SANMAR ENGINEERING SERVICES LIMITED

Annual Report 2016–17

Regd Office:
9 Cathedral Road
Chennai 600 086 India
Tel + 91 44 2812 8500
www.sanmargroup.com
CIN U65993TN1995PLC030445

SANMAR ENGINEERING SERVICES LIMITED

Notice of Annual General Meeting

NOTICE is hereby given that Twenty Second Annual General Meeting of the Members of Sanmar Engineering Services Limited will be held on Thursday, the 28th September 2017 at 10.00 A.M. at the Registered Office of the Company at 9, Cathedral Road, Chennai 600 086, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and

   b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with the Report of Auditors thereon.

2. To appoint a Director in the place of Mr P S Jayaraman who retires by rotation at this meeting and is eligible for re-appointment.

3. To appoint Auditors and fix their remuneration and to consider and if thought fit to pass, with or without modification, the following as an Ordinary Resolution:

   RESOLVED that pursuant to Sections 139, 141 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the consent of the Company be and is hereby accorded to appoint Prasad & Srinath, Chartered Accountants, Chennai (ICAI Firm Registration Number: 005826S) as statutory auditors of the Company to hold office for a term of five (5) consecutive years from the conclusion of the 22nd Annual General Meeting until the conclusion of 27th Annual General Meeting on a remuneration to be decided by the Board of Directors of the company.

NOTE:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.

Registered Office :
9, Cathedral Road
Chennai 600 086

4th September 2017

By order of the Board

SATYA NARAYAN NAYAK
Company Secretary
Membership No.ACS-18677

SANMAR ENGINEERING SERVICES LIMITED

Directors Report

The Directors have pleasure in presenting their Twenty Second Annual report along with the accounts for the year ended 31st March 2017.

Corporate Results

	2017	2016
	(In Rs. Million)	
Net sales and other income	120.38	49.98
Profit/(Loss) before interest, depreciation and taxes	59.38	(45.67)
Interest and Finance Charges	2740.46	1892.55
Profit/ (loss) for the year	(2681.08)	(1938.22)
Provision for tax withdrawal/(provision))		
Current	-	-
Deferred	-	(6.99)
Profit/ (loss) after Tax	(2681.08)	(1945.21)

In view of the losses incurred, the Board of Directors has not recommended any dividend on equity shares for the year 2016-17 and no amount has been transferred to General Reserve.

Operations

Net Sales and other Income increased by 34% in the current year as compared to the previous year. This growth was primarily on account of increase in Exports by about 49% to TCI Sanmar Chemicals, SAE, Egypt for its new project requirements and increased spares procurement. The domestic in-plant maintenance service income during the current year was higher by 29% due to inclusion of an additional site at the customer end. There was a marginal drop in other income by Rs.0.90 million.

In April 2016, the Company had acquired the entire equity shares of SHL Securities (Alpha) Limited, the holding Company of Sanmar Holdings Limited, Sanmar Speciality Chemicals Limited, Chemplast Sanmar Limited, Sanmar Group International Limited TCI Sanmar Chemicals S.A.E and other intermediate holding Companies. These Companies along with the Company constitute the SHL Chemicals Group.

Performance of Subsidiaries:

Chemplast Sanmar Limited (Chemplast)

The financial year 2016-17 was a historic year, with Chemplast achieving a record pre-tax profit before exceptional items of Rs. 363 crores as against Rs. 143 crores in the year FY 2015-16. During financial year 2016-17, Chemplast achieved a Revenue of Rs. 2931 Crores as against Rs.2513 Crores in the previous year. Revenue and profits for the year were higher than the previous year mainly on account of higher volume and contribution of PVC.

Sanmar Speciality Chemicals Limited (SSCL):

During financial year 2016-17, SSCL achieved a revenue of Rs.61.6 Crores as against Rs.75.9 Crores in the previous year. Profit After Tax for the year was at Rs. 8 Crores as against Rs.9.3 Crores in the previous year. Lower revenue and Profits is mainly due to drop in volume of certain organic chemical products

TCI Sanmar Chemicals SAE, Egypt (TCI):

The sales for the year was at USD 126.2 million as against USD 163.7 million in the previous year. Drop in revenue and consequently drop in gross profits is mainly due to due to lower production and sales. The free floating of the EGP and the resultant depreciation against the USD helped in reducing the operating costs.

Other Subsidiaries:

The other Companies of the Company as on 31st March 2017 i.e. SHL Securities (Alpha) Limited, Sanmar Holdings Limited, Sanmar Group International Limited, Sanmar Overseas Investments AG, Pharaoh International Limited, Pharaoh Consolidations Limited, Pharaoh Egyptian Holdings Limited and Pharaoh Egyptian Investments Limited are investment holding companies and other than investments interse or in the three operating companies mentioned above, have no other businesses or investments in other entities or significant other assets. Extract of the financial statements of these subsidiaries are furnished in Form AOC-1 attached to the financial statement. Subsequent to the close of the financial year, as a part of restructuring of overseas companies, Pharaoh International Limited, Cayman Islands merged with Pharaoh Egyptian Holdings Limited, Cayman Islands and Pharaoh Egyptian Holdings Limited, Cayman Islands, Pharaoh Consolidations Limited, Cayman Islands and Pharaoh Egyptian Investments Limited, Cayman Islands merged with Sanmar Overseas Investments AG, Switzerland. Hence Pharaoh International Limited, Pharaoh Egyptian Holdings Limited, Pharaoh Consolidations Limited and Pharaoh Egyptian Investments Limited ceased to be the subsidiaries of the Company and TCI Sanmar Chemicals SAE became a direct subsidiary of Sanmar Overseas Investments AG.

Finance

Your company has established a good track record with the bankers and financial institutions, thereby enjoying their full confidence.

In April 2016, the Company had issued and allotted 227,143 equity shares of Rs. 10/- each for cash at a price of Rs. 292.75 per share on private placement basis, constituting 30% of the paid up share capital of the Company, to FIH Mauritius Investments Limited, Mauritius.

During the year, the Company had issued and allotted in aggregate 19902 redeemable non-convertible secured debentures of Rs. 10,00,000/- each ("Debentures") to FIH Private Investments Limited, Mauritius, on private placement basis. These Debentures were listed in the wholesale debt market segment of BSE Limited.

In April 2016, the Company had also availed Term Loan of Rs. 1,220 Crores ("Facility") from Housing Development Finance Corporation Limited.

The Company had utilised the net proceeds of the Debentures and the Facility for retiring the Company's existing debt and for meeting the funding requirements of the SHL Chemicals Group business.

Credit Rating:

Brickworks Ratings India Private Limited has assigned "BWR BBB-" (pronounced as BWR Triple B minus) to the Non Convertible Debentures issued by the Company.

Change in the Nature of Business:

There was no change in the nature of business of the Company during the financial year.

Risk Assessment and Management

The Company has a well defined Risk Management System. The System ensures that all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory, IT, reputational and other risks are identified, impact assessed, mitigation plans are drawn up and these plans are effectively implemented.

Internal Control Systems

Adequate internal controls, systems, and checks are in place, commensurate with the nature of the Company's business and size. The management exercises financial control on the operations through a well defined budget monitoring process and other standard operating procedures.

Internal audit for the year 2016-17 was carried out by PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai, covering all significant areas of operations. All significant observations of the Internal Auditors are placed before the Board together with corrective actions

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditors, the management undertakes appropriate corrective action in their respective areas.

Internal Financial Control Over Financial Reporting

The Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Deposits

During the year under review, the Company has not accepted any public deposit within the meaning of the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and as on 31st March 2017, the Company did not have any outstanding public deposit.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Particulars of investments under Section 186 of the Companies Act, 2013 are given in the Notes forming part of the Financial Statements for the year ended 31st March 2017.

The Company has not given any loans or provided guarantees under the provisions of Section 186 of the Companies Act, 2013.

Subsidiary/ Associate Companies:

During the year under review SHL Securities (Alpha) Limited became subsidiary of the Company.

The following companies became subsidiaries of the Company during the year by virtue of Explanation (a) to Section 2(87) of the Companies Act, 2013.

Sanmar Holdings Limited
Sanmar Speciality Chemicals Limited
Chemplast Sanmar Limited
Sanmar Group International Limited
Sanmar Overseas Investments AG*
CAV-Nile AG*
Pharaoh International Limited*
Pharaoh Consolidations Limited*
Pharaoh Egyptian Holdings Limited*
Pharaoh Egyptian Investments Limited*
TCI Sanmar Chemicals S.A.E*

* Companies incorporated outside India.

CAV-Nile AG ceased to be the subsidiary of the Company consequent to the merger of CAV-Nile AG with Sanmar Overseas Investments AG in March 2017.

Subsequent to the close of the financial year, as a part of restructuring of overseas companies, Pharaoh International Limited, Cayman Islands merged with Pharaoh Egyptian Holdings Limited, Cayman Islands and Pharaoh Egyptian Holdings Limited, Cayman Islands, Pharaoh Consolidations Limited, Cayman Islands and Pharaoh Egyptian Investments Limited, Cayman Islands merged with Sanmar Overseas Investments AG, Switzerland. Hence Pharaoh International Limited, Pharaoh Egyptian Holdings Limited, Pharaoh Consolidations Limited and Pharaoh Egyptian Investments Limited ceased to be the subsidiaries of the Company and TCI Sanmar Chemicals SAE became a direct subsidiary of Sanmar Overseas Investments AG.

Particulars of contracts or Arrangement under Section 188 of the Companies Act, 2013

During the year under review, the contracts or arrangements with related parties did not attract the provisions of Section 188 of the Companies Act, 2013.

Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the company

There were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the company and Company's operations in future.

Material Changes and Commitment affecting the financial position of Company that occurred after 31st March 2017

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

Directors and Key Managerial Personnel

Mr P S Jayaraman retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment

The Independent Directors have submitted declarations stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules thereunder, the Key managerial Personnel of the Company are Mr P S Jayaraman, Chairman and Chief Executive Officer, Mr N Muralidharan, Chief Financial Officer and Mr Satya Narayan Nayak Company Secretary.

Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013.

a) In the preparation of the annual accounts for the year ended 31st March 2017 the applicable accounting standards have been followed by the company.

b) 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 as at 31st March 2017 and of the loss of the company for the year ended that date.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) The accounts of the company have been prepared on a going concern basis.

e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Number of Board Meetings

During the year, the Board of Directors met fourteen times.

Audit Committee

The Audit Committee of Directors consists of the following Directors:

Mr S V Mony, Chairman
Mr P S Jayaraman
Mrs Lavanya Venkatesh

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 read with the rules thereunder. The scope of the activities of the Audit Committee is as set out in Section 177 of the Companies Act, 2013.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following directors:

Mr S Sankaran, Chairman
Mr S V Mony
Mrs Lavanya Venkatesh

The composition of the Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013. The Committee adheres to the provisions of the Companies Act, 2013 read with Rules thereunder in terms of its functioning, roles and powers.

The Company's Policy on appointment of Directors and Remuneration policy is attached as Annexure 3 to this Report and forms part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out evaluation of its own performance, the directors individually and evaluation of working of the committees of the Board during the financial year 2016-17. As per the criteria laid down by Nomination and Remuneration Committee, the evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

The Board expressed its satisfaction of the performance of all the directors, Board and its committees which reflected the overall engagement of the directors, the Board and its committees with the Company.

Personnel

Employee relations remain cordial throughout the year. The Directors look forward to continued support from employees in the years to come.

Particulars of employees

There was no employee drawing remuneration in excess of the limits prescribed under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism Policy to deal with an instance of fraud or mismanagement, if any.

The Company had adopted an ethical code of conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company.

This policy has been formulated with a view:

- To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Company's Ethics Policy.

- To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, who notice and report any unethical or improper practices, and

- To appropriately communicate the existence of such mechanism, within the organization and to outsiders.

- No personnel has been denied access to the Chairman of the Audit Committee in respect of reporting any of above instances.

Corporate Social Responsibility

The Company has all along attached utmost importance to sustainable development.

The provisions of the Companies Act, 2013 and the rules framed thereunder, relating to Corporate Social Responsibility are not applicable to the Company.

Auditors

Prasad & Srinath, Chartered Accountants, Chennai, (ICAI Firm Registration No. 005826S) retire at the close of this Annual General Meeting and are eligible for reappointment. In accordance with the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 it is proposed to appoint Prasad & Srinath as statutory auditors of the Company for a period of 5 (five) years from the conclusion of the forthcoming Annual General Meeting (AGM) until the conclusion of the 27th AGM of the Company, subject to ratification by the members at every AGM to be held during this period.

The Audit Committee and the Board of Directors have recommended the appointment of the Auditors as stated above.

Secretarial Audit Report

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your company engaged the services of Dr B Ravi, Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company. The Report is annexed herewith as Annexure 4 and forms part of this Report.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March 2017 is attached as Annexure 2 to this Report and forms part of this Report.

Other Particulars

Additional information on conservation on energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules 2014 is set out in Annexure 1 and forms part of this Report.

Place: Chennai
Date: September 4, 2017

For and on behalf of the Board

P S Jayaraman
Chairman
DIN: 00011108

Annexure 1

Information under Section 134(3)(m) of the Companies Act, 2013 forming part of the Directors' Report for the year ended March 31, 2017.

1. CONSERVATION OF ENERGY

Not Applicable

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	:	Not applicable
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution, etc		
3. In case of imported technology, (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.		Not applicable
a. Technology Imported		Not applicable
b. Year of import		
c. Has technology been fully absorbed		
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action		

3. Research and Development

1.	Specific areas in which R & D carried out by the Company	:	Nil
2.	Benefits derived as a result of the above R & D	:	Nil
3.	Future plan of action	:	-
4.	Expenditure on R & D	:	Nil

A) Capital
B) Recurring
C) Total
D) Total R & D expenditure as a percentage of total turnover

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. Million)
a. Foreign exchange outgo	Nil
b. Foreign exchange earnings	24.27

Annexure 2

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U65993TN1995PLC030445
2	Registration Date	10-March-1995
3	Name of the Company	Sanmar Engineering Services Limited
4	Category/Sub-category of the Company	Public Limited Company having share capital
5	Address of the Registered office & contact details	9 Cathedral Road Cathedral Road 600086 TEL: 044 2812 8722 EMAIL: snn1@sanmargroup.com
6	Whether listed company	Yes. Non Convertible Debentures issued by the Company are listed in the wholesale debt market segment of BSE Limited.
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai 600017. Tel: 044 2814 0801-03

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Repair and maintenance of pumps and related equipment, fluid power equipment, valves	33122	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Greenvalley Investments (Alpha) Limited	U65991TN1991PTC021008	Holding Company	100.00%	2(46)
2	SHL Securities (Alpha) Limited	U65991TN1990PLC019237	Subsidiary	100.00%	2(87)
3	Sanmar Holdings Limited	U65993TN1979PLC007711	Subsidiary	100.00%	2(87)**
4	Sanmar Speciality Chemicals Limited	U24299TN1982PLC009443	Subsidiary	100.00%	2(87)**
5	Chemplast Sanmar Limited	U24230TN1985PLC011637	Subsidiary	97.50%	2(87)**
6	Sanmar Group International Limited	U24119TN2002PLC048677	Subsidiary	85.40%	2(87)**
7	Sanmar Overseas Investments AG *	NA	Subsidiary	100.00%	2(87)**
8	Pharoah International Limited*	NA	Subsidiary	100.00%	2(87)**
9	Pharoah Consolidations Limited*	NA	Subsidiary	100.00%	2(87)**
10	Pharoah Egyptian Holdings Limited*	NA	Subsidiary	100.00%	2(87)**
11	Pharoah Egyptian Investments Limited*	NA	Subsidiary	100.00%	2(87)**
12	TCI Sanmar Chemicals SAE*	NA	Subsidiary	100.00%	2(87)**

* Company incorporated outside India

** Companies being subsidiaries of the Company by virtue of Explanation (a) to Section 2(87) of the Companies Act, 2013.

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity - Equity Shares of face value of Rs.10 each)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corporate*	-	5,29,994	5,29,994	100.00%	5,29,995	-	5,29,995	70.00%	-30.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	-	5,29,994	5,29,994	100.00%	5,29,995	-	5,29,995	70.00%	-30.00%
(2) **Foreign**									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	-	5,29,994	5,29,994	100.00%	5,29,995	-	5,29,995	70.00%	-30.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
	-	-			-	-			
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%

2. Non-Institutions									
a) Bodies Corp.									
i) Indian		-	-	0.00%			-	0.00%	0.00%
ii) Overseas		-	-	0.00%	2,27,143	-	2,27,143	30.00%	30.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh*		6	6	0.00%		5	5	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh			-	0.00%			-	0.00%	0.00%
c) Others (specify)									
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	-	6	6	0.00%	2,27,143	5	2,27,148	30.00%	30.00%
Total Public (B)	-	6	6	0.00%	2,27,143	5	2,27,148	30.00%	30.00%
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	-	5,30,000	5,30,000	100.00%	7,57,138	5	7,57,143	100.00%	0.00%

** 6 Equity Shares held by 6 nominees of a body corporate (2015-16)*

** 5 Equity Shares held by 6 nominees of a body corporate (2016-17)*

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares*	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares**	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Greenvalley Investments (Alpha) Ltd*	5,30,000	100.00%	0.00%	5,30,000	70.00%	70.00%	-30.00%

** Includes 6 equity shares held as nominees of Greenvalley Investments (Alpha) Limited*

*** Includes 5 equity shares held as nominees of Greenvalley Investments (Alpha) Limited*

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Greenvalley Investments (Alpha) Ltd*						
	At the beginning of the			5,30,000	100.00%	5,30,000	100.00%
	Changes during the year			No change in the number of shares during the financial year ended 2016-17. However the percentage of holding has changed from 100% to 70% consequent to the allotment of shares to FIH Mauritius Investments Limited.			
	At the end of the year			5,30,000	70.00%	5,30,000	70.00%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	FIH Mauritius Investments Limited			-	0.00%	2,27,143	30.00%
	At the beginning of the			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	2,27,143	30.00%
	At the end of the year			-	0.00%	2,27,143	30.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	N Muralidharan** Chief Financial Officer						
	At the beginning of the			-	0.00%	-	0.00%
	Changes during the year			1	0.00%	1	0.00%
	At the end of the year			1	0.00%	1	0.00%
2	Satya Narayan Nayak** Company Secretary						
	At the beginning of the			-	0.00%	-	0.00%
	Changes during the year			1	0.00%	1	0.00%
	At the end of the year			1	0.00%	1	0.00%

** Holding 1 equity share as a nominee of Greenvalley Investments (Alpha) Limited. There is no beneficial shareholding interest in these shares.

V. Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	55,000.00		-	55,000.00
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	28,355.70	-	-	28,355.70
Total (i+ii+iii)	83,355.70	-	-	83,355.70
Change in Indebtedness during the financial year				
* Addition	3,21,020.00		-	3,21,020.00
* Reduction	(83,355.70)	-		(83,355.70)
Net Change	2,37,664.30	-	-	2,37,664.30
Indebtedness at the end of the financial year				
i) Principal Amount	3,21,020.00		-	3,21,020.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15,967.50	-	-	15,967.50
Total (i+ii+iii)	3,36,987.50	-	-	3,36,987.50

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name		
	Designation		
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify		
5	Others (Contribution to PF and Gratuity)		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total
					(Rs/Lac)
1	Independent Directors		NIL		
	Fee for attending board/ committee				-
	Commission				-
	Others, please specify				-
	Total (1)				-
2	Other Non-Executive Directors		NIL		
	Fee for attending board/ committee				-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				-
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel	Total Amount
	Name		
	Designation		
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify		
5	Others (contribution to PF and Gratuity)		
	Total -		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY : N.A.					
Penalty					
Punishment					
Compounding					
B. DIRECTORS : N.A.					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT : N.A.					
Penalty					
Punishment					
Compounding					

Annexure 3

Policy on appointment of Directors and Remuneration policy:

The Company's policy on Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and policy relating to remuneration for the directors, Key Managerial Personnel and other Senior Executives of the Company as approved by the Nomination and Remuneration Committee of Directors and by the Board of Directors, is set out hereunder.

(a) Appointment of Directors

The Nomination and Remuneration Committee of Directors of the Company (the Committee) shall recommend to the Board of Directors, for appointment as Directors, persons who have the background and experience relevant for the Company's operations. In so recommending the Committee may taken to account factors such as understanding of the Company's business, dynamics, educational and professional background, personal and professional ethics, integrity and values.

The proposed appointee shall also fulfill the following requirements:

1. Shall possess a Director Identification Number.
2. Shall not be disqualified under the Companies Act, 2013.
3. Shall give his written consent to act as a Director.
4. Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings.
5. Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel.
6. Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made.
7. Such other requirements as may be prescribed, from time to time under the Companies Act, 2013 and other relevant laws.

(b) Criteria of Independence

The Committee shall assess the independence of Directors at the time of appointment and re-appointment. Independence shall also be re-assessed when any new interests or relationships are disclosed by Director. The criteria of independence laid down by the Companies Act, 2013 shall be guiding factor. Independent Director shall abide by the Code for Independent Directors as specified in Schedule IV of the Companies Act, 2013.

(c) Remuneration Policy

The Company's Remuneration Policy shall be in keeping with the following objectives:

(i) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.

(ii) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

(iii) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

(d) Remuneration to Whole-time Directors

The Board on the recommendation of this Committee, shall review and approve the remuneration payable to the Whole-time Directors of the Company within the overall limits approved by the Shareholders.

The remuneration structure to the Whole-time Directors shall comprise of:

(i) Basic pay,
(ii) Allowances,
(iii) Retiral benefits, and
(iv) Performance related payments

(e) Remuneration to other employees including Key Managerial Personnel

Employees shall be assigned grades according to their qualifications and work experience, competences 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.

PRASAD & SRINATH
Chartered Accountants
Phone : 044 2498 2995 Email : prasad@sprasad.org website: www.sprasad.org
New No.7, Old No.5, Ground Floor, Abhiramapuram 1st Street, Abhiramapuram, Chennai - 600 018

Independent Auditor's Report
To the members of Sanmar Engineering Services Limited

Report on the financial statements

We have audited the accompanying financial statements of **Sanmar Engineering Services Limited** (the "Company"), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India 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.

PRASAD & SRINATH CHENNAI CHARTERED ACCOUNTANTS

Independent Auditor's Report
To the members of Sanmar Engineering Services Limited

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 March 31, 2017, its 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 enclose in Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 and the Companies (Accounting Standards) Amendment Rules, 2016.

   (e) On the basis of written representations received from the directors as on March 31, 2017 and 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 2" to this report.

PRASAD & SRINATH * CHENNAI * CHARTERED ACCOUNTANTS

Independent Auditor's Report
To the members of Sanmar Engineering Services Limited

(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 does not have any pending litigations which would impact its financial position.

ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

for **PRASAD & SRINATH**
Chartered Accountants
Firm Registration Number: 005826S

S Prasad
Partner
Membership No. 12847
Place: Chennai
Date: May 30, 2017

PRASAD & SRINATH
CHENNAI
CHARTERED ACCOUNTANTS

<u>ANNEXURE - 1</u> referred to in paragraph 1 of the section on report on legal and regulatory requirements in our report of even date.

Re: Sanmar Engineering Services Limited ("the Company")

(i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets have been physically verified during the year by the management and no discrepancies between the book records and the physical inventory have been noticed.

(c) The Company had no immovable properties during the year.

(ii) The Company did not hold inventory during the year. Accordingly paragraph 3(ii) is not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with in respect of loans and advances given, investments made, guarantees and securities given.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, there were no outstanding undisputed dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues.

PRASAD & SRINAM
CHENNAI
CHARTERED ACCOUNTANTS

<u>ANNEXURE - 1</u> referred to in paragraph 1 of the section on report on legal and regulatory requirements in our report of even date.

(b) According to the information and explanations given to us, there are no outstanding dues in respect of income tax or sales tax or service tax or customs duty or excise duty or value added tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) 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 financial institutions, banks and debenture-holders. The Company did not have any outstanding loans from government during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer. Term loans raised during the year were used for which they were raised.

(x) According to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act is not applicable to the Company for the current year as there is no managerial person and hence paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.

PRASAD & SRINATH
CHENNAI
CHARTERED ACCOUNTANTS

<u>ANNEXURE - 1</u> referred to in paragraph 1 of the section on report on legal and regulatory requirements in our report of even date.

(xiii) According to the information and explanations given by the management, there are no transactions with related parties which attract the provisions of section 188 of the Companies Act 2013. Details of related party transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

(xiv) The Company has complied with the requirements of Section 42 of the Companies Act 2013 in respect of the private placement of equity shares and the non-convertible debentures and the amounts raised were used for the purpose for which they were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

for **PRASAD & SRINATH**
Chartered Accountants
Firm Registration Number: 005826S

S Prasad
Partner
Membership No. 12847
Place: Chennai
Date: May 30, 2017

PRASAD & SRINATH
CHENNAI
CHARTERED ACCOUNTANTS

<u>ANNEXURE - 2</u> to the Independent Auditor's Report of even date on the Financial Statements of Sanmar Engineering Services Limited

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

To the Members of Sanmar Engineering Services Limited

We have audited the internal financial controls over financial reporting of Sanmar Engineering Services 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 the 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.

Auditor's 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 judgement, 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 internal financial controls system over financial reporting.

PRASAD & SRINATH
CHENNAI
CHARTERED ACCOUNTANTS

ANNEXURE - 2 to the Independent Auditor's Report of even date on the Financial Statements of Sanmar Engineering Services Limited

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

For PRASAD & SRINATH
Chartered Accountants
Firm Registration Number: 005826S

S PRASAD
Partner
Membership Number: 12847
Place of Signature: Chennai
Date: May 30, 2017

PRASAD & SRINATH
CHENNAI
CHARTERED ACCOUNTANTS

Sanmar Engineering Services Limited

Statement of Profit and Loss for the Year ended March 31, 2017

	Notes	2016-17 Rs.	2015-16 Rs.
INCOME			
Revenue from operations (gross)	2	**65,609,897**	49,076,991
Other income	3	**54,768,694**	901,025
Total Revenue		120,378,591	49,978,016
EXPENSES			
Purchase of traded goods	4	**22,939,330**	14,975,050
Employee benefit expense	5	**19,061,733**	56,257,107
Other expenses	6	**19,002,053**	24,414,756
Finance costs	7	**2,740,434,836**	1,892,550,644
Depreciation and amortization expense	14	**21,336**	-
Total Expenses		**2,801,459,288**	1,988,197,557
Profit / (Loss) before tax		**(2,681,080,697)**	(1,938,219,541)
Tax Expenses			
Current		-	-
Deferred		-	(6,990,000)
Total Tax expense		-	(6,990,000)
Profit / (Loss) for the year		**(2,681,080,697)**	(1,945,209,541)
Earnings Per Share - basic & diluted (Nominal value of share Rs.10/-, 31st March 2016 Rs.10/-)	23	**(3,585.25)**	(3,670.21)
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **Prasad & Srinath**
Chartered Accountants
Firm Registration Number : 005826S

S Prasad
Partner
Membership No : 12847

for and on behalf of the Board of Directors
Sanmar Engineering Services Limited

P S Jayaraman
Chairman
DIN: 00011108

S Sankaran
Director
DIN 00009172

Lavanya Venkatesh
Director
DIN 07191585

N Muralidharan
Chief Financial Officer

Satya Narayan Nayak
Company Secretary
ACS No.18677

Place: Chennai
Date : May 30, 2017

PRASAD & SRINATH CHARTERED ACCOUNTANTS CHENNAI

Sanmar Engineering Services Limited

Balance Sheet as at March 31, 2017

	Notes	31.03.2017 Rs.	Rs.	31.03.2016 Rs.	Rs.
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	8	7,571,430		5,300,000	
Reserves and surplus	9	(6,396,936,574)	(6,389,365,144)	(3,780,080,561)	(3,774,780,561)
Non Current Liabilities					
Long term borrowings	10	32,102,000,000		5,500,000,000	
Other Long term liabilities	11	1,611,195,414	33,713,195,414	1,809,106,372	7,309,106,372
Current Liabilities					
Trade payables:					
Total outstanding dues of micro enterprises and small enterprises	22	-		-	
Total outstanding dues of creditors other than micro enterprises and small enterprises	12	10,458,028		7,033,609	
Other current liabilities	13	84,111,947	94,569,975	1,374,016,891	1,381,050,500
			27,418,400,245		4,915,376,311
ASSETS					
Non current assets					
Fixed Assets - Property, Plant & Equipment	14		2,788		2,528
Non current investments	15	27,206,053,775		4,558,269,500	
Long term loan and advances	16	151,098		51,096	
Other non current assets	19	57,158,712	27,263,363,585	248,742,702	4,807,063,298
Current Assets					
Trade receivables	17	26,676,688		14,640,880	
Cash and bank balances	18	30,595,113		2,404,761	
Short term loans and advance	16	84,503,411		15,596,281	
Other current assets	19	13,258,661	155,033,873	75,668,563	108,310,485
			27,418,400,245		4,915,376,311
Significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

As per our report of even date

for Prasad & Srinath
Chartered Accountants
Firm Registration Number : 005826S

S Prasad
Partner
Membership No : 12847

for and on behalf of the Board of Directors
Sanmar Engineering Services Limited

P S Jayaraman
Chairman
DIN: 00011108

S Sankaran
Director
DIN 00009172

Lavanya Venkatesh
Director
DIN 07191585

N Muralidharan
Chief Financial Officer

Satya Narayan Nayak
Company Secretary
ACS No.18677

Place :Chennai
Date : May 30, 2017

PRASAD & SRINATH CHARTERED ACCOUNTANTS CHENNAI

Sanmar Engineering Services Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17	2015-16
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**	Rs.	Rs.
	NET PROFIT BEFORE TAX	(2,681,080,697)	(1,938,219,541)
	Adjustments for:		
	Depreciation and amortisation	21,336	-
	Difference in exchange	228,154	900,254
	Interest and finance charges	2,740,434,836	1,892,550,644
	Share of income from partnership firm	(30,525,354)	(877,124)
	Interest received	(24,236,819)	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,841,457	(45,645,767)
	Adjustments for changes in:		
	Trade and other receivables	178,669,516	(250,281,695)
	Trade and other payables	(245,799,278)	275,116,154
	CASH GENERATED FROM OPERATIONS	(62,288,305)	(20,811,308)
	Income taxes paid	(5,718,564)	(3,779,788)
	NET CASH FROM OPERATING ACTIVITIES	(68,006,869)	(24,591,096)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	(21,595)	-
	Share of income from partnership firm	30,525,354	877,124
	Investments	(22,647,784,275)	398,680,500
	NET CASH FROM / USED IN INVESTING ACTIVITIES	(22,617,280,516)	399,557,624
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Interest and finance charges paid	(3,979,255,195)	(395,341,820)
	Interest received	24,236,819	-
	Proceeds from issue of capital	66,496,113	-
	Proceeds from long term borrowings	32,102,000,000	-
	Repayment of long term borrowings	(5,500,000,000)	
	NET CASH USED IN FINANCING ACTIVITIES	22,713,477,737	(395,341,820)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	28,190,352	(20,375,292)
	Cash and cash equivalents at the beginning of the year	2,404,761	22,780,053
	Cash and cash equivalents at the end of the year	30,595,113	2,404,761

Note: Figures in brackets indicate cash outflow

The accompanying notes are an integral part of the financial statements

for **Prasad & Srinath**
Chartered Accountants
Firm Registration Number : 005826S

S Prasad
Partner
Membership No : 12847

for and on behalf of the Board of Directors
Sanmar Engineering Services Limited

P S Jayaraman
Chairman
DIN: 00011108

S Sankaran
Director
DIN 00009172

Lavanya

Lavanya Venkatesh
Director
DIN 07191585

N Muralidharan
Chief Financial Officer

Satya Narayan Nayak
Company Secretary
ACS No.18677

Place: Chennai
Date : May 30, 2017

PRASAD & SRINATH * CHARTERED ACCOUNTANTS * CHENNAI

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 1 Significant accounting policies:

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

1.2 The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

1.3 Revenue recognition:
Revenue is recognised on despatch of the products to the customers, which generally coincides with transfer of ownership. Sales are net of returns, trade discounts and allowances.

Service income is recognised when services are rendered in accordance with agreements entered into with customers.

Export benefits are recognised on export of products/on availment of benefits, as applicable.

Share of income from partnership firm is recognized on receipt of the partnership firms audited statement of profit and loss account for the year, disclosing the companies share of income after income tax.

1.4 Valuation of assets:
a. Inventories
Inventories of traded goods are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises all applicable costs incurred for bringing the inventories to their present location and condition and include appropriate overheads wherever applicable.

b. Fixed assets are valued at cost.

c. Long term investments are valued at cost or lower of cost where there has been diminution in the value other than temporary.

1.5 Depreciation / Amortisation

Depreciation on fixed assets is provided on straight line method as per useful life specified in Schedule II to the Companies Act, 2013.

1.6 Employee Benefits

Short term employee benefits including accumulated compensated absence are recognized as an expense as per the Company's Scheme based on expected obligations on undiscounted basis.

Post Retirement benefits comprise of employees provident fund and gratuity which are accounted for as follows:

(a) Provident Fund

This is a defined contribution plan and contributions made to the fund are charged to revenue.
The Company has no further obligations for future provident fund benefits other than monthly contributions.

(b) Gratuity

This is a defined benefit plan and the Company's Scheme is administered by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

Actuarial gains and losses, comprising experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in the Statement of Profit and Loss as income or expense.

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 1 Significant accounting policies:

1.7 Foreign currency transactions:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.

Monetary assets and liabilities denominated in foreign currency are converted at contracted/year end rates as applicable.

Exchange differences arising on settlement/conversion are adjusted to Statement of Profit and Loss.

Wherever forward contracts are entered into, the exchange difference is dealt with in the Statement of Profit and 'Loss over the period of the contracts. Realised gains or losses on cancellation of forward contracts are recognized in the Statement of Profit and Loss of the year in which they are cancelled.

1.8 Income Tax

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse out in the subsequent periods. Deferred tax is calculated at the tax rates enacted or substantively enacted by the Balance sheet date. Deferred tax assets are recognised only if there is a reasonable certainity, and virtual certainty with respect to unabsorbed depreciation and business loss, that they will be realised.

1.9 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which 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 or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

1.10 Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

	2016-17	2015-16
	Amount Rs.	Amount Rs.
Note 2		
Revenue from operations		
Sale of Products		
Traded goods	24,270,266	16,311,473
Service income	40,329,069	31,251,320
Other Operating revenue		
Export incentives	1,010,562	1,514,198
Total Revenue from operations	65,609,897	49,076,991
Details of Products Sold		
Mechanical seals	14,105,346	14,637,755
Safety valves	972,480	273,794
Rupture disks	5,754,950	727,115
On/Off valves	3,437,490	672,808
	24,270,266	16,311,473
Details of Services Rendered		
Repair, testing and reconditioning of mechanical seals & safety valves	40,329,069	31,251,320
	40,329,069	31,251,320
Note 3		
Other Income		
Share of income from partnership firm	30,525,354	877,124
Interest	24,236,819	-
Liabilities/provisions no longer required	-	482
Miscellaneous income	6,521	23,419
	54,768,694	901,025
Note 4		
In respect of Traded Goods		
Inventory at the beginning of the year	-	-
Add: Purchases	22,939,330	14,975,050
Less: Inventory at the end of the year	-	-
	22,939,330	14,975,050
Details of Purchases - Traded Goods		
Mechanical seals	13,193,587	13,424,147
Safety valves	932,682	255,785
Rupture disks	5,555,161	624,852
On/Off valves	3,257,900	670,266
	22,939,330	14,975,050

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

	2016-17 Rs.	2015-16 Rs.
Note 5		
Employee benefits expense		
Salaries, wages and bonus	17,640,564	55,430,618
Contribution to provident fund	634,539	535,498
Gratuity	561,128	70,078
Staff welfare expenses	225,502	220,913
	19,061,733	56,257,107
Note 6		
Other Expenses		
Rent	12,000	12,000
Insurance	16,727	16,309
Rates and taxes	4,703,157	15,782,486
Repairs to others	50,294	32,289
Travelling and conveyance	3,271,191	2,449,999
Information technology expenses	1,421,057	1,086,145
Payments to auditor (refer details below)	395,825	225,000
Bad debts	216,324	53,010
Legal & professional expenses	7,557,611	3,545,402
Difference in exchange (Net)	571,490	573,053
Miscellaneous expenses	786,376	639,063
	19,002,053	24,414,756
Payment to Auditors		
as Auditor		
Audit fee	175,875	175,000
Tax Audit fee	50,000	50,000
as in other capacity		
Certification fee	169,950	-
	395,825	225,000
Note 7		
Finance costs		
Interest	2,395,926,815	1,831,052,160
Other borrowing cost		
Finance charges	344,168,512	61,388,682
Bank Charges	339,509	109,802
	2,740,434,836	1,892,550,644

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

	31.03.2017 Rs.	31.03.2016 Rs.
Note 8		
Share Capital		
AUTHORISED		
18, 12 % cumulative redeemable preference shares of Rs 100/- each.	1,800	1,800
799,820 (previous year 599,820) equity shares of Rs 10/- each	7,998,200	5,998,200
	8,000,000	6,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
757,143 (previous year 530,000) equity shares of Rs. 10 each fully paid-up	7,571,430	5,300,000
	7,571,430	5,300,000

A : Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31.03.2017		31.03.2016	
	In No	Rs.	In No	Rs.
Equity Shares				
At the beginning of the period	530,000	5,300,000	530,000	5,300,000
Issued during the years	227,143	2,271,430	-	-
Outstanding at the end of the year	757,143	7,571,430	530,000	5,300,000

B: Shares Held by Holding company and its subsidiaries
70% paid up Equity Share Capital is held by the holding company, Greenvalley Investments (Alpha) Limited and its nominees.

C: Rights, Preferences and Restrictions attached to shares
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of the liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

D: Details of Share holders holding more than 5% shares in the company	31.03.2017		31.03.2016	
	In Nos	% of holding	In Nos	% of holding
Geenvalley Investments (Alpha) Limited	530,000	70	530,000	100
FIH Mauritius Investments Limited	227,143	30	-	-

Note 9

Reserves and Surplus		31.03.2017		31.03.2016
Share Premium				
Balance as per last financial statements	-		-	
Addition during the year	64,224,683	64,224,683	-	-
Surplus/(deficit) in the statement of profit and loss				
Balance as per last financial statements	(3,780,080,561)		(1,834,871,020)	
Add :Profit /(loss) for the year	(2,681,080,697)		(1,945,209,541)	
Net surplus/(deficit) in statement of profit and loss		(6,461,161,257)		(3,780,080,561)
Total reserve and surplus		(6,396,936,574)		(3,780,080,561)

Note 10

Long term borrowings	31.03.2017	31.03.2016
Term loan from		
Financial Institutions (Secured*) (refer Note (a) below)	12,200,000,000	
Others (Secured)		4,650,000,000
19,902 (Previous year: Nil) Non-Convertible Debentures of Rs. 1,000,000/- each issued to a body corporate (Secured*) (refer Note (b) below	19,902,000,000	
Nil, (previous year: 8500) optionally convertible and redeemable debentures of Rs.100,000/- each issued to body corporates (Secured)	-	850,000,000
	32,102,000,000	5,500,000,000

*Secured by way of

(i) Hypothecation of Designated Bank Account of the Company ranking pari passu and all rights, title, benefits of the Company under and in respect of the designated bank account and hypothecation of all fixed, tangible, movable properties and assets and current assets of the Company other than those pertaining to engineering assets on pari passu basis.

(ii) Pledge of 5,30,000 Equity Shares of Rs.10 each of the Company held by the holding Company, Greenvalley Investments (Alpha) Limited and its nominees ranking pari passu.

(iii) Pledge of 50,000 Equity Shares of Rs.10 each of the SHL Securities (Alpha) Limited, a wholly owned subsidiary of the Company ranking pari passu.

(iv) Pledge of 80,000 Equity Shares of Rs.100 each and 10,77,605 Compulsorily Convertible Preference Shares of Rs.10 each of Sanmar Holdings Limited held by SHL Securities (Alpha) Limited and its nominees ranking pari passu.

Note (a) - Term Loan from HDFC Rs.1220 Crores received during the current year to be repaid as a single instalment on 29th April 2021

Note (b) - Non-Convertible Debentures of Rs.1990.2 Crores (USD 300 Million) were issued to FIH Private Investments Limited during current year to be repaid as a single instalment on 22nd April 2023

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

	31.03.2017 Rs.	31.03.2016 Rs.
Note 11		
Other Long term liabilities		
Accrued salaries and benefits	712,801	416,401
Sales tax payable	308,877	308,877
Provision for expenses	13,423,708	2,627,623
Interest accrued but not due on loan	1,596,750,028	1,805,753,471
	1,611,195,414	1,809,106,372

Note 12

Trade payables	10,458,028	7,033,609
	10,458,028	7,033,609

Note :
Includes dues for payment to Micro, Small and Medium enterprises Rs. Nil (Previous year Rs. Nil)

Note 13

Other Current liabilities

Accrued salaries and benefits	66,844,232	4,399,238
Withholding and other tax payables	16,240,586	62,270,017
Provision for expenses	1,016,395	7,025,488
Interest accrued but not due on loan	-	1,029,816,916
Other payables	10,734	270,505,232
	84,111,947	1,374,016,891

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 14

Property, Plant & Equipment

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31.03.2016	**Additions**	**Deductions**	**As at 31.03.2017**	As at 31.03.2016	**Disposal**	**For the year**	Upto 31.03.2017	**As at 31.03.2017**	As at 31.03.2016
	Rs.	**Rs.**	**Rs.**	**Rs.**			**Rs.**	Rs.	**Rs.**	Rs.
Plant and machinery	272,337	-	-	272,337	270,912	-	-	270,913	1,425	1,425
Furniture and fixtures	53,408	17,595	-	71,003	52,558	-	17,336	69,894	1,110	850
Office equipments	5,050	-	-	5,050	4,797	-	-	4,797	254	253
Vehicles	3,300	4,000	-	7,300	3,300	-	4,000	7,300	-	-
Total	334,095	21,595	-	355,690	331,567	-	21,336	352,903	2,788	2,528
Previous year	334,095	-	-	334,095	331,567	-	-	331,567	2,528	2,528

Intangible Assets

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31.03.2016	**Additions**	**Deductions**	**As at 31.03.2017**	As at 31.03.2016	**Disposal**	**For the year**	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
Intangible assets										
(a) Software	1,535,876	-	-	1,535,876	1,535,876	-	-	1,535,876	-	-
(b) Technical know how		-	-	-					-	-
Toal	1,535,876	-	-	1,535,876	1,535,876	-	-	1,535,876	-	-
Previous year	1,535,876	-	-	1,535,876	1,535,876	-	-	1,535,876	-	-

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 15

Non Current Investment Long term (at cost non- trade - unquoted) *	31.03.2017	31.03.2016
(I) In equity instruments	503,675	-
(II) In debentures	27,205,550,000	4,558,269,500
(III) In capital of a partnership firm	100	-
	27,206,053,775	4,558,269,500

* Details of non current investments:	Face Value	No of shares/ debentures	31.03.2017 Amount Rs.	Face Value	No of shares/ debentures	31.03.2016 Amount Rs.
(I)Equity instruments						
In fully paid up unquoted equity shares of subsidiary companies						
SHL Securities (Alpha) Limited	10	50,000	503,675	-	-	-
(II) Debentures						
a. In zero coupon fully paid up unquoted compulsorily convertible debentures of subsidiary company (Previous Year - fellow subsidiary company)						
SHL Securities (Alpha) Limited	100	272,055,500	27,205,550,000	100	45,582,695	4,558,269,500

272,055,500 (Previous Year 45,582,695) Zero Coupon Fully Convertible Debentures are compulsorily convertible into equity shares at par of the company on the expiry of 9(nine) years from the date of allotment .

(III) In capital of a partnership firm

	31.03.2017	31.03.2016
Mowbrays Corporate Finance	100	-

Name of the firm: Mowbrays Corporate Finance

Total capital: 6,141,810,700

Partners	Profit sharing ratic	Capital contribution
Chemplast Sanmar Limited	Profits are shared by partners with positive aggregate daily balances in the proportion of such balances, losses are shared equally by partners.	6,071,810,500
Sanmar Speciality Chemicals Limited		70,000,100
Sanmar Engineering Services Limited		100
		6,141,810,700

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 16

Loans and advances (Unsecured, considered good)	Non current 31.03.2017	Current 31.03.2017	Non current 31.03.2016	Current 31.03.2016
Advances recoverable in cash or in kind or for value to be received	-	63,974,811	-	1,138,474
Advance given to creditors	-	552,335	-	547,131
Prepaid expenses	-	108,094	-	136,921
Trade deposits	151,098	-	51,096	-
Balances with customs and excise authorities	-	395,325	-	19,473
Advance tax and tax deducted at source	-	24,328,904	-	18,610,340
Less : Provision for current tax	-	(6,396,984)	-	(6,396,984)
Advance for fringe benefit tax	-	1,535,876	-	1,535,876
Less : Provision for fringe benefit tax	-	5,050	-	5,050
	151,098	84,503,411	51,096	15,596,281

Note 17

Trade Receivables (Unsecured, considered good)	31.03.2017	31.03.2016
Debts outstanding for a period of less than six months	26,676,688	14,640,880
	26,676,688	14,640,880

Note 18

Cash and Bank balances	Non current 31.03.2017	Current 31.03.2017	Non current 31.03.2016	Current 31.03.2016
Cash and cash equivalents				
Cash on hand	-	13,285	-	26,360
Balance with scheduled banks				
-on current account	-	30,581,828	-	2,378,401
Other Bank balances				
-on Margin deposit	-	5,000	-	5,000
Amount disclosed under non current assets (Note 19)	-	(5,000)	-	(5,000)
	-	30,595,113	-	2,404,761

Note 19

Other Assets (Unsecured, considered good)	Non current 31.03.2017	Current 31.03.2017	Non current 31.03.2016	Current 31.03.2016
Claims receivable	-	545,518	-	198,748
Margin Money deposit (refer note 18)	5,000	-	5,000	-
Unamortised expenses	57,153,712	12,713,143	248,737,702	75,469,815
	57,158,712	13,258,661	248,742,702	75,668,563

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 20

	2016-17	2015-16
Earnings in foreign exchange.	Rs.	Rs.
FOB value of exports	24,270,266	16,311,473

Note 21

Unamortised Expenditure

Unamortised expenditure to the extent not written off or adjusted represents unamortised balance of ancillary costs related to borrowings, which is being amortised over the currency of the borrowing commencing from the first withdrawal of the amount borrowed.

Note 22

Dues to micro, small and medium enterprises:

As at March 31, 2017, there is no interest paid or payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 23

	2016-17	2015-16
Earnings per share		
Profit/(Loss) after taxation as per statement of profit and loss	(2,681,080,697)	(1,945,209,541)
Weighted average number of equity shares outstanding	747,808	530,000
Earnings per share(In Rupees)		
(Nominal value of shares of Rs 10/- each)	(3,585.25)	(3,670.21)

Note 24

Segment Reporting

The Company has considered business segment as the primary segment.

The business activities reflected in the financial statements comprise of sale and repair, testing and reconditioning service of mechanical seals & safety valves. 'Accordingly, there is no separate reportable primary business segment as per Accounting Standard 17 (Segment Reporting)

The Company has considered geographical segment as the secondary segment, based on the location of the customers.

Information about the secondary geographical segments (Figures in Rupees)

	2016-17			2015-16		
Description	India	Outside India	Total	India	Outside India	Total
Sales	40,329,069	24,270,266	64,599,335	31,251,320	16,311,473	47,562,793
Assets *	27,344,790,861	73,609,384	27,418,400,245	4,908,947,100	6,429,211	4,915,376,311
Capital expenditure	21,595	-	21,595	-	-	-

* The Company's operating facilities are located in India.

Note 25

Details required to be given under Section 186(4) of the Companies Act, 2013

Provided in respective Notes

Sanmar Engineering Services Limited

Notes to financial statements for the Year ended March 31, 2017

Note 26

Disclosure as per AS15 revised - Defined Benefit Plans

	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of obligation at the beginning of the year	2,543,524	2,274,645	4,315,372	6,994,368	5,872,088
Interest cost	203,482	182,884	345,230	559,549	469,767
Current service cost	260,739	227,758	187,938	400,791	618,153
Benefits paid	(70,560)	-	(2,941,200)	(3,490,200)	(30,690)
Transfer of obligations during the year			-	48,090	22,950
Actuarial (gain) / loss on obligation	213,529	(141,762)	367,305	(197,226)	42,100
Present value of obligation as at the end of the year	3,150,714	2,543,524	2,274,645	4,315,372	6,994,368
Fair value of planned assets at the beginning of the year	2,553,112	2,295,953	4,341,403	7,117,444	6,116,276
Expected return on plan assets	206,922	198,801	133,750	347,389	673,708
Contributions	570,678	58,358	762,000	470,090	347,950
Contributions from others - Transferred in		-	-	-	-
Benefits paid direct	(70,560)	-	(2,941,200)	(3,490,200)	(30,690)
Actuarial gain / (loss) on plan assets	(90,300)	-	-	(103,320)	10,200
Fair value of plan assets at the end of the year	3,169,852	2,553,112	2,295,953	4,341,403	7,117,444
Amounts recognised in the balance sheet					
Present value of obligation as at the end of the year	3,150,714	2,543,524	2,274,645	4,315,372	8,116,648
Fair value of plan assets at the end of the year	3,169,852	2,553,112	2,295,953	4,341,403	7,117,444
Funded status of the plan - (asset) / liability	(19,138)	(9,588)	(21,308)	(26,031)	999,204
Amounts recognised in the statement of profit and loss					
Current service cost	260,739	227,758	187,938	400,791	618,153
Interest cost	203,482	182,884	345,230	559,549	469,767
Expected return on plan assets	(206,922)	(198,801)	(133,750)	(347,389)	(673,708)
Net actuarial (gain) / loss recognised in the year	303,829	(141,762)	367,305	(93,906)	31,900
Expenses recognised in the statement of profit and loss	561,128	70,078	766,723	519,045	446,112
Principal actuarial assumptions					
Discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Salary escalation	8.00%	8.00%	8.00%	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%	8.00%	8.00%	8.00%
Attrition rate	1%-3%	1%-3%	1%-3%	1%-3%	1%-3%

Note 27

Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

	SBNs	Other denomination	Total
Closing cash in hand as on 08.11.2016	14,000	11,678	25,678
(+) Cash withdrawn from Banks		22,000	22,000
(+) Permitted Receipts			-
(-) Permitted Payments		12,950	12,950
(-) Amount deposited in Banks	14,000		14,000
Closing cash in hand as on 30.12.2016	-	20,728	20,728

Sanmar Engineering Services Limited

Note 28

Related party disclosures :

a) List of parties where control exists

	Nature of relationship
Greenvalley Investments (Alpha) Limited	Holding Company
SHL Securities (Alpha) Limited	Subsidiary (From 18th April 2016)
TCI Sanmar Chemicals S.A.E.	Step-down Subsidiary (From 18th April 2016)
Sanmar Speciality Chemicals Limited	Step-down Subsidiary (From 18th April 2016)
Chemplast Sanmar Limited	Step-down Subsidiary (From 18th April 2016)

b) Associates / Fellow Subsidiaries

FIH Mauritius Holding Investments Liimted	Associate (From 16th April 2016)
FIH Private Investments Limited	Associate (From 16th April 2016)
Mowbrays Corporate Finance	Associate (From 29th April 2016)
TCI Sanmar Chemicals S.A.E.	Fellow Subsidiary (Upto 17th April 2016)
Sanmar Speciality Chemicals Limited	Fellow Subsidiary (Upto 17th April 2016)
Chemplast Sanmar Limited	Fellow Subsidiary (Upto 17th April 2016)
SHL Securities (Alpha) Limited	Fellow Subsidiary (Upto 17th April 2016)

d) List of transactions with related parties during the year ended March 31, 2017

Description	Controlling parties		Associates / Fellow Subsidiaries	
	2016-17	2015-16	2016-17	2015-16
Transactions during the year				
Sales				
TCI Sanmar Chemicals S.A.E	24,270,266	-		
Finance Costs				
FIH - Private Investments Limited			519,583,068	-
Sanmar Speciality Chemicals Limited	124,115,342	-		
Total	124,115,342	-	519,583,068	-
Share of income from partnership firm				
Mowbrays Corporate Finance			30,525,354	
Investments made during the year				
Mowbrays Corporate Finance			100	
Greenvalley Investments (Alpha) - Purchase of SHL Securities (Alpha) Limited	502,415	-		
SHL Securities (Alpha) Limited	22,647,280,500	-		
Total	22,647,782,915	-	-	-
Issue of non convertible debentures				
FIH - Private Investments Limited			19,902,000,000	-
Balance as at 31st March 2017				
Investments	27,206,053,675	-	100	4,558,269,500
Borrowings			19,902,000,000	-
Trade and other Receivables	73,609,384	-	-	6,429,211
Other Payables			10,796,074	8,298,704
Finance costs payable			491,486,614	1,092,095,776

Note 29 Previous year's figures have been regrouped wherever necessary.

(Signatories to Note 1 to 29)

As per our report of even date

for **Prasad & Srinath**
Chartered Accountants
Firm Registration Number : 005826S

S Prasad
Partner
Membership No : 12847

for and on behalf of the Board of Directors
Sanmar Engineering Services Limited

P S Jayaraman
Chairman
DIN: 00011108

S Sankaran
Director
DIN 00009172

Lavanya Venkatesh
Director
DIN 07191585

N Muralidharan
Chief Financial Officer

Satya Narayan Nayak
Company Secretary
ACS No.18677

Place: Chennai
Date : May 30, 2017

PRASAD & SRINATH CHENNAI CHARTERED ACCOUNTANTS

Sanmar Engineering Services Limited
(CIN: U65993TN1995PLC030445)

DEBENTURE TRUSTEE FOR NON-CONVERTIBLE DEBENTURES (NCDs)

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17 R Kamani Marg
Ballard Estate
Mumbai 400 001
Telephone: 022- 40807022

RELATED PARTY DISCLOSURE AS SPECIFIED IN PARA A OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

NIL