected in Meeting;
 - ii) In view of publication of the Financial Results of the Company in newspapers having wide circulation and dissemination of the same on the website of the Company as well as on the website of the Stock Exchanges, the Company does not consider it prudent to circulate the half-yearly results separately to the Shareholders;
 - iii) The Company's Financial Statements for financial year 2022-23 have been accompanied with unmodified audit opinion - both on quarterly and yearly basis;
 - iv) The Chairman is elected in Meeting. No Managing Director in the Company; and
 - v) The Company has appointed an Internal Auditor in accordance with the provisions of Section 138 of the Companies Act, 2013 who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.
- e. Web link where policy for determining 'material' subsidiaries is disclosed:
http://www.sarthakindustries.com/upload/investors_file/CT11618510472.pdf
- f. Web link where policy on dealing with related party transactions is disclosed:
http://www.sarthakindustries.com/upload/investors_file/CT11653722284.pdf
- g. **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.
- h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) **Not Applicable**
- i. A certificate from practicing company secretary confirming that none of the Directors on the board of the Company were debarred or disqualified from being re-appointed under retirement by rotation and/or continuing as Directors of the Company by the SEBI, Ministry of Corporate Affairs or any other statutory authorities **Attached as 'Annexure I'**
- j. **Disclosure on acceptance of recommendations made by the Committees to the Board**
During the financial year under review, various recommendations were made by the Committees to the Board of Directors, which were all accepted by the Board, after necessary deliberations.
- k. **Details of Fees paid to Statutory Auditors – M/s. SMAK & Co., Chartered Accountants**
Statutory Audit Fees – Rs. 1.50 Lacs
Tax Audit Fees – Rs. 0.50 Lacs
Other Services – Rs. 0.70 Lacs
- l. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**
No. of Complaints filed during the financial year – NIL
No. of Complaints disposed of during the financial year – NIL
No. of Complaints pending as on end of the financial year – NIL
- m. **Disclosure by Company & its subsidiary for loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount**
The Company and its subsidiary have not made any Loans and advances in the nature of loans to firms/companies in which directors are interested during the FY 2022-23.
- n. **Details of material subsidiaries**
Company does not have any material subsidiary.

COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, to the extent as applicable, with regards to Corporate Governance.

CEO/CFO CERTIFICATE

In terms of regulation 17(8) of the Listing Regulations, the Managing Director & CEO and the CFO made a certification to the Board of Directors in the prescribed format for the year at the review, which has been reviewed by the Audit Committees and taken on record by the Board. The same is attached as 'Annexure II'.

**CEO CERTIFICATION**

The Certificate from CEO as required under Part D of Schedule V of the Listing Regulations containing declaration as to affirming compliance with the Code of Conduct of Board of Directors and Senior Management attached as **Annexure III**.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from M/s. Ajit Jain & Co., Practicing Company Secretaries, confirming compliances with the conditions of Corporate Governance as stipulated under the Listing Regulations attached as '**Annexure IV**'.

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

The Company does not have any shares in the demat suspense account/unclaimed suspense account.

DISCLOSURES OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES

The Company does not have any agreement which impact the management or control of the company.

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.



Annexure I

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sarthak Industries Limited having **CIN L99999MH1982PLC136834** and having registered office at Room No. 4, Anna Bhuvan, 3rd Floor, 87C, Devji Ratansi Marg, Dana Bunder, Mumbai (MH) 400009 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of Director | DIN | Designation | Date of Appointment |
|--------|-----------------------|----------|------------------------|---------------------|
| 1. | YOGENDER MOHAN SHARMA | 03644480 | Whole-time Director | 15/07/2014 |
| 2. | UDESH DASSANI | 00511709 | Independent Director | 24/03/2004 |
| 3. | VIJAY KUMAR RATHI | 01474776 | Independent Director | 28/01/2004 |
| 4. | NIMISHEK VED | 07362817 | Independent Director | 27/11/2017 |
| 5. | DEEPIKA ARORA | 07117491 | Non-Executive Director | 16/03/2015 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Indore
Date: 14.07.2023

For Ajit Jain & Co.
Company Secretaries

Ajit Jain
(Proprietor)
FCS No.: 3933; C P No.: 2876
UDIN - F003933E000583347
Peer Review Certificate No.: 767/2020
PCS Unique ID NO.: S1998MP023400

**Annexure II****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, 2023, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 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, 2023, 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 we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee, wherever applicable:
 - (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.

AJAY PESHKAR
Whole-time Director
DIN: 03094090

Place: Indore
Dated: 30th May, 2023

OM PRAKASH MUNDRA
CFO



Annexure III

Declaration on Compliance of Code of Conduct

The Board members & senior management personnel have affirmed compliance with the code of conduct for the directors & senior management for the year ended 31st March, 2023.

For Sarthak Industries Limited

Place: Indore
Dated: 14th July, 2023

AJAY PESHKAR
Whole-time Director
DIN: 03094090

Annexure IV

CORPORATE GOVERNANCE CERTIFICATE

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

1. We have examined the compliances of conditions of corporate governance by **Sarthak Industries Limited ('CIN: L99999MH1982PLC136834')** for the year ended March 31, 2023 as stipulated in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Management's Responsibility

2. The compliance of the conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Our Responsibility

3. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance to the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books, papers, minutes books, forms, returns and other relevant records and documents maintained by the company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2023
6. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

Place: Indore
Date: 14.07.2023

For **Ajit Jain & Co.**
Company Secretaries

Ajit Jain
(Proprietor)
FCS No.: 3933; C P No.: 2876
UDIN - F003933E000583479
Peer Review Certificate No.: 767/2020
PCS Unique ID NO.: S1998MP023400

Independent Auditors Report

To,
The Members of
Sarthak Industries Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Sarthak Industries Limited ("the Company"), which comprise the balance sheet as at 31st March 2023 and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2023, and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | Auditor's Response |
|---|--|
| <p>Evaluation of uncertain tax positions</p> <p>The Company operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct and indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the financial statements.</p> | <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Obtained understanding of key uncertain tax positions; and • We along with our internal tax experts – <ul style="list-style-type: none"> Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions; Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and <p>Assessed management's estimate of the possible outcome of the disputed cases</p> |

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

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

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

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

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

Management's Responsibility for the 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 statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statement in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015, as amended.
- e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 34 to the financial statements;
 - ii. The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (A) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 (B) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
 (C) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (iv) (A) and (iv) (B) contain any material mis-statement.
 - v. The company has not declared or paid dividend during the year hence provision of Section 123 of the Act not applicable.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
 - h. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 read with Schedule V to the Act.

For SMAK & Co.
Chartered Accountants
 (Firm Reg. No. 020120C)

CA Atishay Khasgiwala
Partner
 M. No. 417866

Date: 30th May, 2023
 Place: Indore
 UDIN : 23417866BGRJDB9727

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, 2023.

- i.
 - a. A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - b. On the basis of our examination of the records of the Company, the Company has a phased program for physical verification of the PPE for all locations. Physical verification of the assets has been carried out during the year pursuant to the programme which in our opinion is reasonable, having regard to the size of the company and 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 (other than properties whether the company is the lessee and the lease agreement are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
 - d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not revalued its Property, plant and equipment or intangible assets during the year.
 - e. According to the information and explanations given to us and as explained to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii.
 - a. The inventories have been physically verified by the management at reasonable intervals during the year. The coverage and procedures of physical verification of the inventories followed by the management is appropriate in relation to the size of the Company and nature of its business. On the basis of our examination of the records, no discrepancies of 10% or more in the aggregate for each class of inventory was noticed on physical verification of inventories as compared to book records.
 - b. During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the books of account.
 - iii. During the year the company has not made any investments, given any guarantee or provided any security or granted any advance in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted unsecured loan to Three companies in respect of which the requisite information is as below.

Rs. in Lacs

| Particulars | Loans |
|--|---------|
| Aggregate amount granted/provided/invested during the year | |
| (i) Associate Entity / Subsidiary / JV | - |
| (ii) Others | 3345.77 |
| Balance outstanding as at year end in respect of above | |
| (i) Associate Entity / Subsidiary / JV | - |
| (ii) Others | 2192.82 |

- b. According to the information and explanation given to us, in our opinion, the terms and condition of the loans granted are, prima facie, not prejudicial to the interest of the Company.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the repayment of principal and payment of interest is stipulated and repayment or receipts are regular.
- d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount is not overdue in respect of any loans or advances in the nature of loan from any party as at the year end.
- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has not granted fresh loan to settle the overdues of existing loans given to the same party. Loan amounting to Rs. 999.08 Lacs has fallen due during the year, has been renewed or extended by the company. Details of the same are as under :

| Name of the Party | Aggregate amount of existing loan renewed or extended (Rs. in Lacs) | % of the aggregate to the total loans or advances in the nature of loans granted during the year |
|----------------------------|---|--|
| AnikJics Logistics Pvt Ltd | 999.08 | 29.86% |

- f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. The Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans granted and investments made. The company has not provided any security or granted any guarantee 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 made and 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. 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 regular in depositing undisputed statutory dues including Goods and Services tax, 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 as applicable with the appropriate authorities. There were no undisputed statutory dues in arrears, as at 31st March, 2023 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Goods and Services tax, 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 which have not been deposited with appropriate authorities on account of any dispute except detailed as follows :

| Name of the Statute | Nature of Dues | Amount Involved Rs. In lacs # | Period to which amount relates | Forum where dispute is pending |
|---------------------------------|----------------|----------------------------------|--------------------------------|---|
| Central Sales Tax Act, 1956 | Sales Tax | 1.22 | 2009-10 | MP Commercial Tax Appellate Board |
| Bombay Sales Tax Act, 1959 | Sales Tax | 8.39 | 1998-99 | High Court Mumbai. |
| Bombay Sales Tax Act, 1959 | Sales Tax | 39.35 | 2001-02 | Maharashtra Sales Tax Tribunal, Mumbai. |
| Guajarat Sales Tax Act, 1969 | Sales Tax | 1665.42 | 2003-04 | Gujarat Sales Tax Tribunal Ahemadabad |
| Central Sales Tax Act, 1956 | Sales Tax | 842.07 | 2003-04 | Gujarat Sales Tax Tribunal Ahemadabad |
| Income Tax Act, 1961 | Income Tax | 609.21 | FY 2011-12 | CIT (Appeal) |
| Competition Commission of India | Penalty | 19.49 | 2013-14 | NCLAT |

Net of amount deposited Rs. 171.40 lacs.

- viii. According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) and hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. a. 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 or in payment of interest thereon to any lender and hence reporting under para 3(ix) of the Order is not applicable to the Company.
- b. The company is not declared a willful defaulter by any bank or financial institution or other lender.
- c. According to the information and explanations given to us and the records of the Company examined by us, company has not raised any term loan during the year.
- d. According to the information and explanations given to us and on an overall examination of financial statements of the Company, we report that funds raised for short term basis have not been utilized for long term purpose.
- e. According to the information and explanations given to us and the records of the Company examined by us, the company has no subsidiary, joint venture or associate company. In our opinion provision of para 3 (ix)(e) is not applicable.

- f. According to the information and explanations given to us and the records of the Company examined by us, the company has no subsidiaries, joint ventures or associate companies. In our opinion provision of para 3 (ix)(f) is not applicable.
- x. a. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the company has not raised money by way of initial public offer or further public offer (including debt instruments).
- b. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi. a. During the course of our examination of the books of account and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the company noticed or reported during the year.
- b. No report under sub-section (12) of section 143 of the companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. As represented to us by the management, there are no whistle-blower complaints received by the company during the year.
- xii. In our opinion and according to information and explanation given to us and the records of the Company examined by us, the company is not a Nidhi Company therefore, the provision of para 3 (xii) (a), (b) and (c) 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. a. In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the company issued till date, for the period under audit.
- xv. According to the information and explanations given to us and on the basis of examination of the books of account, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the provision of section 192 of the Companies Act, 2013 are not applicable to the company.
- xvi. a. 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) (a) of the Order is not applicable to the company for the year under audit.
- b. The company has not conducted any Non-Banking Financial or Housing Finance activities during the year therefore, the provision of para 3 (xvi) (b) of the Order is not applicable to the company.
- c. The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provision of para 3 (xvi) (c) of the Order is not applicable to the company.
- d. The Group has no CIC. Therefore, the provision of para 3 (xvi) (d) of the Order is not applicable to the company.
- xvii. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under para 3(xviii) of the order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and the records of the Company examined by us provisions of section 135 of the companies Act, 2013 are not applicable to the company. Therefore the provision of para 3 (xx) (a) and (b) of the Order are not applicable to the company.

For SMAK & Co.
Chartered Accountants
(Firm Reg. No. 020120C)

CA Atishay Khasgiwala
Partner
M. No. 417866

Date: 30th May, 2023
Place: Indore
UDIN : 23417866BGRJDB9727

**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 as of March 31, 2023 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. 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 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 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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 SMAK & Co.
Chartered Accountants
(Firm Reg. No. 020120C)

CA Atishay Khasgiwala
Partner
M. No. 417866

Date: 30th May, 2023
Place: Indore
UDIN : 23417866BGRJDB9727

SARTHAK INDUSTRIES LIMITED

CIN: L99999MH1982PLC136834
BALANCE SHEET AS AT 31ST MARCH, 2023

(Amount ₹ in lacs)

| Particulars | Note No. | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|----------|---------------------------------------|---------------------------------------|
| I. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 1 | 429.57 | 478.17 |
| (b) Right-of-use assets | 2 | 1.78 | 1.87 |
| (c) Capital work-in-progress | 3 | 149.38 | 149.38 |
| (d) Intangible Assets | 4 | 0.19 | 0.36 |
| (e) Financial Assets | | | |
| (i) Investments | 5 | 178.03 | 338.14 |
| (ii) Other financial assets | 6 | 154.52 | 115.52 |
| (f) Deferred tax assets (net) | 7 | 21.05 | 1.78 |
| (g) Other non-current assets | 8 | 1090.63 | 1529.64 |
| Total Non-Current Assets | | 2025.15 | 2614.87 |
| (2) Current Assets | | | |
| (a) Inventories | 9 | 427.73 | 690.81 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 10 | 1790.64 | 1658.12 |
| (ii) Cash and cash equivalents | 11 | 88.65 | 140.48 |
| (iii) Bank balances other than Cash and cash equivalents | 12 | 106.27 | 278.92 |
| (iv) Loans | 13 | 2192.82 | 924.22 |
| (v) Other financial assets | 14 | 67.47 | 218.16 |
| (c) Other current assets | 15 | 194.05 | 1382.90 |
| Total Current Assets | | 4867.63 | 5293.61 |
| TOTAL ASSETS | | 6892.78 | 7908.49 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 16 | 929.18 | 696.89 |
| (b) Other equity | 17 | 2952.06 | 3252.60 |
| Total Equity | | 3881.24 | 3949.49 |
| (2) Liabilities | | | |
| (2.1) Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 18 | 57.98 | 82.81 |
| (b) Provisions | 19 | 3.69 | 2.05 |
| Total Non-Current Liabilities | | 61.67 | 84.86 |
| (2.2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 251.69 | 305.48 |
| (ii) Trade payables | 21 | | |
| (a) total outstanding dues of micro and small enterprises | | 0.00 | 0.00 |
| (b) total outstanding dues of creditors other than micro and small enterprises | | 1637.42 | 2430.45 |
| (iii) Other financial liabilities | 22 | 228.32 | 256.84 |
| (b) Other current liabilities | 23 | 831.88 | 852.21 |
| (c) Provisions | 24 | 0.56 | 0.99 |
| (d) Current Tax Liabilities (Net) | 25 | 0.00 | 28.16 |
| Total Current Liabilities | | 2949.87 | 3874.13 |
| TOTAL EQUITY AND LIABILITIES | | 6892.78 | 7908.48 |
| Notes forming an integral part of the financial statements | 1 to 52 | | |
| General corporate information and Significant Accounting Policies | A-B | | |

As per our report of even date
For **SMAK & Co.**
Chartered Accountants
(FRN 020120C)

For and on behalf of Board of Directors

CA Atishay Khasgiwala
Partner
M. No. : 417866
Place : Indore
Dated : 30.05.2023

Ajay Peshkar
Whole Time Director
DIN: 03094090

Nimishesh Ved
Director
DIN: 07362817

CS Riya Bhandari
Company Secretary

CA Om Prakash Mundra
Chief Financial Officer

SARTHAK INDUSTRIES LIMITED

CIN: L99999MH1982PLC136834

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(Amount ₹ in lacs)

| Particulars | Note No. | For the year ended 31 st March, 2023 | for the year ended 31 st March, 2022 |
|---|----------|--|--|
| I. INCOME | | | |
| a. Revenue from operations | 26 | 5827.58 | 16364.52 |
| b. Other income | 27 | 337.36 | 247.62 |
| Total Income | | 6164.94 | 16612.14 |
| II. EXPENSES | | | |
| a. Cost of materials consumed | 28 | 1226.26 | 2252.05 |
| b. Purchases of stock-in-trade | 29 | 3922.87 | 12622.10 |
| c. Changes in inventories of finished goods, work in progress and stock-in-trade" | 30 | 107.11 | 349.95 |
| d. Employee benefits expense | 31 | 215.64 | 269.32 |
| e. Finance costs | 32 | 93.81 | 122.84 |
| f. Depreciation and amortisation expense | 1,2& 4 | 70.88 | 80.19 |
| g. Other expenses | 33 | 424.94 | 687.26 |
| Total Expenses | | 6061.51 | 16383.71 |
| III. Profit before exceptional items and tax (I-II) | | 103.43 | 228.43 |
| IV. Exceptional Items | | 0.00 | 0.00 |
| V. Profit before tax (III - IV) | | 103.43 | 228.43 |
| VI. Tax expense: | 49 | | |
| a. Current tax | | 27.57 | 60.68 |
| b. Deferred tax | | (0.15) | (0.17) |
| c. Income tax for earlier year | | 0.11 | 0.00 |
| | | <u>27.53</u> | <u>60.51</u> |
| VII. Profit for the year (V - VI) | | <u>75.90</u> | <u>167.92</u> |
| VIII. Other comprehensive income | | | |
| A. Items that will not to be reclassified to Profit or Loss | | | |
| -Remeasurement of defined benefit plan | | (3.20) | (0.11) |
| -Tax impact thereon | | 0.81 | 0.03 |
| -Gain/(Loss) on change in fair value of equity instruments | | (160.07) | 23.78 |
| -Tax impact thereon | | 18.31 | (2.73) |
| B. Items that will be reclassified to Profit or Loss | | 0.00 | 0.00 |
| Total other comprehensive income | | <u>(144.15)</u> | <u>20.97</u> |
| IX. Total Comprehensive Income for the year (VII+VIII) | | <u>-68.25</u> | <u>188.89</u> |
| "X. Earning per equity share: (Face value of Rs 10/- each)" | 38 | | |
| (1) Basic (in Rs.) | | 0.82 | 1.81 |
| (2) Diluted (in Rs.) | | 0.82 | 1.81 |

Notes forming part of the financial statements 1 to 52

General corporate information and significant accounting policies

A-B

As per our report of even date
For **SMAK & Co.**
Chartered Accountants
(FRN 020120C)

For and on behalf of Board of Directors

Ajay Peshkar
Whole Time Director
DIN: 03094090

Nimishk Ved
Director
DIN: 07362817

CA Atishay Khasgiwala
Partner
M. No. : 417866
Place : Indore
Dated :30.05.2023

CS Riya Bhandari
Company Secretary

CA Om Prakash Mundra
Chief Financial Officer



SARTHAK INDUSTRIES LIMITED

CIN: L99999MH1982PLC136834

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(Amount ₹ in lacs)

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|--|--|
| A. Cash flow from Operating activities | | |
| a. Net Profit/ (Loss) before Tax & Exceptional item | 103.43 | 228.43 |
| Adjustment for : | | |
| Depreciation | 70.88 | 80.19 |
| Finance costs | 93.81 | 122.84 |
| Interest Received | (283.87) | (197.19) |
| Depreciation reversed due to receipt of capital subsidy | (35.36) | (17.03) |
| Provision for doubtful debts written back | 9.29 | (0.36) |
| Ind AS Impact of Remeasurment Directly considered in OCI | (3.20) | (0.11) |
| Unrealised (gain)/loss on foreign currency exchange rate | 139.57 | 31.37 |
| b. Operating profit/(loss) before working capital changes | 94.55 | 248.14 |
| Adjustment for : | | |
| Trade and Other receivables | (75.90) | (560.06) |
| Inventories | 263.08 | 244.82 |
| Trade and other payables | (987.02) | 423.26 |
| c. Cash generated from Operations | (705.29) | 356.16 |
| Direct Taxes (paid)/Refund | (63.87) | (108.52) |
| Net Cash Flow from Operating activities | (769.16) | 247.64 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (63.53) | (577.06) |
| Capital subsidy received | 76.89 | 38.44 |
| Proceed from sale of Investment | 0.05 | 0.00 |
| Refund of Capital Advance | 447.04 | 0.00 |
| Interest Received | 284.16 | 194.04 |
| Change in Bank balances not considered as cash and cash Equivalent | 145.17 | (38.89) |
| Net Cash Flow from Investing activities | 889.78 | (383.47) |
| C. Cash flow from Financing activities | | |
| Proceeds from Borrowings | (46.06) | 344.10 |
| Repayment of Borrowings | (32.58) | (31.44) |
| Finance costs | (93.81) | (122.84) |
| Net Cash flow from Financing activities | (172.45) | 189.82 |
| D. Net Increase / (Decrease)in Cash and Cash Equivalent | (51.83) | 53.99 |
| Cash and Cash Equivalent at the beginning of the year | 140.48 | 86.49 |
| Cash and Cash Equivalent at the end of the year | 88.65 | 140.48 |
| Cash and Cash Equivalent comprises of | | |
| i. Balances with Banks | 85.62 | 126.81 |
| in Current Accounts | 75.72 | 90.56 |
| in Deposit Accounts | 9.90 | 36.25 |
| ii. Cash on hand | 3.03 | 13.67 |
| | 88.65 | 140.48 |

As per our report of even date
For SMAK & Co.
Chartered Accountants
(FRN 020120C)

CA Atishay Khasgiwala
Partner
M. No. : 417866
Place : Indore
Dated :30.05.2023

For and on behalf of Board of Directors

Ajay Peshkar
Whole Time Director
DIN: 03094090

CS Riya Bhandari
Company Secretary

Nimishek Ved
Director
DIN: 07362817

CA Om Prakash Mundra
Chief Financial Officer

SARTHAK INDUSTRIES LIMITED
CIN: L99999MH1982PLC136834
Statement of Changes in Equity (SOCIE)

| | (Amount ₹ in lacs) | |
|--|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| a. Equity share capital | | |
| Balance at the beginning of the reporting period | 696.89 | 696.89 |
| Changes in equity share capital due to prior period errors | 0.00 | 0.00 |
| Restated balance at the beginning of the previous reporting period | 696.89 | 696.89 |
| Changes in equity share capital during the year | | |
| - Bonus Shares issued during the year | 232.30 | 0 |
| Balance at the end of the reporting period | 929.19 | 696.89 |

b. Other Equity

| Particulars | Reserve & Surplus | | | Items of Other Comprehensive Income | Total |
|---|-------------------|-----------------|--------------------|-------------------------------------|----------------|
| | General Reserve | Capital Reserve | Securities Premium | | |
| Balances as at 1st April , 2021 | 16.49 | 45.36 | 2676.24 | 98.10 | 3063.70 |
| Profit for the year | | | | 0.00 | 167.92 |
| Other comprehensive income (net of tax) | | | | 21.06 | 20.99 |
| Balances as at 31st March, 2022 | 16.49 | 45.36 | 2676.24 | 119.17 | 3252.60 |
| Profit for the year | | | 0 | 0.00 | 75.90 |
| Bonus Shares issued during the year | | | (232.30) | 0 | 232.30 |
| Other comprehensive income (net of tax) | | | 0 | (141.76) | (144.15) |
| Balances as at 31st March, 2023 | 16.49 | 45.36 | 2443.94 | (22.60) | 2952.06 |

Notes forming an integral part of the financial statements
 General corporate information and significant accounting policies
 1 to 52
 A-B

As per our report of even date
 For **SMAK & Co.**
 Chartered Accountants
 (FRN 020120C)

CA Atishay Khasgiwala
 Partner
 M. No. : 417866
 Place : Indore
 Dated : 30.05.2023

For and on behalf of Board of Directors

Ajay Peshkar
 Whole Time Director
 DIN: 03094090

Nimishk Ved
 Director
 DIN: 07362817

CS Riya Bhandari
 Company Secretary

CA Om Prakash Mundra
 Chief Financial Officer



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

A. General Information

Sarthak Industries Ltd. (CIN: L99999MH1982PLC136834) (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 having registered office at Room no. 4, 87-C Devji Ratansi Marg, Dana Bunder, Mumbai-09, (Mah.). 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 BSE Limited (BSE).

B. Significant accounting policies

i. Statement of compliance

The separate financial statements have been prepared in accordance with Indian Accounting standards ("Ind AS") notified, under section 133 of the Companies Act, 2013 ('Act') read with the rules notified under the relevant provisions of the Act.

ii. Basis of Preparation

The financial statements have been prepared on accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Functional and presentation currency

These separate financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded to the nearest Rupees in lacs unless otherwise indicated.

iii. Use of Estimates, Judgments and Assumptions

The preparation of financial statements in accordance with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on amount recognized in the financial statements are

- i. Allowance for bad and doubtful trade receivable.
- ii. Recognition and measurement of provision and contingencies.
- iii. Depreciation/Amortisation and useful lives of Property, plant and equipment / Intangible Assets.
- iv. Recognition of deferred tax.
- v. Income Taxes.
- vi. Measurement of defined benefit obligation.
- vii. Impairment of Non-financial assets and financial assets.
- viii. Fair Value Measurement

iv. Revenue

Recognition

The company recognised revenue i.e. account for a contract with a customer only when all of the following criteria are met:

- (a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) the entity can identify each party's rights regarding the goods or services to be transferred;
- (c) the entity can identify the payment terms for the goods or services to be transferred;
- (d) the contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- (e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Measurement

When (or as) a performance obligation is satisfied, company recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained) that is allocated to that performance obligation.

The transaction price is the amount that the entity expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax). The consideration promised may include fixed amounts, variable amounts, or both.

a. Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Due to the short nature of credit period given to customers, there is no financing component in the contract.

b. Sale of Services

Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/arrangements with the concerned parties.

c. Interest and Dividend

Interest income is recognized on accrual basis using the effective interest method. Dividend income is recognised in profit or loss on the date on which the company's right to receive payment is established.

v. Inventories

Inventories are valued at lower of cost and net realizable value on FIFO basis, except by-product/scrap is valued at net realizable value. Cost of inventory is generally comprises of cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

vi. Property, Plant and Equipment**a. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (if any). Freehold land is measured at costs.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, acquisition or construction cost including borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

b. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

c. Depreciation

Depreciation on property, plant and equipment is provided using Written down value method (WDV) on depreciable amount as per the useful life of the assets in the manner as specified in Schedule II to the Companies Act, 2013. The estimated useful life of assets and estimated residual value is taken as prescribed under Schedule II to the Companies Act, 2013.

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.

The estimated useful lives, residual value and depreciation method are reviewed at the end of each balance sheet date, any changes therein are considered as changes in estimate and accordingly accounted for prospectively.

d. Capital Work In progress

Assets under erection/installation are shown as "Capital work in progress", Expenditure during construction period are shown as "pre-operative expenses" to be capitalized on erection/installations of the assets.

vii. Intangible Assets

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Recognition and measurement

Computer softwares have finite useful life and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates or where development stage is achieved. All other expenditure, including expenditure on internally generated goodwill and brands, when incurred is recognised in statement of profit or loss.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in statement of profit or loss. Computer software are amortised over their estimated useful life of 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required

viii. Employee benefits**a. Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined benefit plans

The company provides for gratuity to the employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous for a period of five years are eligible for gratuity. The company has opted for scheme with Life Insurance Corporation of India (LIC) to cover its liabilities towards employees gratuity. The company also carries out Actuarial Valuation of gratuity using the projected unit credit method as required by Ind AS – 19 and the difference between fair value of plan assets and liability as per actuarial valuation as at the year end is recognised in the financial statements.

Re measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re measurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs; and
- Net interest expense or income

c. Other employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of obligation as at the Balance sheet date determined based on an actuarial valuation.

d. Defined Contribution Plan

The company's payments to the defined contribution plans are recognized as expenses during the period in which the employees perform the services that payment covers. Defined contribution plan comprise of contribution to the employees' provident fund with government, Employees' State Insurance and Pension Scheme.

ix. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to other comprehensive income or a business combination, or items recognised directly in equity.

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

x. Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Difference arising on settlement of monetary items are recognised in statement of profit and loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets..

Non-monetary items that are measured based on historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Exchange difference arising out of these transactions are generally recognised in statement of profit and loss.

xi. Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Qualifying asset are the assets that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

xii. Cash and Cash Equivalent

Cash and cash equivalent includes the cash and Cheques in hand, bank balances, demand deposits with bank and other short term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

xiii. Cash Flow Statement

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

xiv. Earning Per Share

- a. Basic earnings per shares is arrived at based on net profit / (loss) after tax available to equity shareholders divided by Weighted average number of equity shares , adjusted for bonus elements in equity shares issued during the year (if any) and excluding treasury shares.
- b. Diluted earnings per shares is calculated by dividing Profit attributable to equity holders after tax divided by Weighted average number of shares considered for basic earning per shares including potential dilutive equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

xv. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized, but its existence is disclosed in the financial statements

xvi. Segment Accounting

The company has disclosed business segment as the primary segment. Based on the criteria mentioned in Ind AS 108 "Operating Segment" the company has identified its reportable segments. The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as performance indicator for all of the operating segments. The various segment identified by the company comprised as under:

Name of Segment

LPG Cylinders - Manufacturing and repairing of LPG cylinders

Merchant Trading - Trading of various commodities, materials etc.

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

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.

xvii. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As per the requirements of Ind AS 116 the company evaluates whether an arrangement qualifies to be a lease. In identifying a lease the company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right of Use Assets

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable and impairment loss, if any, is recognised in the statement of profit and loss.

Company has recognised lease hold land as right of use asset and depreciated over its lease term.

Lease Liability

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating leases

The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

xviii. Impairment of Non-Financial Assets

The company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the company estimates the amount of impairment loss.

For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as cash generating unit.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in statement of profit and loss and reflected in an allowance account. When the company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been in place had there been no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss, taking into account the normal depreciation/amortization.

xix. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

a. Financial assets

Classification

The Company classifies financial assets in the following measurement categories :

- i. Those measured at amortised cost and
- ii. Those measured subsequently at fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset are adjusted to the fair value, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Measured at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at fair value through profit and loss (FVTPL)

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the group company may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- c. When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.
- d. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- i. Trade receivables which do not contain a significant financing component.
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
- ii. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

b. Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised costs.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

The company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and when the company has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

xx. Standards Issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Ind AS 1 – Presentation of Financial Statements -

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

(b) **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** – The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates". Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

(c) **Ind AS 12 – Income Taxes** – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the Initial recognition exemption of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

The Company is evaluating the impact, if any, in its financial statements and does not expect to have these amendments to have any significant impacts in its financial statements.

SARTHAK INDUSTRIES LIMITED

Notes forming an integral part to Financial Statements for the year ended on 31st March, 2023

Note 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount ₹ in lacs)

| Cost or deemed cost | Land-Freehold | Buildings | Plant & Equipment | Furniture & Fixtures | Office Equipments | Vehicles | Total |
|--|---------------|---------------|-------------------|----------------------|-------------------|---------------|---------------|
| As at 01st April, 2021 | 3.64 | 140.15 | 230.59 | 8.36 | 10.24 | 145.07 | 538.05 |
| Additions | 138.40 | 0.00 | 1.56 | 2.85 | 2.32 | 84.89 | 230.02 |
| Disposals/Adjustments | 0.00 | 23.07 | 15.38 | 0.00 | 0.00 | 0.00 | 38.45 |
| As at 31st March, 2022 | 142.04 | 117.07 | 216.77 | 11.21 | 12.56 | 229.96 | 729.61 |
| Additions | 51.74 | 1.81 | 2.22 | 7.51 | 0.27 | 0.00 | 63.55 |
| Disposals/Adjustments | 0.00 | 46.13 | 30.76 | 0.00 | 0.00 | 0.00 | 76.89 |
| As at 31st March, 2023 | 193.78 | 72.76 | 188.23 | 18.72 | 12.83 | 229.96 | 716.28 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Depreciation as at 1st April 2021 | 0.00 | 31.27 | 94.30 | 2.48 | 7.34 | 53.28 | 188.67 |
| Depreciation for the year | 0.00 | 10.23 | 22.60 | 1.95 | 2.26 | 42.78 | 79.82 |
| Disposals/Adjustments | 0.00 | 7.60 | 9.44 | 0.00 | 0.00 | 0.00 | 17.04 |
| As at 31st March, 2022 | 0.00 | 33.89 | 107.46 | 4.43 | 9.60 | 96.05 | 251.43 |
| Depreciation for the year | 0.00 | 7.90 | 17.74 | 2.90 | 1.26 | 40.82 | 70.62 |
| Disposals/Adjustments | 0.00 | 15.51 | 19.85 | 0.00 | 0.00 | 0.00 | 35.36 |
| As at 31st March, 2023 | 0.00 | 26.29 | 105.35 | 7.33 | 10.86 | 136.88 | 286.71 |
| Net Carrying Value | | | | | | | |
| As at 31st March, 2022 | 142.04 | 83.18 | 109.31 | 6.78 | 2.96 | 133.90 | 478.17 |
| As at 31st March, 2023 | 193.78 | 46.47 | 82.88 | 11.39 | 1.97 | 93.08 | 429.57 |

Note - 1- Refer note 18 for details of Property, plant & equipment pledged. 2- Title Deed of all immovable properties are held in the name of company. 3- No revaluation of property plant and equipment (including ROU) & intangible assets has been carried out during the year.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****Note 2 : RIGHT OF USE ASSETS (Amount ₹ in lacs)**

| Gross carrying amount | Land - Lease hold |
|--|-------------------|
| As at 01st April, 2021 | 2.44 |
| Additions | 0 |
| Disposals/Adjustments | 0 |
| Other Adjustments | 0 |
| As at 31st March, 2022 | 2.44 |
| Additions | 0 |
| Disposals/Adjustments | 0 |
| Other Adjustments | 0 |
| As at 31st March, 2023 | 2.44 |
| Accumulated Depreciation and Impairment | |
| Depreciation as at 1st April 2021 | 0.49 |
| Depreciation for the year | 0.07 |
| Disposals/Adjustments | 0.00 |
| As at 31st March, 2022 | 0.57 |
| Depreciation for the year | 0.10 |
| Disposals/Adjustments | 0.00 |
| As at 31st March, 2023 | 0.66 |
| Net Carrying Value | |
| As at 31st March, 2022 | 1.87 |
| As at 31st March, 2023 | 1.78 |

Note 3 : CAPITAL WORK-IN-PROGRESS

(Amount ₹ in lacs)

| Capital Work in Progress | Building | Total |
|------------------------------------|----------|--------|
| As at 31 st March, 2022 | 149.38 | 149.38 |
| As at 31 st March, 2023 | 149.38 | 149.38 |

CWIP Ageing Schedule

| Description | Amount in CWIP for a period of | | | | Total |
|-------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 Years | |
| Project in Progress | 0.00 | 0.00 | 0.00 | 149.38 | 149.38 |
| Project temporarily suspended | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Note : Capital work-in-progress represents preoperative expenses incurred for mining project of Rs. 149.38 lacs (Previous Year Rs. 149.38 lacs). In this regards company has obtain approval of preliminary lease but approval of mining lease is under process hence yet to be capitalised.

CWIP completion schedule

| Description | To be completed in | | | | Total |
|-------------|--------------------|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 Years | |
| Project -1 | 0.00 | 149.38 | 0.00 | 0.00 | 149.38 |

SARTHAK INDUSTRIES LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023**Note 4 : OTHER INTANGIBLE ASSETS**

(Amount ₹ in lacs)

| Cost or deemed cost | Computer Software |
|--|--------------------------|
| As at 01st April, 2021 | 2.29 |
| Additions | 0.00 |
| Disposals | 0.00 |
| Other Adjustments | |
| As at 31st March, 2022 | 2.29 |
| Additions | 0.00 |
| Disposals | 0.00 |
| Other Adjustments | |
| As at 31st March, 2023 | 2.29 |
| Accumulated Amortisation and Impairment | |
| Amortisation and Impairment as at 1st April, 2021 | 1.62 |
| Amortisation for the year | 0.31 |
| Disposals | 0.00 |
| As at 31st March, 2022 | 1.93 |
| Amortisation for the year | 0.17 |
| Disposals | 0.00 |
| As at 31st March, 2023 | 2.10 |
| Net Carrying Value | |
| As at 31st March, 2022 | 0.36 |
| As at 31st March, 2023 | 0.19 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****NOTE 5. INVESTMENTS - NON CURRENT**

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Investment in Equity Instruments : | | |
| (Fair value through OCI) | | |
| I. Quoted | | |
| 1950700 (Previous Year 1950700) Equity Shares of Ruchi Infrastructure Ltd. of Re. 1/- each fully paid up | 156.25 | 183.56 |
| 45 (Previous Year 50) Equity Shares of Patanjali Foods Ltd. of Rs. 2/- each fully paid up | 0.43 | 0.48 |
| 100 (Previous Year 100) Equity Shares of IMEC Services Ltd. of Rs.10/- each fully paid up | 0.00 | 0.00 |
| 108800 (Previous Year 108800) Equity Shares of Sarthak Global Limited of Rs. 10/- each fully paid up | 10.61 | 5.94 |
| | <u>167.29</u> | <u>189.98</u> |
| II. Unquoted | | |
| 1949284 (Previous Year 1949284) Ordinary shares of Paras Industries Pvt. Ltd., Sri Lanka of SLR 10/- each fully paid up | 10.74 | 148.16 |
| | <u>10.74</u> | <u>148.16</u> |
| Total | 178.03 | 338.14 |
| Aggregate Amount of Quoted investments and market value thereof | 167.29 | 189.98 |
| Aggregate Amount of Unquoted investments | 10.74 | 148.16 |
| Aggregate Amount of Provision for diminution in value of investments | 0 | 0 |

NOTE 6. OTHER FINANCIAL ASSETS - NON CURRENT

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| (i) Security deposits | 71.83 | 57.78 |
| (ii) Balance with Bank in Deposit account having maturity more than 12 months | | |
| Earmarked against credit facility | 75.00 | 37.48 |
| Others | 1.92 | 11.96 |
| | 76.92 | 49.44 |
| (iii) Interest accrued on deposits | 1.95 | 2.04 |
| (iv) Others (refer note 37 (B)) (Gratuity fund balance) | 3.82 | 6.26 |
| Total | 154.52 | 115.52 |

NOTE 7. DEFERRED TAX ASSETS (NET)

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Deferred Tax Assets | | |
| Other Timing Difference | 21.14 | 6.78 |
| Provision for doubtful debts | 3.79 | 1.45 |
| | <u>24.93</u> | <u>8.23</u> |
| Deferred Tax Liabilities | | |
| Due to Depreciation difference on property, plant and equipments | 3.88 | 3.68 |
| Other Timing Difference | 0.00 | 2.77 |
| | <u>3.88</u> | <u>6.45</u> |
| Total Deferred Tax Assets/(Liabilities) (Net) | Total 21.05 | 1.78 |

**SARTHAK INDUSTRIES LIMITED****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****NOTE 8. OTHER NON-CURRENT ASSETS**

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Capital advances | 929.95 | 1376.99 |
| Advance income tax (net of provision for tax) | 160.68 | 152.65 |
| Total | 1090.63 | 1529.64 |

NOTE 9. INVENTORIES

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------|---------------------------------------|---------------------------------------|
| Raw Materials | 123.99 | 266.70 |
| Work in Progress | 81.88 | 59.03 |
| Finished Goods | 182.42 | 242.01 |
| Stock In Trade | 0.00 | 70.37 |
| Stores and Spares | 39.44 | 52.70 |
| Total | 427.73 | 690.81 |

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

Carrying amount of inventories hypothecated as security against liability. (refer note 35)

NOTE 10. TRADE RECEIVABLES

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Unsecured, considered good | 1805.70 | 1663.89 |
| Credit impaired | 0.00 | 0.00 |
| | 1805.70 | 1663.89 |
| Less - Allowance for bad and doubtful debts as per ECL (Refer note 46(b)) | 15.06 | 5.77 |
| Total | 1790.64 | 1658.12 |

NOTE 11. CASH AND CASH EQUIVALENTS

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| i. Balances with Banks | | |
| in Current Accounts | 75.72 | 52.12 |
| in Deposit Accounts (with original maturity up to 3 months) | 9.90 | 36.25 |
| ii. Cheques/ DD on hand | 0.00 | 38.44 |
| ii. Cash on hand | 3.03 | 13.67 |
| Total | 88.65 | 140.48 |

NOTE 12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| In Deposit Accounts | | |
| i. having maturity up to 3 months | | |
| Earmarked against credit facility | 0.00 | 9.06 |
| having maturity 3 to 12 months | | |
| Earmarked against credit facility | 20.93 | 269.86 |
| Others | 85.34 | 0.00 |
| Total | 106.27 | 278.92 |

SARTHAK INDUSTRIES LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023**NOTE 13. LOANS - CURRENT**

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| (Unsecured considered good) Inter corporate Loan | 2192.82 | 924.22 |
| Total | 2192.82 | 924.22 |

NOTE 14. OTHER FINANCIAL ASSETS - CURRENT

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Security deposits | 55.73 | 180.84 |
| Other receivables (includes insurance claim receivable etc.) | 9.18 | 34.56 |
| Interest Accrued - on fixed deposits with bank | 2.56 | 2.76 |
| Total | 67.47 | 218.16 |

NOTE 15. OTHER CURRENT ASSETS

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Advance to suppliers | 27.81 | 1199.58 |
| Balance with govt. authorities | 151.84 | 167.79 |
| Other Receivables (includes prepaid expenses, prepaid insurance etc.) | 14.40 | 15.53 |
| Total | 194.05 | 1382.90 |

NOTE 16. EQUITY SHARE CAPITAL

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Authorised | | |
| 1,90,00,000 (Previous Year 1,10,00,000) Equity Shares of Rs. 10 each | 1900.00 | 1100.00 |
| 1,00,000 (Previous Year 1,00,000) Preference Shares of Rs. 100 each | 100.00 | 100.00 |
| Total | 2000.00 | 1200.00 |
| Issued, Subscribed and fully Paid up | | |
| 92,91,800 (Previous year 69,68,850) Equity Shares of Rs 10 each fully paid up | 929.18 | 696.89 |
| Total | 929.18 | 696.89 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****16.1 The reconciliation of the number of shares and amount outstanding is set out below:****(Amount ₹ in lacs)**

| Particulars | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|--|------------------------------------|--------|------------------------------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity Shares at beginning of the year | 6968850 | 696.89 | 6968850 | 696.89 |
| Add: Issue of Bonus Shares during the year | 2322950 | 232.30 | - | - |
| Equity Shares at end of the year | 9291800 | 929.19 | 6968850 | 696.89 |

16.2 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 in the ensuing annual general meeting, 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.

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

| Name of the Shareholders | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|--|------------------------------------|--------|------------------------------------|--------|
| | No of shares held | % Held | No of shares held | % Held |
| Anand Mangal Investment & Finance Pvt. Ltd | 1293181 | 13.92 | 1385200 | 19.88 |
| Promise Securities Pvt. Ltd. | 463483 | 4.99 | 400000 | 5.74 |
| Girish Kumar Pushkarlal Agarwal | 681600 | 7.34 | 511200 | 7.34 |
| Antarica Resource Ltd. | 622053 | 6.69 | 466540 | 6.69 |
| Manish Shahra | 1319301 | 14.2 | 989500 | 14.2 |
| Mahakosh Papers Pvt. Ltd. | 500000 | 5.38 | 375000 | 5.38 |

16.4 Shareholding of Promoters as at 31st March 2022 :

| Promoter Name | No. of Shares as at 31 st March, 2023 | No. of Shares as at 31 st March, 2022 | % of total Shares as at 31 st March, 2023 | % change during the year |
|------------------------------------|--|--|--|--------------------------|
| Manish Shahra | 1319301 | 989500 | 14.20 | - |
| Suresh Chandra Shahra HUF | 280000 | 210000 | 3.01 | - |
| Manish Shahra HUF | 186667 | 140000 | 2.01 | - |
| Suresh Chandra Shahra | 149333 | 112000 | 1.61 | - |
| Rishabh Suresh Mahajan | 18667 | 14000 | 0.20 | - |
| Shweta Shahra | 0 | 0 | 0.00 | - |
| Abha Devi Shahra | 4667 | 3500 | 0.05 | - |
| Vishesh Shahra | 4200 | 3150 | 0.05 | - |
| Mridula Devi Shahra | 3467 | 2600 | 0.04 | - |
| Usha Shahra | 3333 | 2500 | 0.04 | - |
| Ruchi Mohan | 1976 | 1487 | 0.02 | - |
| Madhuri Shahra | 1333 | 1000 | 0.01 | - |
| Sandhya Khandelwal | 667 | 500 | 0.01 | - |
| Amrita Sachdev | 133 | 100 | 0.00 | - |
| Bhavna Goel | 667 | 500 | 0.01 | - |
| Mahakosh Papers Private Limited | 500000 | 375000 | 5.38 | - |
| Deepti Housing Private Limited | 297200 | 222900 | 3.20 | - |
| Shahra Securities Private Limited | 181760 | 136320 | 1.96 | - |
| Neha Securities Private Limited | 142600 | 106950 | 1.53 | - |
| Vishal Warehousing Private Limited | 141013 | 105760 | 1.52 | - |
| Deepti Properties Private Limited | 133333 | 100000 | 1.43 | - |
| Mahakosh Amusement Private Limited | 0 | 0 | 0.00 | - |

16.5 During the period of 5 years immediately preceding 31st March, 2023 :-

a. the company has not allotted any shares pursuant to contract(s) without payment being received in cash

b. bought back any shares

c. aggregate no. of equity shares allotted as fully paid up by way of bonus Shares during the year 2022-23 in the ratio of 1 (One) Equity Share for every 3 (Three) existing Equity Shares are 23,22,950

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****NOTE 17. OTHER EQUITY**

| Particulars | (Amount ₹ in lacs) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| General Reserve | | |
| Balance as at beginning of the year | 16.49 | 16.49 |
| Add: Transferred during the year | 0.00 | 0.00 |
| Balance as at end of the year | 16.49 | 16.49 |
| Capital Reserve | | |
| Balance as at beginning of the year | 45.36 | 45.36 |
| Add: Addition during the year | 0.00 | 0.00 |
| Balance as at end of the year | 45.36 | 45.36 |
| Securities Premium | | |
| Balance as at beginning of the year | 2676.24 | 2676.24 |
| Add : Received during the year | 0.00 | 0.00 |
| Less: Issue of Bonus share | 232.30 | 0.00 |
| Balance as at end of the year | 2443.94 | 2676.24 |
| Retained Earnings | | |
| Balance as at beginning of the year | 395.36 | 227.50 |
| Add: Profit for the year | 75.90 | 167.92 |
| Add/(Less): Remeasurement of defined benefit plan through OCI (net of tax) | (2.39) | (0.08) |
| Balance as at end of the year | 468.87 | 395.34 |
| Equity Instrument through Other Comprehensive Income | | |
| Balance as at beginning of the year | 119.16 | 98.12 |
| Add: Gain/(Loss) for the year (net of tax) | (141.76) | 21.05 |
| Balance as at end of the year | (22.60) | 119.17 |
| Total | 2952.06 | 3252.60 |

Nature and purpose of Reserves**General Reserve**

The general reserve is created from time to time on transfer of profit from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

Capital reserve

Capital reserve was created out of forfeiture of partly paid equity shares of the company on account of unpaid calls. Reserve can be utilised as per the provisions of the Companies Act, 2013.

Security Premium

Security premium is created on recording of premium on issue of shares. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.

Equity Instrument through Other Comprehensive Income

The Company has elected to recognise changes in fair value of equity instrument (investments) in other comprehensive income. The fair value changes are accumulated within this reserve and shall be adjusted on derecognition of investments.

Retained Earnings

The same is created out of profit over years and shall be utilised as per the provisions of the Companies Act, 2013.

NOTE 18. BORROWINGS - NON CURRENT

| Particulars | (Amount ₹ in lacs) | |
|---|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Secured | | |
| Term Loans | | |
| A. From Banks (Refer note a(i) to a(ii) below) | 20.31 | 27.97 |
| Less : Current Maturity of Long term borrowings (Refer note 22) | 8.33 | 7.66 |
| | 11.98 | 20.31 |
| B. From Others (Refer note a(iii) to a(iv) below) | 62.78 | 87.69 |
| Less : Current Maturity of Long term borrowings (Refer note 22) | 16.78 | 25.19 |
| | 46.00 | 62.50 |
| Total | 57.98 | 82.81 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****Note :**

a. Term loan of Rs. 39.47 lacs taken from HDFC Bank Ltd. and term loan of Rs. 117 lacs taken from Daimler financial Services Pvt. Ltd. for purchase of vehicles. These loans are secured by exclusive first charge on the vehicle purchased through loan.

Above term loans are repayable as under:

(i) Term loan from HDFC bank Ltd. - Sanctioned amount Rs 30.00 lacs outstanding Rs. 13.03 lacs (Previous Year Rs. 19.03 lacs) is repayable in 60 monthly installments (EMI) of Rs. 0.62 lacs (including Interest) commencing from March, 2020 and last installment is due in the month of February, 2025. Rate of interest as at the year end 8.55% p.a. (Previous Year 8.55% P.A).

(ii) Term loan from HDFC Bank Ltd. - Sanctioned amount Rs 9.47 lacs outstanding Rs.7.28 lacs (Previous Year Rs. 8.94 Lacs) is repayable in 60 monthly installments (EMI) of Rs. 0.19 lacs (including Interest) commencing from December, 2021 and last installment is due in the month of November, 2026. Rate of interest as at the year end 7.50% p.a. (Previous Year 7.50% P.A.).

(iii) Term loan from Daimler Financial Services Pvt. Ltd. - Sanctioned amount Rs 55.00 lacs outstanding Rs. 10.04 lacs (Previous Year Rs. 28.83 lacs) is repayable in 36 monthly installments (EMI) of Rs. 1.72 lacs (including Interest) commencing from October, 2020 and last installment is due in the month of September, 2023. Rate of interest as at the year end 8.00% p.a. (Previous Year 8.00% PA).

(iv) Term loan from Daimler Financial Services Pvt. Ltd. - Sanctioned amount Rs 62.00 lacs outstanding Rs.52.74 lacs (Previous Year Rs.58.86 lacs) is repayable in 60 monthly installments (EMI) of Rs. 0.90 lacs (including Interest) commencing from October, 2021 and last installment is due in the month of September, 2026. Rate of interest as at the year end 8.27% p.a. (Previous Year 8.27% P.A.)

NOTE 19. PROVISIONS - NON CURRENT

| Particulars | (Amount ₹ in lacs) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Provision for Employee benefit (Refer note 37 (B) and (C) for disclosure as per Ind AS -19) | 3.69 | 2.05 |
| Total | 3.69 | 2.05 |

NOTE 20. BORROWINGS - CURRENT

| Particulars | (Amount ₹ in lacs) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| UnSecured | | |
| Intercompany Loan | 226.58 | 272.63 |
| Current Maturities of Long Term Borrowings (Refer note 18) | 25.11 | 32.85 |
| Total | 251.69 | 305.48 |

Note :

Rate of interest as at the year end 9% p.a.

NOTE 21. TRADE PAYABLES

| Particulars | (Amount ₹ in lacs) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| (a) Total outstanding dues of Micro and Small Enterprises (refer note below) | 0.00 | 0.00 |
| (b) Total outstanding dues of creditors other than (a) above | 1637.42 | 2430.45 |
| Total | 1637.42 | 2430.45 |

Note :

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

There are no amounts payable to Micro and Small Enterprises as at the year end and no interest due or paid during the year. Disclosure requirement under MSMED Act, 2006 are not applicable.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****NOTE 22. OTHER FINANCIAL LIABILITIES - CURRENT**

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--------------------------------|---------------------------------------|---------------------------------------|
| Other Payables | | |
| Other Liabilities | 138.78 | 161.15 |
| Security deposits | 0.15 | 0.15 |
| Creditors for Capital Expenses | 89.39 | 95.54 |
| Total | 228.32 | 256.84 |

NOTE 23. OTHER CURRENT LIABILITIES

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|---------------------------------------|---------------------------------------|
| Statutory Dues | 5.19 | 8.52 |
| Advances from Customers | 6.73 | 33.81 |
| Other Liabilities | 819.96 | 809.88 |
| Total | 831.88 | 852.21 |

NOTE 24. PROVISIONS - CURRENT

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Provision for Employee benefit (Refer note 37 (B) and (C) for disclosure as per Ind AS -19) | 0.56 | 0.99 |
| Total | 0.56 | 0.99 |

NOTE 25. CURRENT TAX LIABILITIES (Net)

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|---------------------------------------|---------------------------------------|
| Current Tax Liabilities | 0.00 | 28.16 |
| Total | 0.00 | 28.16 |

NOTE 26. REVENUE FROM OPERATIONS

(Amount ₹ in lacs)

| Particulars | For the year ended March, 2023 | For the year ended March, 2022 |
|-------------------|-----------------------------------|-----------------------------------|
| Sales of Products | 5821.87 | 16357.33 |
| Sale of Services | 5.71 | 7.19 |
| Total | 5827.58 | 16364.52 |

NOTE 27. OTHER INCOME

(Amount ₹ in lacs)

| Particulars | For the year ended March, 2023 | For the year ended March, 2022 |
|---|-----------------------------------|-----------------------------------|
| Interest Received (at amortised cost) | 283.87 | 197.19 |
| Excess Provision for doubtful debts reversed | 0.00 | 0.36 |
| Other Non operating income | | |
| Rent Income | 18.00 | 18.00 |
| Depreciation reversed on capital subsidy | 35.36 | 17.03 |
| Reversal of Excess Leave Encashment Provision | 0.00 | 2.09 |
| Miscellaneous Income | 0.13 | 12.95 |
| Total | 337.36 | 247.62 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****NOTE 28. COST OF MATERIALS CONSUMED**

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|------------------------|----------------------------------|----------------------------------|
| Raw Materials Consumed | 1226.26 | 2252.05 |
| Total | 1226.26 | 2252.05 |

NOTE 29. PURCHASES OF STOCK IN TRADE

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|---------------------------|----------------------------------|----------------------------------|
| Purchases of traded goods | 3922.87 | 12622.10 |
| Total | 3922.87 | 12622.10 |

NOTE 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|-------------------------------|----------------------------------|----------------------------------|
| Closing Stock | | |
| Finished Goods | 182.42 | 242.01 |
| Work in Progress | 81.88 | 59.03 |
| Stock in Trade | 0.00 | 70.37 |
| | 264.30 | 371.41 |
| Less : Opening Stocks | | |
| Finished Goods | 242.01 | 122.09 |
| Work in Progress | 59.03 | 94.36 |
| Stock in Trade | 70.37 | 504.91 |
| | 371.41 | 721.36 |
| Changes in Inventories | Total 107.11 | 349.95 |

NOTE 31. EMPLOYEE BENEFIT EXPENSES

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|--|----------------------------------|----------------------------------|
| Salaries and Wages | 208.19 | 257.36 |
| Contribution to Provident and other fund | 6.27 | 7.18 |
| Staff Welfare Expenses | 1.18 | 4.78 |
| Total | 215.64 | 269.32 |

NOTE 32. FINANCE COSTS

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|---------------------------------------|----------------------------------|----------------------------------|
| Interest Expenses (at amortised cost) | 66.32 | 74.64 |
| Other Borrowing costs | 27.49 | 48.20 |
| Total | 93.81 | 122.84 |

NOTE 33. OTHER EXPENSES

(Amount ₹ in lacs)

| Particulars | for the year ended 31.03.2023 | for the year ended 31.03.2022 |
|--|----------------------------------|----------------------------------|
| Power and Fuel | 51.58 | 68.55 |
| Stores, spares and consumables | 35.11 | 79.34 |
| Rent | 14.83 | 28.98 |
| Repairs to Machinery | 2.11 | 4.90 |
| Repairs to Buildings | 0.68 | 7.03 |
| Insurance | 11.14 | 18.77 |
| Rates & Taxes excluding taxes on income | 3.38 | 2.98 |
| Factory Expenses | 1.07 | 1.07 |
| Legal and Professional Charges | 45.18 | 50.11 |
| Travelling & Conveyance Expenses | 12.08 | 31.12 |
| Vehicle Expenses | 10.03 | 9.82 |
| Brokerage and Commission | 0.59 | 11.16 |
| Freight Outward | 50.18 | 143.51 |
| Allowance for doubtful debts | 9.29 | 0.00 |
| Net Loss on Foreign Currency Transactions and Translations | 139.57 | 69.70 |
| Miscellaneous Expenses | 38.12 | 160.22 |
| Total | 424.94 | 687.26 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****34. Contingent Liabilities and Commitments**

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

A. Contingent Liabilities

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

| | | |
|---|---------|---------|
| - Sales Tax and income tax demand disputed in appeals | 3355.56 | 3370.03 |
|---|---------|---------|

(Amount deposited Rs. 171.40 lacs (Previous Year Rs. 157.35 lacs))

B. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Rs. Nil).

35. The Company has been sanctioned non fund based credit facilities of Rs. 1100 lacs by Punjab National Bank Limited and Rs. 1400 lacs by HDFC Bank Ltd.. Non fund based facilities are secured by hypothecation of entire current assets of the Company present and future, and further secured by -

- Hypothecation charge over all movables assets, equipments and fixtures of the company located at the Company's plant at Village Akolia, Pithampur, Distt. Dhar, (M.P.).
- 10% cash margin in the form of term deposit receipts.
- Equitable mortgage on Company's plant situated at Village Akolia, Pithampur, Distt. Dhar, (M.P.).
- Personal guarantee of others.

36 Leases :

The company has adopted Ind AS 116 'Leases' effective from April 1, 2019 and elect not to apply the requirement of Ind AS 116 since leases are short term leases.

Company as a lessee

The Company has taken various premises under cancellable operating leases. These are renewable on periodic basis at the option of both lessor and lessee. The aggregate amount of operating lease payments recognized in the statement of profit and loss is Rs. 14.83 lacs (Previous Year Rs. 28.98 lacs). The company has not recognized any contingent rent as expense in the statement of profit and loss.

Leasehold land has been recognised as Right of use assets and amortised over the lease term.

Where company is lessor

The assets given on cancellable operating leases by the Company are included in Property, Plant and Equipment. 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 operating lease income recognized in the Statement of Profit and Loss is Rs. 18.00 lacs (Previous Year Rs. 18.00 lacs).

37. Employee Benefit :**(A) Defined contribution plans**

In respect of defined contribution plans, an amount of Rs. 5.14 lacs (Previous Year: Rs. 5.79 lacs) towards employer contribution to provident fund and Rs. 0.92 lacs (Previous Year : Rs. 1.12 lacs) towards employer contribution to ESIC and admin. charges in respect of PF Rs. 0.21 lacs (Previous Year : Rs. 0.23 lacs) have been recognised in the statement of profit and loss for the year.

(B) Defined benefit plans

The company provides for gratuity for its employees as per the Payment of Gratuity Act 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The Company has opted for scheme with Life Insurance Corporation of India ("LIC") to cover its liabilities towards employees gratuity. The Company also carries out Actuarial valuation of gratuity using Projected Unit Credit Method as required by Ind As - 19 and the difference between fair value of plan assets and liability as per actuarial valuation as at the year end is recognised in financial statement as assets / liabilities.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023**

(Amount ₹ in lacs)

| Particulars | For the year 2022-23 | For the year 2021-22 |
|--|-------------------------|-------------------------|
| I. Change in Benefit Obligation | Rs. | Rs. |
| Liability at the beginning of the year | 23.88 | 29.00 |
| Interest Cost | 1.22 | 1.43 |
| Current Service Cost | 1.60 | 1.55 |
| Remeasurement due to : | | |
| Actuarial loss/(gain) arising from change in financial assumptions | (0.39) | (0.30) |
| Actuarial loss/(gain) arising on account of experience changes | 0.23 | (0.44) |
| Benefit Paid | (8.54) | (7.36) |
| Closing of defined benefit obligation | 18.00 | 23.88 |
| II. Change in Fair value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 31.47 | 33.76 |
| Interest on plan assets | 1.74 | 1.74 |
| Contributions by Employer | 1.93 | 3.28 |
| Remeasurement due to : | | |
| Actual return on plan assets less interest on plan assets | (0.16) | 0.05 |
| Benefit Paid | (8.54) | (7.36) |
| Fair Value of Plan Assets at the end of the year | 26.44 | 31.47 |
| III. Amount Recognized in the Balance Sheet | | |
| Present value of funded defined benefit obligation | 18.00 | 23.88 |
| Fair Value of Plan Assets at the end of the year | 26.44 | 31.47 |
| Net funded obligation | (8.44) | (7.59) |
| Amount not recognized due to asset limit | 1.33 | 1.33 |
| Net defined benefit liability/(asset) recognised in balance sheet | (7.11) | (6.26) |
| Net defined benefit liability/(asset) is bifurcated as follows : | | |
| Current | 0.00 | 0.00 |
| Non current | (7.11) | (6.26) |
| IV. Expenses Recognized in Profit and Loss A/c | | |
| Current Service Cost | 1.60 | 1.55 |
| Interest Cost | (0.43) | (0.29) |
| Administrative expenses | 0.00 | 0.00 |
| Past Service Cost | 0.00 | 0.00 |
| Actuarial (Gain)/Loss on settlement | 0.00 | 0.00 |
| Expense Recognized in P& L | 1.17 | 1.26 |
| V. Amount recognised in other comprehensive income | | |
| Opening amount recognised in OCI outside profit and loss account | 1.60 | 1.49 |
| Remeasurement due to : | | |
| Changes in financial assumptions | -0.39 | (0.30) |
| Changes in demographic assumptions | 0.00 | 0.00 |
| Experience adjustments | 0.23 | (0.44) |
| Actual return on plan assets less interest on plan assets | 0.16 | (0.05) |
| adjustment to recognise the effect of asset ceiling | 3.20 | 0.90 |
| Closing amount recognised in OCI outside profit and loss account | 4.80 | 1.60 |
| VI. Net defined benefit liability/(asset) reconciliation | | |
| Opening net defined benefit liability/(asset) | (6.26) | (4.35) |
| Expense charged to profit and loss account | 1.17 | 1.27 |
| Employers Contribution | (1.94) | (3.29) |
| Amount recognised outside Profit & Loss | 3.20 | 0.11 |
| Closing net defined benefit liability/(asset) | (3.83) | (6.26) |
| VII. Assumptions | | |
| Discount Rate Current | 7.40% | 3.90% |
| Rate of Return on Plan Assets Current | Funded | Funded |
| Salary Escalation Current | 5.00% | 5.00% |
| Atrition rate | 2.00% | 2.00% |

(ii) Expected contribution for defined benefit plan for the next financial year would be Rs. Nil (Previous Year Rs.NIL)

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023****VIII. Sensitivity Analysis**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|----------------------------------|------------------------------------|-----------------|------------------------------------|-----------------|
| | Decrease 50 bps | Increase 50 bps | Decrease 50 bps | Increase 50 bps |
| Change in discounting rate | 18.39 | 17.63 | 24.32 | 23.47 |
| Change in salary escalation rate | 17.62 | 18.39 | 23.47 | 24.32 |

Inherent Risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(C) 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. 4.25 lacs (Previous Year Rs. 3.04 lacs).

38. Earning Per Share (EPS) :-

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Net Profit after tax (Rs. In lacs) | 75.90 | 167.92 |
| Nominal Value of each equity share (Rupees) | 10 | 10 |
| Weighted average no. of shares(# Refer Note below) | 9291800 | 9291800 |
| Basic and diluted earning per share (Rupees) | 0.82 | 1.81 |

Pursuant to the approval of the shareholders, the company has issued bonus shares in the ratio of one equity share of Rs. 10 each for three existing equity share of Rs. 10 each during the year ended 31st March 2023. Accordingly Earning Per Share (EPS) (Basic and Diluted) of F.Y. 2021-22 have been adjusted on account of Bonus Shares.

39. Payment to auditors : (including GST)

(Amount ₹ in lacs)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------|------------------------------------|------------------------------------|
| Statutory Audit Fees | 1.50 | 1.50 |
| Tax Audit Fees | 0.50 | 0.50 |
| Other Services | 0.70 | 0.70 |
| Cost Audit Fees | 0.20 | 0.20 |
| Reimbursement of Expenses | 0.01 | 0.02 |

40. Trade Receivable - Ageing Schedule

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|--|--|------------------|-----------|-----------|-------------------|---------|
| | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31st March, 2023 | | | | | | |
| Undisputed Trade Receivables – considered good | 1655.08 | 0.00 | 104.05 | 0.00 | 46.58 | 1805.71 |
| Undisputed Trade Receivables – credit impaired | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| As at 31st March, 2022 | | | | | | |
| Undisputed Trade Receivables – considered good | 1590.96 | 17.16 | 7.85 | 20.47 | 27.44 | 1663.89 |
| Undisputed Trade Receivables – credit impaired | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 |

41. Trade Payable - Ageing Schedule

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|--|-------------|-------------|-------------------|----------------|
| | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31st March, 2023 | | | | | |
| a .Micro, and Small Enterprises | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| b .Other | 1628.23 | 2.62 | 1.48 | 5.09 | 1637.42 |
| c .Disputed Dues - Micro, and Small Enterprises | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| d .Disputed Dues - Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 1628.23 | 2.62 | 1.48 | 5.09 | 1637.42 |
| As at 31st March, 2022 | | | | | |
| a .Micro, and Small Enterprises | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| b .Other | 2422.55 | 1.33 | 6.57 | 0.00 | 2430.45 |
| c .Disputed Dues - Micro, and Small Enterprises | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| d .Disputed Dues - Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 2422.55 | 1.33 | 6.57 | 0.00 | 2430.45 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****42. Segment Reporting as per Ind AS 108 :**

| | 2022-23 | | | (Amount ₹ in lacs) |
|---|---------------------|---------------------|-------------|--------------------|
| | L.P.G. Cylinders | Merchant Trading | Unallocable | Total Amount |
| (a) Operating segment information | | | | |
| Segment Revenue | 1502.46 | 4378.60 | 283.88 | 6164.94 |
| | 1191.04 | 2650.89 | 219.43 | 4061.36 |
| Segment Results (PBIT) | -25.58 | 116.83 | 105.99 | 197.24 |
| | -42.87 | 60.91 | 67.19 | 85.23 |
| Less : Finance Cost | | | | 93.81 |
| | | | | 63.64 |
| Profit before Tax | | | | 103.43 |
| | | | | 21.59 |
| Less : Tax Expenses | | | | 27.53 |
| | | | | 60.50 |
| Profit after Tax | | | | 75.90 |
| | | | | -38.91 |
| Segment Assets | 1082.81 | 2015.96 | 3794.01 | 6892.78 |
| | 1361.02 | 1031.67 | 3713.45 | 6106.14 |
| Segment Liability | 149.23 | 1639.05 | 1223.26 | 3011.54 |
| | 253.57 | 444.49 | 1446.21 | 2144.27 |
| Segment Property, Plant & Equip. purchased/acquired | 4.02 | 0.00 | 59.51 | 63.53 |
| | 1.56 | 84.89 | 143.58 | 230.03 |
| Segment depreciation | 25.95 | 18.59 | 26.34 | 70.88 |
| | 33.29 | 27.09 | 19.81 | 80.19 |

Previous year figures shown in italic.

(b) Geographical segment information

The company's all operations are in India only.

| | (Amount ₹ in lacs) | |
|------------------|-------------------------|-------------------------|
| Particulars | For the year 2022-23 | For the year 2021-22 |
| Domestic Revenue | 6164.94 | 16191.06 |
| Export Revenue | 0.00 | 421.08 |
| Total | 6164.94 | 16612.14 |

(c) Revenue from major products

The following is an analysis of the Company's segment revenue from continuing operations from its major products -

| | (Amount ₹ in lacs) | |
|------------------|-------------------------|-------------------------|
| Particulars | For the year 2022-23 | For the year 2021-22 |
| LPG cylinders | 1502.46 | 2666.61 |
| Merchant Trading | 4378.60 | 13748.33 |

(d) Revenue from major customers

Details of Company's revenue of 10% or more contributed by individual customers for the year ended March 31, 2023.

| | (Amount ₹ in lacs) | |
|------------------|-------------------------|-------------------------|
| Particulars | For the year 2022-23 | For the year 2021-22 |
| LPG cylinders | 0.00 | 0.00 |
| Merchant Trading | 3829.55 | 2866.19 |
| Total | 3829.55 | 2866.19 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****43. Related Party Disclosure :****(A) Related parties and their relationship**

a. (1) Key management personnel

| Name | Designation |
|---------------------------|---|
| Mr. Yogender Mohan Sharma | Whole Time Director |
| CS Riya Bhandari | Company Secretary |
| CA Kailash Agarwal | Chief Financial Officer (upto 30.06.2022) |
| CA Om Prakash Mundra | Chief Financial Officer W.e.f 05.07.2022 |

a. (2) Non- Executive Non Independent Director

Ms. Deepika Arora

b. Parties where control exists Nil

c. Entities where company, key management personnel & close members have significant influence and where transactions have taken place Nil

Related party relationship as identified by company to the extent information available with company.

(B) Transactions with related parties for the year ended 31st March, 2023

(Amount ₹ in lacs)

| Particulars | For the year 2022-23 | For the year 2021-22 |
|---------------------------------------|-------------------------|-------------------------|
| Expenditure : | | |
| Remuneration | | |
| Mr. Yogender Mohan Sharma | 4.20 | 4.20 |
| Ms Deepika Arora | 0.09 | 0.09 |
| CS Riya Bhandari | 1.20 | 1.20 |
| CA Kailash Agarwal (upto 30.06.2022) | 0.00 | 19.29 |
| CA Om Prakash Mundra W.e.f 05.07.2022 | 18.96 | 0.00 |
| Post employment benefits | | |
| CS Riya Bhandari | 0.06 | 0.06 |
| CA Kailash Agarwal (upto 30.06.2022) | 0.00 | 0.22 |
| CA Om Prakash Mundra W.e.f 05.07.2022 | 0.26 | 0.00 |

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

(Amount ₹ in lacs)

| Particulars | Rate of Interest | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------|---------------------------------------|---------------------------------------|
| a. Particulars of Loan given and outstanding as at the year end: | | | |
| Anik Jics Logistic Pvt. Ltd | 9.00% | 999.08 | 924.22 |
| Nischit Infratech Pvt Ltd | 12.00% | 1029.58 | 0.00 |
| Alison Tradelink Pvt Ltd | 9.00% | 164.16 | 0.00 |

(Loans are given for strategic business purpose.)

b. Investments made :

The same are classified under respective heads.

(Refer Note 5).

45. Financial and Derivatives Instruments -

Derivative contract entered by the Company and outstanding as on 31.03.2023(i) Notional amount of Forward Contracts (Purchase) entered into by the company and outstanding as on 31.03.2023

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|------------------------------------|------------------|------------------|
| Currency | USD | USD |
| No. of contracts | 1 | 2 |
| Amt. in Foreign Currency (in lacs) | 4.90 | 5.94 |
| Equivalent amt. in INR lacs | 408.17 | 451.06 |

Above contract is for hedging purpose and not for speculation.

(ii) Foreign currency exposure which are not hedged as at balance sheet date -

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|-------------------------------------|------------------|------------------|
| Currency | | |
| Amt. payable in USD (in lacs) | 13.85 | 28.37 |
| Amt. payable in INR lacs | 1138.03 | 2153.34 |
| Amt. receivable in USD (in lacs) | 1.08 | 1.08 |
| Amt. receivable in INR lacs | 89.14 | 82.35 |
| Net Amount Payable in USD (in lacs) | 12.77 | 27.29 |
| Equivalent amt. in INR lacs | 1048.89 | 2070.99 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****46. Financial risk management objectives and policies**

In its ordinary operations, the companies activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The company has a risk management policy which covers the foreign exchanges risks and other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The following is the summary of the main risks:

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rate risk), will affect the companies income or value of it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

Interest rate risk is the risk the the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk of changes in fair value of fixed interest bearing financial instrument because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing financial instrument will fluctuate because of fluctuations in the interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the borrowing from banks and others. Currently company is not using any mitigating factor to cover the interest rate risk.

(Amount ₹ in lacs)

| Particulars | For the Year Ended 31 st March 2023 | For the Year ended 31 st March 2022 |
|---|---|---|
| Interest rate risk exposure (variable rate) Borrowings from banks and others | 83.09 | 115.66 |
| Total borrowings | 83.09 | 115.66 |

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rates for borrowing at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of term loans that have floating rates. If the interest rates had been 1% higher or lower and all the other variables were held constant, the effect on Interest expense for the respective financial years and consequent effect on companies profit in that financial year would have been as below:

| Particulars | For the Year Ended 31 st March 2023 | For the Year ended 31 st March 2022 |
|--|---|---|
| Impact on Profit or Loss for the year decrease | 0.83 | 1.16 |
| Impact on Profit or Loss for the year Increase | (0.83) | (1.16) |

ii) Foreign currency risk

The Company enters into transactions in currency other than its functional currency and is therefore exposed to foreign currency risk. The Company analyses currency risk as to which balances outstanding in currency other than the functional currency of that Company. The company enters in to derivative financial instrument such foreign currency forward contract and option contracts to mitigate the risk of changes in exchange rate on foreign currency exposure.

Following table analysis foreign currency assets and liabilities on balance sheet date.

(Amount ₹ in lacs)

| Particulars | As at 31 st March 2023 USD exposure in INR | As at 31 st March 2022 USD exposure in INR |
|---|--|--|
| Receivable net exposure | | |
| Trade receivable | 89.14 | 82.35 |
| Payable net exposure | | |
| Trade payable | 1138.03 | 2153.34 |
| Forward exchange contracts against imports and foreign currency payable | 408.17 | 451.06 |
| Payable net exposure | 1546.20 | 2604.40 |
| Total net exposure Receivable/(Payable) | (1457.06) | (2522.05) |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****Sensitivity to foreign currency risk**

The following table demonstrates the sensitivity in the USD currencies if the currency rate is strengthened/weakened by 1% with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

(Amount ₹ in lacs)

| Currency | Sensitivity analysis | | | |
|--------------------------------------|---|-----------|---|-----------|
| | For the Year ended 31 st March 2023 | | For the Year ended 31 st March 2022 | |
| | Strengthening | Weakening | Strengthening | Weakening |
| Sensitivity to foreign currency risk | (14.57) | 14.57 | (25.22) | 25.22 |

(b) Credit risk

Credit risk is the risk that arises from the possibility that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial assets that are subject to such risk, principally consist of trade receivables, Investments and loans and advances. None of the financial instruments of the company results in material concentration of credit risk. Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss. The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date.

"Trade and other receivables

To Manage trade and other receivables, the company periodically assesses the financial reliability of customers, taking in to account the financial conditions, economic trends, analysis to historical bad debts and ageing of such receivables."

The ageing analysis of the trade receivables has been considered from the date the invoice falls due :

(Amount ₹ in lacs)

| Particular | As at 31 st March 2023 | As at 31 st March 2022 |
|--------------------|-----------------------------------|-----------------------------------|
| 0 to 180 days | 1655.08 | 1590.96 |
| 181 to 270 days | 0.00 | 16.69 |
| 271 to 365 days | 104.05 | 0.48 |
| More than 365 days | 46.58 | 55.76 |
| Total | 1805.71 | 1663.89 |

The following table summarizes the change in the loss allowances measured using expected credit loss

(Amount ₹ in lacs)

| Particulars | Amount |
|---------------------------------------|--------|
| Balance as at 1st April, 2021 | 6.12 |
| Provided during the year | 0 |
| Reversed during the year | 0.36 |
| Balance as at 31st March, 2022 | 5.77 |
| Provided during the year | 9.29 |
| Reversed during the year | 0 |
| Balance as at 31st March, 2023 | 15.06 |

"Investments

"InvestmentsThe Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties apart from those already given in financials, and does not have any significant concentration of exposures to specific industry sectors or specific country risks."

Cash & Cash Equivalents

The Company holds cash & cash equivalents with credit worthy banks of Rs. 85.62 lacs as at 31st March, 2023 (Rs. 126.81 lacs as at 31st March, 2022). The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has obtained non-fund based working capital line from bank. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****Expected contractual maturity for derivative and non derivative Financial Liabilities:****(Amount ₹ in lacs)**

| Particulars | Total | Less than 1 year | 1 to 5 years | >5 years |
|---|----------------|------------------|--------------|-------------|
| As at 31st March, 2023 | | | | |
| Non Derivative Financial Liabilities | | | | |
| Borrowings | 309.66 | 251.68 | 57.98 | 0.00 |
| Trade payables (non derivative) | 1229.25 | 1229.25 | 0.00 | 0.00 |
| Other financial liabilities | 228.32 | 228.32 | 0.00 | 0.00 |
| Total | 1767.23 | 1709.25 | 57.98 | 0.00 |
| Derivative Financial Liabilities | | | | |
| Trade payables (Hedged) | 408.17 | 408.17 | 0.00 | 0.00 |
| Total | 408.17 | 408.17 | 0.00 | 0.00 |
| "As at 31st March, 2022" | | | | |
| Non Derivative Financial Liabilities | | | | |
| Borrowings | 388.29 | 305.48 | 82.81 | 0.00 |
| Trade payables (non derivative) | 1979.39 | 1979.39 | 0.00 | 0.00 |
| Other financial liabilities | 256.83 | 256.83 | 0.00 | 0.00 |
| Total | 2624.51 | 2541.70 | 82.81 | 0.00 |
| Derivative Financial Liabilities | | | | |
| Trade payables (Hedged) | 451.06 | 451.06 | 0.00 | 0.00 |
| Total | 451.06 | 451.06 | 0.00 | 0.00 |

Capital Management

"For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders (buy back its shares) or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2023 and 31st March, 2022."

Gearing Ratio:**(Amount ₹ in lacs)**

| Particulars | As at 31 st March 2023 | As at 31 st March 2022 |
|--|-----------------------------------|-----------------------------------|
| Debt (Refer Notes 18 and 20) | 309.67 | 388.30 |
| Cash and cash equivalent (Refer Note 11) | 88.65 | 140.48 |
| Adjusted net Debt | 221.02 | 247.82 |
| Total Equity | 3881.24 | 3949.49 |
| Net Debt to equity ratio | 0.057 | 0.063 |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****47. Financial Instruments by Category and fair value heirarchy**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

(Amount ₹ in lacs)

| As 31 st March 2023 | Fair Value Measurement | | | Fair Value hierarchy | | |
|--|-------------------------------|---------------|-----------------------|-----------------------------|----------------|----------------|
| Particulars | FVTPL | FVOCI | Amortised Cost | Level-1 | Level-2 | Level-3 |
| Financial assets | | | | | | |
| Investments in equity instruments | | 178.03 | 0.00 | 167.29 | | 10.74 |
| Cash and cash equivalents | | | 88.65 | | | |
| Bank balances other than cash and cash equivalents | | | 106.27 | | | |
| Trade Receivables | | | 1790.64 | | | |
| Loans | | | 2192.82 | | | |
| Other financial assets | | | 221.99 | | | |
| Total | 0.00 | 178.03 | 4400.37 | 167.29 | 0.00 | 10.74 |
| Financial liabilities | | | | | | |
| Borrowings | | | 309.67 | | | |
| Trade Payables | | | 1637.42 | | | |
| Other financial liability | | | 228.32 | | | |
| Total | 0.00 | 0.00 | 2175.41 | 0.00 | 0.00 | 0.00 |
| As 31st March 2022 | Fair Value Measurement | | | Fair Value hierarchy | | |
| Particulars | FVTPL | FVOCI | Amortised Cost | Level-1 | Level-2 | Level-3 |
| Financial assets | | | | | | |
| Investments in equity instruments | | 338.14 | 0.00 | 189.98 | | 148.16 |
| Cash and cash equivalents | | | 140.48 | | | |
| Bank balances other than cash and cash equivalents | | | 278.92 | | | |
| Trade Receivables | | | 1658.12 | | | |
| Loans | | | 924.22 | | | |
| Other financial assets | | | 333.68 | | | |
| Total | 0.00 | 338.14 | 3335.42 | 189.98 | 0.00 | 148.16 |
| Financial liabilities | | | | | | |
| Borrowings | | | 388.30 | | | |
| Trade Payables | | | 2430.45 | | | |
| Other financial liability | | | 256.83 | | | |
| Total | 0.00 | 0.00 | 3075.58 | 0.00 | 0.00 | 0.00 |

"To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the IndAS. An explanation for each level is given below.

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable."

48. Financial Ratio

| Ratio | Methodology | For the year 2022-23 | For the year 2021-22 | % of change from preceding year |
|-----------------------------------|--|----------------------|----------------------|---------------------------------|
| Current Ratio | Current Assets / Current liabilities | 1.65 | 1.37 | 20.76% |
| Debt-Equity Ratio, | Total Debt / Total shareholders' equity | 0.08 | 0.10 | -18.85% |
| Debt Service Coverage Ratio, | EBIT/ Debt | 4.78 | 7.27 | -34.32% |
| Return on Equity Ratio in % | PAT/ Equity | 1.96% | 4.25% | -54.00% |
| Inventory turnover ratio, | Revenue from operations / Average Inventory | 10.42 | 20.12 | -48.22% |
| Trade Receivables turnover ratio, | Revenue from operations / Average trade receivables | 3.38 | 10.79 | -68.67% |
| Trade payables turnover ratio, | Credit Purchase / Average trade payables | 2.46 | 7.08 | -65.23% |
| Net capital turnover ratio, | Revenue from operations / Average working capital | 3.49 | 10.34 | -66.21% |
| Net profit ratio in % | PAT / Revenue from operations | 1.30% | 1.03% | 26.93% |
| Return on Capital employed in % | PBIT / Average capital employed | 2.61% | 5.78% | -54.86% |
| Return on investment. | Income Generated from investment / Average investments | 0.00% | 0.00% | - |

SARTHAK INDUSTRIES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023****Note**

1. Debt Service Coverage ratio, Return on Equity Ratio decreased due to reduction in profit during the year.
2. Inventory Turnover Ratio, Trade Receivable turnover ratio and Net capital Turnover Ratio deteriorate due to sharp reduction in Revenue from operations.
3. Trade Payable turnover ratio deteriorate due to reduction in credit purchase.
4. Net profit Ratio increased due to increase in other income.
5. Return on Capital employed decreased due to Reduction in Profit on account of Reduction in Revenue from operations.

49. Tax Expenses :**A. Tax expenses recognised in the statement of Profit & Loss****(Amount ₹ in lacs)**

| | For the Year 2022-23 | For the Year 2021-22 |
|--|-------------------------|-------------------------|
| (i) Current Tax | | |
| in respect of current year | 27.57 | 60.68 |
| Total Current Tax | 27.57 | 60.68 |
| (ii) Deferred Tax | | |
| in respect of current year | (0.15) | (0.17) |
| Total Deferred income tax expense/(credit) | -0.15 | -0.17 |
| (iii) Income tax for earlier years | 0.11 | 0.00 |
| Total income tax expense/(credit) | 27.53 | 60.51 |

B. Amounts Recognised in Other Comprehensive Income

| | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| (i) Items that will not be reclassified to Profit or Loss | | |
| tax impact on remeasurements of the defined benefit Plans | (0.81) | (0.03) |
| tax impact on Gain/Loss on change in fair value of equity instruments | -18.31 | 2.73 |
| (ii) Items that will be reclassified to Profit or Loss | 0.00 | 0.00 |
| (B) Total | -19.12 | 2.70 |
| Total Tax expenses for the year (A+B) | 8.41 | 63.21 |

A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows:

| | | |
|--|--------------|--------------|
| Profit before tax | 103.43 | 228.43 |
| Applicable Tax Rate (%) | 25.17% | 25.17% |
| income tax as per above rate | 26.03 | 57.49 |
| Adjustments for taxes for | | |
| Expense not deductible for tax purposes | 21.10 | 23.23 |
| Expense allowable/considered separately for tax purposes | (20.38) | (20.08) |
| Tax at special rate | 0.00 | 0.00 |
| Income Tax for earlier years | 0.11 | 0.00 |
| Others | 0.67 | (0.14) |
| Income tax as per statement of profit and loss | 27.53 | 60.51 |
| Effective interest rate | 26.62% | 26.49% |

The movement in Deferred tax assets and liabilities during the year ended March 31, 2023 & March 31, 2022

| Movement during the year ended March 31, 2023 | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|--|-----------------|---------------------------------|----------------------|-----------------|
| Deferred tax assets | | | | |
| Other timing differences | 6.78 | (4.75) | 19.12 | 21.14 |
| Provision for doubtful debts | 1.45 | 2.34 | 0.00 | 3.79 |
| Deferred tax liabilities | | | | |
| Depreciation on PPE | 3.68 | 0.21 | 0.00 | 3.88 |
| Other timing differences | 2.77 | (2.77) | 0.00 | 0.00 |
| Deferred tax assets/(liabilities) total | 1.78 | 0.15 | 19.12 | 21.05 |

| Movement during the year ended March 31,2022 | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|-----------------|---------------------------------|----------------------|-----------------|
| Deferred tax assets | | | | |
| Other timing differences | 9.50 | -2.75 | 0.03 | 6.78 |
| Provision for doubtful debts | 1.70 | (0.25) | 0.00 | 1.45 |
| Deferred tax liabilities | | | | |
| Depreciation on PPE | 6.85 | (3.17) | 0.00 | 3.68 |
| Other timing differences | 0.00 | 0.00 | 2.73 | 2.77 |
| Deferred tax assets/(liabilities) total | 4.35 | 0.17 | (2.70) | 1.78 |

50 The provisions related to Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013 and rules made thereunder are not applicable to the Company.

51 Additional Regulatory Information

i. The company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

ii. The company neither have any Benami property nor any proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

iii. The company is not declared wilful defaulter by any bank or financial Institution or other lender.

iv. The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

v. The company has not made any investments till 31st March, 2023 in subsidiary company hence compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

"vi. (A) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;(B) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

vii. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

viii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

ix. The Company has borrowings in excess of Rs. 5 crores from banks or financial institutions on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

ix. The Company has borrowings in excess of Rs. 5 crores from banks or financial institutions on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

52 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 **SMAK & Co.**
Chartered Accountants
(FRN 020120C)

CA Atishay Khasgiwala
Partner
M. No. : 417866
Place : Indore
Dated :30.05.2023

For and on behalf of Board of Directors

Ajay Peshkar
Whole Time Director
DIN: 03094090

CS Riya Bhandari
Company Secretary

Nimishk Ved
Director
DIN: 07362817

CA Om Prakash Mundra
Chief Financial Officer