



**K.G. SHARMA & CO.**

**CHARTERED ACCOUNTANTS**

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201, ANUPAM BHAWAN, COMMERCIAL COMPLEX, AZADPUR, DELHI-110033

**To Arunava Sikdar  
Resolution Professional  
Sanco Industries Limited (undergoing CIRP)**

**Independent Auditor's Limited Review Report on**

**Interim Standalone Financials Results of M/s Sanco Industries Limited (under CIRP)**

We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **M/s Sanco Industries Limited (under CIRP)** ("the Company") for the quarter ended December 31, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation").

The company is under Corporate Insolvency Resolution Process initiated by the National Company Law Tribunal, Delhi ("NCLT") vide order dated 29.07.2022, the power of the Board of Directors of the company stood suspended and such powers are vested with the Resolution Professional to manage the affairs of the company. However, the Company's Board of Directors remains responsible for the matters with respect to the preparation of these financial statements till the CIRP commencement date i.e. 29.07.2022. The Financial Statements been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rule issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

We have conducted our review of the financial statement in accordance with the Standard of Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. These standards required that we plan and perform the review to obtain reasonable assurance about whether the financial results are free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matter that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Based on our review conducted as above we observe the following*

1. That the company bank CC Accounts (South Indian and UBI) has become Non-Performing Assets (NPA) as per banking rules and regulations.



2. Company has not made Provision of Interest of Rs 1,36,37,633 & 3,54,93,920 with respect to CC A/C with South Indian Bank & Union Bank of India for the period ending 31st March, 2022 which has become Non Performing Asset as per banking rules & regulations Act 1949. Further no such calculation was provided for the period ending 30th June, 2022.
3. Company has not created provision for doubtful debts amounting to Rs 1634.75/- Lacs which are long term outstanding receivables of the company.
4. The company is also irregular while paying its undisputed and disputed statutory liabilities. We observed that undisputed and disputed statutory liabilities which is pending for more than 9months with respect to Income Tax, ESIC, and EPF and it has also not been paid till the date of review.
5. Long Term outstanding balances in some of the personal and impersonal accounts are subject to confirmation and reconciliation.
6. We have not been provided any Confirmation of balances of Creditors, Debtors, Advance from customer and Advance to Suppliers.
7. Stock valuation report has been provided to us on email for stock verification. Stock in trade valued as per management valuation dated 29.07.2022.
8. During the financial year 2021-22 the Company decided to write off it's sundry creditor amounting to Rs.99.90 lacs, which was recognised as indirect income in said year. Further it was observed in the period April, 2022-June, 2022 that such liability should not have been written off. Hence the income earlier recognised as indirect income is de-recognised in the period April to June 2022, which is appearing as negative income in statement of income.
9. The Company is under Corporate insolvency resolution process vide order of Hon'ble NCLT, Delhi dated 29<sup>th</sup> July, 2022 wherein Mr. Deepak Arora was appointed as interim resolution professional of the company and on 19.09.2022 Mr. Arunava Sikdar replaced Mr. Deepak Arora and appointed as resolution professional vide order no LA-4471/2022.
10. There is a gap in claims as approved by IRP and that appearing in the books of accounts of Sanco Industries Limited of Rs 31,31,86,573. Attached herewith the details for your reference schedule I.
11. There exist a total claim of Rs. 32,62,041/- which is claimed filed but not admitted by IRP as per schedule II.

Based on our review conducted as stated above nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standards and accounting principles generally accepted in India, has not disclosed the information required to be disclosed in term of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and SEBI circular CIR/CFD/FAC/62/2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



For K G Sharma & Co.  
Chartered Accountants  
FRN: 005240N



CA Sanjeev Jain

Partner

M No. 089416

Date: 20.01.2023

Place: Delhi

UDIN: 23089416BGYMXD5123



Sanco Industries Limited (undergoing CIRP)  
 COMPANY NO:-L74899DL1989PLC035549  
 Statement of Unaudited Standalone Assets and Liabilities as on 31.12.2022

(Rs. In Lakhs)

Particulars	Standalone Unaudited	Standalone Audited
	As at 31st December' 2022	As at 31st March' 2022
<b>II EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity Share Capital	1,308.20	1,308.20
b) Other Equity	(1,782.00)	151.06
<b>Total Equity</b>	<b>(473.80)</b>	<b>1,459.26</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
a) Financial Liabilities		
Borrowings		
Other Financial Liabilities	793.85	876.25
b) Provisions	-	-
c) Other Non-Current Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>793.85</b>	<b>876.25</b>
<b>Current Liabilities</b>		
a) Financial Liabilities		
Borrowings	4,731.26	4,713.44
Trade payables	777.63	168.06
Total Outstanding dues of MSME Creditor	156.91	156.91
Total Outstanding dues of creditors other than MSME Enterprises	620.72	11.15
Other Financial Liabilities	-	3.31
b) Current tax Liabilities (Net)	-	-
c) Other current Liabilities	365.89	323.98
d) Provisions	-	-
<b>Total Current Liabilities</b>	<b>5,874.78</b>	<b>5,208.80</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,194.84</b>	<b>7,544.31</b>
<b>I ASSETS</b>		
<b>(1) Non-Current Assets</b>		
a) Property, Plant and Equipment	123.50	144.48
b) Capital Work-in-Progress	2.99	2.99
c) Financial Assets		
Investments	338.50	338.50
Trade receivables	4,738.36	4,739.02
d) Deferred Tax Assets (Net)	8.67	8.67
e) Other Non-Current Assets	786.39	-
<b>Total Non-Current Assets</b>	<b>5,998.41</b>	<b>5,233.66</b>
<b>(2) Current assets</b>		
a) Inventories	54.23	1,953.63
b) Financial Assets		
Trade receivables	125.49	-
Cash and cash equivalents	0.19	97.92
Bank balances	16.51	1.31
Other financial assets	-	232.02
c) Current tax assets (Net)	-	-
c) Other Current Assets	-	25.76
<b>Total Current Assets</b>	<b>196.42</b>	<b>2,310.65</b>
<b>TOTAL ASSETS</b>	<b>6,194.83</b>	<b>7,544.31</b>

For and on behalf of the Board

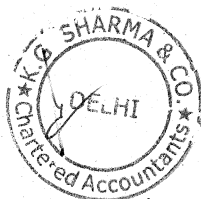
Arunava Sikdar

Resolution Professional

Date: 21.01.2023

Place: Delhi

**Resolution Professional**



**SANCO INDUSTRIES LIMITED (undergoing CIRP)**  
**COMPANY NO-L/74899DL1989PLCO35549**  
**Statement of Unaudited Standalone Financial Results for the Quarter ended on 31st December, 2022**

(Rs. In Lakhs)

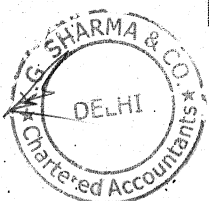
Particulars	Quarter ended						Year ended
	31st December 2022	30th September 2022	30th June 2022	31st December 2021	31st December 2022	31st December 2021	
	Unaudited	Unaudited	Unaudited	Unaudited			Audited
<b>Income</b>							
1. Revenue from Operations	-	121.84	3.81	-	125.65	0.44	0.44
2. Other Income	-	-	(99.90)	-	(99.90)	65.06	72.61
3. Total Income (1+2)	-	121.84	(96.09)	-	25.75	65.50	73.05
<b>4. Expenditure</b>							
Cost of Materials Consumed	-	-	1,513.26	-	1,513.26	96.33	-
Purchase of stock-in-trade	-	-	264.30	-	386.14	(96.14)	(16.97)
Change in Inventories of Finished Goods, Stock in trade and WIP	-	121.84	2.08	3.10	5.33	14.39	14.20
Employee benefits expenses	2.25	1.00	-	-	0.05	0.16	0.16
Finance cost	5.69	5.70	5.69	7.50	17.08	22.17	30.62
Depreciation and Amortization expense	16.12	6.69	14.19	12.47	37.00	29.33	111.57
Other expenses	24.06	135.23	1,799.52	23.07	1,958.81	66.13	156.55
Total (4)	(24.06)	(13.39)	(1,895.61)	(23.07)	(1,933.06)	(0.63)	(83.51)
5. Profit Before Tax (3-4)	-	-	-	-	-	-	-
6. Total tax Expenses	(24.06)	(13.39)	(1,895.61)	(23.07)	(1,933.06)	(0.63)	(83.51)
7. Profit for the period (5-6)	-	-	-	-	-	-	-
8. Other Comprehensive Income	-	-	-	-	-	-	-
9. Total Comprehensive Income (7+8)	(24.06)	(13.39)	(1,895.61)	(23.07)	(1,933.06)	(0.63)	(83.51)
10. Paid-up equity share capital (Face Value of Rs. 10 per share)	130.82	130.82	130.82	115.12	130.82	115.12	130.82
11. Other Equity	-	-	-	-	-	-	-
12. Earning Per Share (EPS)							
(a) Basic EPS ordinary activities after tax for the period, for the year to date	(0.18)	(0.10)	(14.49)	(0.20)	(14.78)	(0.01)	(0.64)
(b) Diluted EPS ordinary activities after tax for the period, for the year to date	(0.18)	(0.10)	(14.49)	(0.20)	(14.78)	(0.01)	(0.64)

For and on behalf of the Board

Arunava Sikdar  
Resolution Professional

Date: 21.01.2023  
Place: Delhi

For SANCO INDUSTRIES LIMITED  
Resolution Professional



Sanco Industries Limited (undergoing CIRP)

Statement of Unaudited Standalone Cash Flow for the Period ended 31st December, 2022

Rs. Lakhs

Particulars	For the Quarter ended December 2022	For the year ended March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax	-1933.06	(83.51)
Profit on sale of Investment	0.00	-
Other comprehensive income	0.00	-
Depreciation and Amortization	17.08	30.62
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property		
Interest Income	0.10	(0.04)
Interest Expenses	0.00	0.02
<b>Cash Generated Before Working Capital Changes</b>	<b>(1,916.08)</b>	<b>(52.82)</b>
<b>Movement in Working Capital</b>		
Increase / (Decrease) in Assets	-1245.96	(1,536.32)
Increase / (Decrease) in Liabilities	648.17	(1,440.08)
<b>Total</b>	<b>1,894.13</b>	<b>96.24</b>
<b>Cash Generated From Operations</b>	<b>(21.95)</b>	<b>43.42</b>
<b>Total</b>		
Direct Taxes Paid		-
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>(21.95)</b>	<b>43.42</b>
<b>B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of PPE, Intangible Assets and Investment Property	3.90	(0.85)
Proceeds of PPE, Intangible Assets and Investment Property	-	-
Proceeds from Investments	0.00	(0.00)
Interest Income Received	0.10	0.04
<b>Net Cash Flow From / (Used in) Investing Activities</b>	<b>4.00</b>	<b>(0.89)</b>
<b>C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	0.00	157.00
Proceeds / (Repayment) of Long & Short Term Borrowings	(84.23)	(185.27)
Interest Paid	0.00	(0.03)
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(84.23)</b>	<b>(28.30)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>-102.18</b>	<b>14.23</b>
Cash and Cash Equivalents at the beginning of the Period	-1391.75	(4,405.98)
Cash and Cash Equivalents at the end of the Period	<b>(4,493.93)</b>	<b>(4,391.75)</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	0.19	97.92
Balances with Banks		
On Current accounts	16.51	1.31
On Deposits accounts	-	-
Bank Overdraft	(4,510.63)	(4,499.98)
<b>Cash and cash Equivalent</b>	<b>(4,493.93)</b>	<b>(4,391.75)</b>

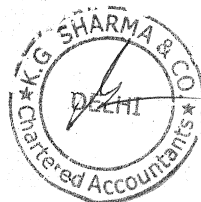
For and on behalf of the Board

Arunava Sikdar  
Resolution Professional

Date: 21.01.2023

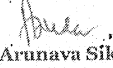
Place: Delhi

Resolution Professional

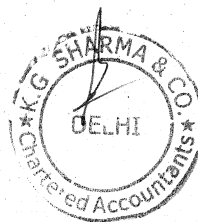


## Notes

1. As CIR Process of the Company is undergoing, there is no audit committee to review the results. Further, the same could not be approved in Board meeting as the petition for initiation of CIRP of the Company was admitted by Hon'ble NCLT on 29.07.2022. The Statutory Auditors of the Company have conducted a "Limited Review" of the above Audited Financial Results for the quarter ended December 31, 2022.
2. The statutory auditor have expressed an unmodified audit opinion on these results.
3. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of IndAS notified under the Companies (India Accounting Standards) Rules, 2015.
4. As the company business activity fall within one segment viz. Manufacturing Business as per Ind AS 108, the disclosures requirements of Ind AS 108 of operating sgment is not applicable.
5. The company has not paid its disputed/undisputed statutory liability which is pending for more than 6 months with respect to Income Tax, ESIC and EPF.
6. Previous periods figures have been regrouped/rearranged wherever considered necessary to make them comparable with current period.
7. A Petition for initiation of Corporate Insolvency Resolution Process (CIRP) filed by M/s. Skystep Trading Limited, claiming to be an operational creditor of the company, under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC/Code) was admitted by Hon'ble NCLT, New Delhi vide order dated 29.07.2022. Vide the said order, Mr. Deepak Arora was appointed as an IRP and thereafter vide subsequent order of Hon'ble NCLT dated 19.09.2022, Mr. Arunava Sikdar was appointed as Resolution Professional for the company. As per the provisions of the Code, the powers of the Board of Directors of the company have been suspended and vest in the IRP/RP with effect from the date of admission of the petition. The CIR Process initiated vide the above referred order is in progress as on the date of signing of these financial statements.
8. The claims submitted by the financial creditors and operational creditors, as on the Insolvency Commencement Date i.e. as on 29.07.2022 and admitted by the IRP/RP, are at variance with the amounts appearing in the books of accounts of the company in respect of the same. To the extent the process of submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process, no accounting impact in the books of accounts has been made in respect of excess, short or non-receipt of claims for Operational and financial creditors.
9. These financial statements contains figures which are continuing since before CIRP commencement date and before the appointment of the Resolution Professional (RP) for the company. Therefore, the RP is not in a position to verify the authenticity or veracity of the information provided herein and to certify on its own the truthfulness, fairness, accuracy or completeness of the financial statements. In the absence of the Board of Directors, the RP is approving these statements for the purposes of compliance with the provisions of the companies Act, 2013 and SEBI on the basis of information by the Directors (Power Suspended) Mr. Sanjay Gupta and other officers of the company. Approval of the RP and affixing of signature on these statements by the RP should not be construed as endorsement or certification by the RP of any facts or figures provided herein.
10. There is a gap in claims as approved by IRP/RP and that appearing in the books of accounts of Sanco Industries Limited of Rs 31,31,86,573/-. Attached herewith the details for your reference schedule I.
11. There exist a total claim of Rs. 12,62,041/- which is claimed filed but not admitted by IRP/RP as per schedule

  
Arunava Sikdar  
Resolution Professional

Date: 21.01.2023  
Place: Delhi



## Schedule-II

## List of Claimed filed but not admitted

**Employees**

Rakesh Kumar	4,33,269.00
Rahul Mittal	6,61,500.00
	<u>10,94,769.00</u>

**Govt Dues**

Asst. Com. State Taxes and Excise, Paonta sahib	6,46,151.00
	<u>6,46,151.00</u>

**Creditors**

Baldeo Metal Pvt ltd	500898.00
Shree Marketing	412184.00
Arti Chemicals Industries	372039.00
KG Sharma & Co.	236000.00
	<u>15,21,121.00</u>

**Total****32,62,041.00**

For SANCO INDUSTRIES LIMITED

Resolution Professional

