

Independent Auditor's Report

To the Members of **Sanmati Trading and Investment Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Sanmati Trading and Investment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the 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.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 and the Cash Flow Statement 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 Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Raj Chawla & Associates
Chartered Accountants
FRN: 011602N

Place:- New Delhi
Date: 27/05/2017


CA Raj Chawla
Partner
M.No: 090460



Annexure 'A'

The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".

We report that:

- I.
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- ii. The company has granted loans & Advance to parties covered in the register maintained under section 189 of the Companies Act, 2013 wherein the balance receivable as at the year-end is Rs. 12,17,38,000/-. The maximum amount outstanding during the year was Rs. 12,22,49,800/-.
 - a. The terms and conditions of the grant of such loans are not prejudicial to the company's interest;
 - b. The schedule of repayment of principal and payment of interest has been stipulated and in such cases the borrowers have been regular in repayment of principal and interest.
 - c. There are overdue amounts in respect of the loans granted to the parties listed in the register maintained under section 189 of the Act.
- iii. In respect of loans & advances, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- iv. The company has not accepted any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013.
- v. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vi.

- a. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on March 31, 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess whichever applicable, which have not been deposited on account of any disputes

- vii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- viii. Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or taken any term loan during the year.
- ix. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- x. The company is not a private limited company. Hence the provisions of clause xi) of the order are applicable to the company.
- xi. The company is not a Nidhi Company. Therefore clause xii) of the order is not applicable to the company.
- xii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiii. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

- xiv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xv. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained.

Place:- New Delhi
Date: 27/05/2017

For Raj Chawla & Associates
Chartered Accountants
FRN: 011602N


CA Raj Chawla
Partner
M.No: 090460



Report on Internal Financial Controls Over Financial Reporting

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 Sanmati Trading And Investment Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

Place:- New Delhi
Date: 27/05/2017

For Raj Chawla & Associates
Chartered Accountants
FRN: 011602N


CA Raj Chawla
Partner
M.No: 090460



SANMATI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)
BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	AS AT 31ST MARCH, 2017	(Amount in Rs.) AS AT 31ST MARCH, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	4,475,000	4,475,000
b) Reserves and Surplus	2	127,767,437	127,540,248
		132,242,437	132,015,248
(2) Share application money pending allotment			
		-	-
(3) Non Current Liabilities			
a) Long Term Loans	3	53,500,000	-
b) Compulsory Convertible Debentures	4	110,000,000	-
c) Deferred Tax Liabilities (Net)	5	3,386	-
		163,503,386	4,151
(4) Current Liabilities			
a) Current Liabilities	6	7,690,938	1,452,750
b) Short-term Provisions	7	100,145	65,190
		7,791,083	1,517,940
TOTAL		303,536,906	133,537,339
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets			
(ii) Intangible Assets	8	3,065	3,065
		3,065	3,065
b) Other non-current investment			
c) Long term loans and advances	9	149,845,707	9,845,707
	10	146,760,000	121,738,000
		296,608,772	131,586,772
(2) Current Assets			
a) Cash and cash equivalents	11	6,160,087	1,826,272
b) Other current assets	12	768,046	124,295
		6,928,133	1,950,567
TOTAL		303,536,906	133,537,339

Significant Accounting Policies
Notes on accounts

For Raj Chawla & Associates
Chartered Accountants
(FRN: 011602N)

CA Raj Chawla
Partner
Membership No.-090460

Place : New Delhi
Date :

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For Sanmati Trading and Investment Limited

Ajay Thakur
Director
DIN NO -07532769

Rajalakshmi Sundaram
Director
DIN NO.-00447484

SANMATI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)
PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	As at 31ST MARCH, 2017	(Amount in Rs.) As at 31ST MARCH, 2016
REVENUE			
Revenue from Operations	13		698,891
Other Income	14	7,039,411	171
Total Revenue		7,039,411	699,062
EXPENSES			
Employee benefits expense	15		
Depreciation/ amortisation	8	112,000	305,100
Other Expenses	16	6,600,842	-
Total Expenses		6,712,842	180,084
PROFIT/(LOSS) BEFORE EXCEPTIONAL, EXTRAORDINARY AND PRIOR PERIOD ITEMS AND TAX			485,184
Exceptional items		326,569	213,878
PROFIT/(LOSS) BEFORE EXTRAORDINARY AND PRIOR PERIOD ITEMS AND TAX		-	-
Extraordinary items		326,569	213,878
Prior period items		-	-
PROFIT/(LOSS) BEFORE TAX		326,569	213,878
PROVISION FOR TAXES			
(a) Current taxes			
(b) Deferred taxes		100,145	65,190
PROFIT/(LOSS) AFTER TAX	5	(765)	(899)
EARNINGS PER SHARE- basic		227,189	149,587
Significant Accounting Policies	17	0.51	0.33
Notes on accounts	18		

For Raj Chawla & Associates
Chartered Accountants
(FRN: 011602N)

For Sanmati Trading and Investment Limited

CA Raj Chawla
Partner
Membership No.-090460

Ajay Thakur
Director
DIN NO.-07532769

Rajalakshmi Sundaram
Director
DIN NO.-00447484

SANMATI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)
Notes Forming part of the Financial Statements

Note No. 3

LONG TERM LOANS (LIABILITY)

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Unsecured loans from Companies		
Unsecured loans from other than companies	53,500,000	-
	-	-
TOTAL	53,500,000	-

Note No. 4

COMPULSORY CONVERTIBLE DEBENTURES

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Compulsory Convertible Debentures	110,000,000	-
	-	-
TOTAL	110,000,000	-

Note No. 5

DEFERRED TAX ASSET/ LIABILITY

(Amount in Rs.)

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Opening Balance	4,151	5,050
Deferred tax liabilities (net)		
Depreciation and amortisation	(2,475)	(899)
	(765)	(899)
Closing Balance	3,386	4,151

Note No. 6

CURRENT LIABILITIES

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Sundry Creditors		
Hawk Capital Pvt. Ltd. - Interest	5,819,795	-
Other Current Liabilities		
Accounting Charges Payable	-	24,000
TDS Payable on Interest (94A)	646,643	-
Audit Fees Payable	34,500	28,750
Salary Payable	-	300,000
Rajiv Gupta	1,100,000	1,100,000
Magma Industries Ltd	90,000	-
TOTAL	7,690,938	1,452,750
	3,386.00	

Note No. 7

SHORT TERM PROVISIONS

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Provision for Income Tax	100,145	65,190
TOTAL	100,145	65,190

Note No. 9

OTHER NON-CURRENT INVESTMENT

(Amount in Rs.)

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Non Current Investment		
Investment in quoted shares	27,091	945,707
Investment in others - Advance for Property	8,900,000	8,900,000
UV Assets Reconstruction Ltd. - Debentures	140,918,616	-
TOTAL	149,845,707	9,845,707

Note No. 10

LOANS AND ADVANCES

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Loans & Advances to companies		
Loans & Advances to other than companies	126,260,000	120,738,000
	20,500,000	1,000,000
TOTAL	146,760,000	121,738,000

Note No. 11

CASH AND CASH EQUIVALENTS

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
(a) Cash and cash equivalents		
(i) Balances with banks In current accounts	6,046,252	1,811,687
(ii) Cash in hand	113,835	14,585
TOTAL	6,160,087	1,826,272

Note No. 12

OTHER CURRENT ASSETS

	As at 31ST MARCH, 2017	As at 31ST MARCH, 2016
Income Tax Refund	59,105	54,406
TDS	708,941	69,889
TOTAL	768,046	124,295

(Amount in Rs.)

SANMATHI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)
Notes Forming part of the Financial Statements

NOTE NO. 7

FIXED ASSETS

As Per Companies Act

DESCRIPTION	GROSS BLOCK		(AT COST) As at 31.03.2017	DEPRECIATION		NET BLOCK		
	As at 1.4.2016	Additions/ Adjustments during the year		Sales / Adjustments during the year	For the Year	Adjustments during the year	As at 31.03.2017	As at 31.3.2016
Tangible Assets (A)								
Inventor	48,500	-	-	48,500	46,075	-	2,425	2,425
Battery	12,800	-	-	12,800	12,160	-	640	640
TOTAL (A)	61,300	-	-	61,300	58,235	-	3,065	3,065
Intangible Assets (B)								
Total (B)	-	-	-	-	-	-	-	-
TOTAL (A+B)	61,300	-	-	61,300	58,235	-	3,065	3,065

Tax Calculations					
Tax as profit & Loss A/c		326,569.00	MAT Calculation	62227.72	
Add:					
Depreciation as per Companies Act		0			
Add Exp not deducted TDS		0			
deferred exp		0			
Non-allowable expenses		0			
Less:					
Depreciation as per Income Tax Act		2474.85			
		324094.15			
Less:					
Income from STCG		0			0.00
Income from LTCL					0.00
Dividend					0.00
		0			0.00
Profit from operations		324094.15			0.00
Tax on business & Profession		100145			0.00
Tax on LTCG		0			0.00
Total Tax		100145			0.00

SANMATI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)

Notes Forming part of the Financial Statements

NOTE NO. 6

FIXED ASSETS

Movable Assets

DESCRIPTION	GROSS BLOCK		Sales / Adjustments during the year	DEPRECIATION For the Year	NET BLOCK	
	As at 1.4.2016 WDV	As at Additions/ Adjustments during the year			As at 31.03.2017	As at 31.3.2016
Tangible Assets (A)						
Plant & Machinery @ 15%	16,499	-	-	2,475	14,024	16,499
TOTAL (A)	16,499	-	-	2,475	14,024	16,499

SANMATI TRADING AND INVESTMENT LIMITED (CIN-L65993DL1981PLC025518)		
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A		
Cash flow from operating activities		
Profit before Taxation and Extraordinary items	326,569	213,878
Adjustments for :		
Interest Received	-	-171.00
Operating profit before working capital changes	326,569	213,707
Change in Assets and Liabilities		
Increase/(Decrease) in Other Current liabilities	6273143.092	243,579
Increase/(Decrease) in Other Current assets	-643751	-51527.00
Cash generated from Operations	5,955,961	405,759
Taxes (Paid)	-100145.09	-65190.00
Net cash used in operating activities	5,855,816	340,569
B		
Cash flows from Investing Activities		
Changes in Other non- current Investment	-140000000	-
Loan Taken	53500000	-

	Compulsory Convertible Debentures issued	110000000	-
	Cash advances and loans given	-25022000	-
	Cash advances and loans received back	-	511,836
	Interest received	-	171
	Net cash used in investing activities	-1522000.00	512,007
C	Cash flows from Financing Activities	-	-
	Net cash used in financing activities	-	-
	Net (decrease)/increase in cash and cash equivalents	4,333,816	852,576
	Cash and cash equivalents at the beginning of the year	1,826,272	973,696
	Cash and cash equivalents at the end of the year	6,160,087	1,826,272
Notes			
1	The Cash flow statement has been prepared under the indirect method as set out in the AS 3 on Cash Flow Statements.		
2	Figures in - indicate cash outflow.		
	As per our report of even date attached		
	For Raj Chawla & Associates		
	Chartered Accountants		
	(FRN: 011602N)		
	For Sanmati Trading and Investment Limited		

CA Raj Chawla	Ajay Thakur	Rajalakshmi Sundaram
Partner	Director	Director
Membership No.-090460	DIN NO.-07532769	DIN NO.-00447484
Place : New Delhi		
Date :		