



STEEL STRIPS GROUP  
SABIL/AGM/2018/  
October 05, 2018

2058

## SAB INDUSTRIES LIMITED

Regd. & Corporate Office :

SCO 49-50, Sector-26,

Madhya Marg, Chandigarh-160 019 (INDIA)

Tel. : +91-172-2792385 / 2793112

Fax : +91-172-2794834 / 2790887

Website : [www.sabindustries.in](http://www.sabindustries.in)

CIN : L00000CH1983PLC031318

THE DY. MANAGER  
DEPTT. OF CORPORATE SERVICES  
BOMBAY STOCK EXCHANGE LIMITED  
PHIROZE JEEJEEBHAY TOWERS,  
DALAL STREET, MUMBAI - 400 001.

### Scrip Code: 539112

Reg : ANNUAL REPORT 2017-18

Dear Sir/ Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Annual Report for the financial year 2017-18, duly approved and adopted in the 34<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September 2018 at its Regd, Office.

Kindly take the same on your records.

Thanking you,

Yours faithfully,  
for SAB INDUSTRIES LIMITED

(GURPREET KAUR)  
COMPANY SECRETARY

Encl.: As above

# Annual Report

## 2017-18



SAB Industries Limited

# CORPORATE Information

## BOARD OF DIRECTORS

Sh. R. K. Garg	<i>Chairman</i>
Sh. H. K. Singhal	<i>Director</i>
Sh. Sanjay Garg	<i>Director</i>
Smt. Tejinder Kaur	<i>Director</i>
Sh. Kanwarjit Singh	<i>Director</i>
Sh. S. S. Virdi	<i>Director</i>
Smt. Manju Lakhanpal	<i>Director</i>
Sh. Avinash Sharma	<i>Executive Director</i>

## COMPANY SECRETARY

Ms. Gurpreet Kaur

## AUDITORS

AKR & Associates  
Chartered Accountants  
SCO 90, 1st Floor, Swastik  
Vihar, Panchkula - 134 109

## BANKERS

Allahabad Bank  
HDFC Bank Limited

## REGD. OFFICE

SAB Industries Limited  
(CIN: L00000CH1983 PLC031318)  
Regd. Office: SCO 49-50, Sector 26, Madhya Marg,  
Chandigarh 160 019  
Email: ssl\_ssg@glide.net.in,  
Website : www.sabindustries.in  
Phone: +91-172-2793112, FAX : 91-172-2794834

## Contents

Notice	1
Director's Report	7
Corporate Governance Report	20
Auditors' Report	26
Balance Sheet	29
Statement of Profit & Loss Account	30
Cash Flow Statement	31
Statement of changes in equity	32
Notes	32
Notes on Accounts	41
Proxy Form	51

**SAB INDUSTRIES LIMITED**  
**(CIN:L00000CH1983PLC031318)**

Regd. Office: at S.C.O.49-50, Sector- 26, Madhya Marg, Chandigarh.  
Email: ssl\_ssg@glide.net.in, Website: www.sabindustries.in  
Phone: +91-172-2793112., Fax: +91-172-2794834

**NOTICE**

NOTICE is hereby given that the 34th Annual General Meeting of the shareholders of the Company shall be held as scheduled below:

Day & Date : Friday, 28th day of September, 2018  
Time : 4.00 P. M..  
Venue : Regd. Office of the Company at S.C.O.49-50,  
Sector- 26, Madhya Marg, Chandigarh.

to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2018 and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sh. Sanjay Garg (DIN: 00030956), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

3. To consider, and, if thought fit, to pass, with or without modification(s), if any, the following Resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said Act, as amended from time to time, and subject to such approvals/ sanctions as may be required, **Shri Avinash Sharma** (DIN:02371722) be and is hereby reappointed as Executive Director of the Company for a period of five years w.e.f. 01/04/2018 upto 31/03/2023 on the following terms and conditions:

- (A) Basic Salary: Rs.3,57,500/- per month  
House Accommodation: Rent free unfurnished accommodation  
Medical Reimbursement: Reimbursement of Medical Bills up to one months' basic salary in a year, or up to three months' salary in a period of three years.  
Contribution to Provident Fund: @12% of basic salary.  
Gratuity: Not exceeding half months basic salary for each completed year of service, subject to Gratuity Act.  
Earned leave: As per Company's Rule (unused portion of the earned leave accumulated as per Company rules may be encashed at the end of the tenure, including extension in tenure, if any).

Chauffeur Driven Car and Telephone at the residence for official use (the private use of Car and telephone shall be billed by the Company to the appointee).

All payments are subject to TDS as per Income Tax Act, 1961.

- (B) Commission: 5% of net profit as calculated under the provisions of Companies Act, 2013 inclusive of remuneration mentioned in (A) above.  
RESOLVED FURTHER THAT in the event of losses or inadequate profits in any financial year during the term of office of Shri Avinash Sharma as Executive Director, the remuneration/ perquisites, mentioned at (A) above, be paid to the appointee as minimum remuneration subject to the ceiling laid down in Schedule V to the Companies Act, 2013, as amended from time to time.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby severally authorised to take all steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company, be and is hereby accorded for the continuation of the Directorship of **Shri Rajinder Kumar Garg (DIN: 00034827)**, Chairman and Non-executive Director of the Company who will attain the age of 75 (Seventy Five) years on 18<sup>th</sup> August, 2018, till the date he retires by rotation in terms of Section 152 of the Companies Act, 2013."

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby severally authorised to take all steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company, be and is hereby accorded for the continuation of the Directorship of **Shri Kanwarjit Singh (DIN:02116031)**, Non-executive Independent Director of the Company who will attain the age of 75 (Seventy Five) years on 14<sup>th</sup> November, 2018, to hold the office till the expiry of his present term of office i.e. 28<sup>th</sup> September, 2022 on the existing term and conditions.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider, and, if thought fit, to pass, with or without modification(s), if any, the following Resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company, be and is hereby accorded for the continuation of the Directorship of **Shri Surinder Singh Viridi (DIN:00035408)**, aged 76 years, as Non-executive Independent Director of the Company, to hold the office till the expiry of his present term of office i.e. 30<sup>th</sup> September, 2020 on the existing term and conditions.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Chandigarh

Date: 14.08.2018

AVINASH SHARMA

Executive Director  
DIN-02371722

#### **NOTES:**

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 and rules made thereunder, relating to the Special business to be transacted at the Meeting is annexed hereto. The relevant details of Directors seeking appointment/ re-appointment at this Annual General Meeting of the company are also annexed.
2. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy so appointed need not be a member of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith.**  
A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.  
During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company
3. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The members are requested to bring duly filled attendance slip alongwith their copy of Annual Report at the Meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **22.09.2018 to 28.09.2018** (both days inclusive).
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.  
**We request shareholders to send their shares for transfer before 4<sup>th</sup> December, 2018 or demat their shares with your Depository Participant any time after updating their PAN and Bank Account Details as required by SEBI towards compliance vide Notification No. SEBI/LAD/NRO/GN/2018/24 dated 08<sup>th</sup> June 2018 stating that physical transfer of shares will be allowed until 4<sup>th</sup> December, 2018 and Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 directing all the listed entities to record the PAN and Bank Account details of all their shareholders holding shares in physical mode through their RTA. Accordingly, Company has initiated steps for registering the PAN details of all shareholders (including joint holders, if any) and the Bank Account Details of the registered shareholders. Composite Form for the same is also available on the website of the Company.**
8. Electronic copy of the Annual Report for 2017-18 is being sent to all the members whose email IDs are registered with the Company/Depository participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for 2017-18 are being sent by the permitted mode.
9. **Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with Registrar and Share Transfer Agents of the Company/ Depository Participant (s), for receiving all communication including Annual Report. Notices, Circulars, etc from the Company electronically.**
10. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
11. The Company is maintaining the "INVESTORS SERVICE CELL" at its Head Office at SCO 49-50, Sector 26, Madhya Marg, Chandigarh 160019.
12. Members having any queries relating to Annual Report are requested to send their queries at least seven days before the date of the Meeting.
13. **Voting through electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository (Services) India Limited (CDSL).

#### **The instructions for shareholders voting electronically are as under:**

- (i) **The voting period begins on September 25, 2018 at 9.00 a.m. and will end on September 27, 2018 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **21<sup>st</sup> September, 2018 (cut-off date)**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on shareholders



- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - Members holding shares in Physical Form should enter Folio Number registered with the Company
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on earlier voting of any Company, then your existing password is to be used
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha - numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ attendance slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</li> <li>If both the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name <SAB INDUSTRIES LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non- Individual Shareholders and Custodians:**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance User should be created using the admin login and password. The compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21<sup>st</sup> September 2018 may follow the same instructions as mentioned above for e-Voting.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The Board of Directors has appointed Mr. S.K.Sikka, Practicing Company Secretary (ICSI Membership No. FCS- 4241 and CP No.3582) Proprietor of S.K. Sikka & Associates, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxi) The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxii) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Bombay Stock Exchange.

14. Relevant documents referred to in the notice and the explanatory Statement including register of shareholding of Directors and Key Managerial Personnel are open for inspection by members at the registered office of the Company on all working days during Normal business hours (09:30 am to 5.30 pm) upto and including the date of meeting.

By Order of the Board of Directors

AVINASH SHARMA  
Executive Director  
DIN-02371722

Place: Chandigarh  
Date: 14.08.2018

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM No. 3**

Shri Avinash Sharma had been appointed as Executive Director of the Company w.e.f. 1.10.2008 and his appointment had been renewed from time to time with last reappointment made on 01.04.2013 for a period of five years valid upto 31.03.2018. Shri Avinash Sharma is a B.E. (Civil) by profession. He has a very wide and rich experience of over 20 years in Civil and Engineering Works. Shri Avinash Sharma had approached the Company to review his salary structure keeping in view the current trends as also the remuneration being paid by other Companies of our size. It is proposed to increase his remuneration suitably within the limits provided under Schedule V of the Companies Act, 2013. Shri Avinash Sharma is also a Director on the Board of Malwa Chemtex Udyog Limited, SAB Udyog Limited and Bharatnet Technology Limited. Your directors are of the opinion that the Company shall be benefited tremendously from his rich experience and expertise.

Keeping in view his vast and varied experience, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board in their respective meetings held on 14/02/2018, it is proposed to consider the re-appointment of Shri Avinash Sharma, for a period of Five years w.e.f. 01.04.2018 upto 31/03/2023 and remuneration as set out in the resolution, for a period of three years from the date of re-appointment i.e. upto 31/03/2021 as provided under Schedule V of the Companies Act 2013

The notice and explanatory statement be treated as an abstract of the terms of contract of employment for the reappointment of Shri Avinash Sharma within the provisions of the Section 190 of Companies Act, 2013. The Board recommends Special Resolution for the approval of Members set out at item No. 3.

None of the Directors of the Company and/ or Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise, in the resolution except Shri Avinash Sharma:

**The Additional information as required by Schedule V to the Act is given below:**

I. GENERAL INFORMATION		REMARKS	
(1)	Nature of Industry	Infrastructure & Real Estate	
(2)	Date or expected date of commencement of commercial production	incorporated on 16.02.1983	
(3)	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
(4)	Financial performance based on given indicators	The financial performance is given in the enclosed Balance Sheet and Profit & Loss Account of the Company.	
(5)	Export performance and net foreign exchange collaborations	Nil	
(6)	Foreign Investments or collaborators, if any	Nil	
II INFORMATION ABOUT THE APPOINTEE			
		Shri Avinash Sharma, Executive Director	
(1)	Background details		
(2)	Past remuneration	Salary	3,25,000/-
		HRA	Nil
		Perquisites/ Allowances	Rent Free Unfurnished Accommodation
		Commission	5% of net profits
(3)	Recognition or awards	NIL	
(4)	Job profile and his suitability	He is responsible for day to day operations of the Company.	
(5)	Remuneration proposed	Proposed remuneration is for 3 years w.e.f. 01/04/2018. Details given in the resolution and explanatory statement of the accompanying notice.	
(6)	Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Remuneration package is commensurate with his competence and responsibility in the Company and also with remuneration paid by comparable companies for similar positions.	
(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	He is not related to any other Director/ KMPs of the Company.	
III Other Information:			
(1)	Reasons for loss or inadequate profits	-downtrend in real estate sector -Competitive Market	
(2)	Steps taken or proposed to be taken for improvement	The Company is pursuing strategies to augment profit by revenue growth through product innovations, and cost cutting/ value engineering in existing business.	
(3)	Expected increase in productivity and profits in measurable terms	The Company is expected to achieve adequate profits within the next 5 years.	
IV Disclosures			
Company is giving adequate disclosures in the Board of Directors report under the heading "Corporate Governance" attached to the financial statements.			

**ITEM NO. 4**

Pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 with effect from 1st April, 2019, No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Shri Rajinder Kumar Garg (DIN: 00034827), Chairman and Non-Executive Director of the Company, will attain the age of 75 years on 18.08.2018 and accordingly his continuation as Chairman and Non-Executive Director of the Company shall requires approval of shareholders by way of special resolution.

A brief justification for the Continuation of Directorship as Chairman and Non-Executive Director of the Company with effect from 1<sup>st</sup> April, 2019 is as under:

Sh. Rajinder Kumar Garg is a promoter of the Company. He has wide and varied experience in business development operations. He started his carrier in the government service and entered his own business in the year 1975. He is an industrialist and is a technocrat with more than four decades of rich experience in the industrial field including Steel, Acrylics Fibre, Automotive wheels rims, Civil constructions and other allied activities. The Company is benefitted from his vast experience in the various industrial fields and his contribution towards the growth of the Company.

Keeping in view of the above, the Nomination and Remuneration Committee and Board of Directors in their meetings held on 14.08.2018 recommended the Continuation of Directorship of Shri Rajinder Kumar Garg, Chairman and Non-Executive Director of the Company, till the date he retires by rotation in terms of Section 152 of the Companies Act, 2013.

A brief resume of Shri Rajinder Kumar Garg, the nature of his expertise, Directorships held in other Companies, Committee Memberships/Chairmanships, his shareholding etc., is separately annexed hereto.

The Board recommends the Special Resolution as set out in Item No. 4 for your approval.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Sh. Rajinder Kumar Garg (whose re-appointment is proposed in the resolution) is in any way concerned or interested financially or otherwise in the resolution mentioned at item No. 4 of the accompanying notice.

**ITEM NO. 5 & 6**

**Shri Kanwarjit Singh (DIN:02116031)**, Non-Executive Director of the Company, will attain the age of 75 years on 14.11.2018 and **Shri Surinder Singh Viridi (DIN:00035408)**, aged 76 years (Date of Birth: 22.09.1942) were appointed as Non-executive Independent Director of the Company under Section 149 & 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made thereunder, not subject to retirement by rotation, for a term of five years from 30.05.2017 to 29.05.2022 and 13.11.2014 to 12.11.2019, respectively.

In compliance with the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (effective from April 1, 2019) Shri Kanwarjit Singh and Shri Surinder Singh Viridi, Non-Executive Independent Directors of the Company shall requires approval of shareholders by way of special resolution.

A brief justification for the Continuation of their Directorship as Non-Executive Independent Directors of the Company with effect from 1<sup>st</sup> April, 2019 is as under:

Shri Kanwarjit Singh, an eminent Civil Engineer, retired as Secretary Member Engineering, Railway Board, and Ex-Officio Secretary to Govt. of India. His vast experience and knowledge will bring added value to the Company. He is also qualified to be appointed as an Independent Director under the provisions of the Companies Act, 2013.

Sh. Surinder Singh Viridi, is an Engineer (F.I.E.) by qualification and is a successful Industrialist for over three decades. He possessed appropriate skills, experience and knowledge of management and other disciplines related to the Company's business.

Considering the long standing experience and contribution of Shri Kanwarjit Singh and Shri Surinder Singh Viridi, their continuance on the Board, after attaining the age above seventy-five years would be in the interest of the Company. On the recommendation of Nomination and Remuneration Committee, Board recommends the special resolution mentioned at Item No. 5 & 6 of the accompanying Notice for approval of the members.

A brief resume of Shri Kanwarjit Singh and Shri Surinder Singh Viridi, the nature of his expertise, Directorships held in other Companies, Committee Memberships/ Chairmanships, their shareholding etc., is separately annexed hereto.

The Board recommends the Resolution as set out in Item No. 5 & 6 as Special Resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except Shri Kanwarjit Singh and Shri Surinder Singh Viridi is in any way concerned or interested financially or otherwise in the resolution mentioned at item No. 5& 6 of the accompanying notice.



## DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT IN ANNUAL GENERAL MEETING

Name of Director (DIN)	Shri Rajinder Kumar Garg (DIN:00034827)	Shri Surinder Singh Virdi (DIN:00035408)	Shri Kanwarjit Singh (DIN: 02116031)	Shri Avinash Sharma (DIN: 02371722)	Shri Sanjay Garg (DIN: 00030956)
Date of Birth	18/08/1943	22/09/1942	14.11.1943	13/12/1958	09/09/1968
Date of first Appointment	30/06/1989	13/11/2014	29.03.2008	01/10/2008	25/03/2006
Qualification/ Experience in Specific functional areas	Shri R K Garg, a qualified F.I.E and an eminent industrialist, is Promoter and Chairman of the Company. He has wide and varied experience in business development operations and has made significant contribution to the progress of the Company.	Sh. Surinder Singh Virdi, is an Engineer (F.I.E.) by qualification and is a successful Industrialist for over three decades. He possessed appropriate skills, experience and knowledge of management and other disciplines related to the Company's business	Sh. Kanwarjit Singh, Retired as Secretary Member Engineering, Railway Board & Ex. Officio Secretary Govt. of India	Shri Avinash Sharma is a B.E (Civil) by profession. He has a very wide and rich experience in Civil and Engineering Works.	Shri Sanjay Garg, a Cost and Works Accountant and a Law Graduate, is a well qualified and experienced professional. He has held various Managerial/ Advisory positions.
List of Companies in which outside Directorships held (Excluding Private Limited/ Foreign Company)	Steel Strips Wheels Ltd. Steel Strips Ltd. Steel Strips Infrastructures Ltd. Indian Acrylics Ltd. Indlon Chemicals Ltd.	Anaesthetic Gases Pvt. Ltd. Steel Strips Infrastructures Ltd. Steel Strips Ltd. Steel Strips Industries Ltd.	Nil	SAB Udyog Ltd. Malwa Chemtex Ltd. Bharatnet Technology Ltd.	Steel Strips Ltd. Steel Strips Infrastructures Ltd. SAB Udyog Ltd. Indlon Chemicals Ltd. Malwa Chemtex Udyog Ltd. Indian Acrylics Invt. Ltd.
Chairman/ Member of the Committee of Board of Directors of the Company includes only Audit Committee and Stakeholders Relationship Committee	Nil.	Chairman of Audit Committee & Stakeholders Relationship Committee of the Company	Nil	Nil	Member of Stakeholders Relationship Committee of the Company
Chairman/ Member of the Committee of Directors of other Companies in which he is a Director includes only Audit Committee and Stakeholders Relationship Committee includes only Audit Committee and Stakeholders Relationship Committee	Nil	Chairman of Audit Committee of Steel Strips Ltd. & Steel Strips Infrastructures Ltd., & Member of Audit Committee of Steel Strips Industries Ltd., Chairman of Stakeholders Relationship Committee of Steel Strips Ltd. & member of Stakeholders Relationship Committee of Steel Strips Infrastructures Ltd.	Nil	Nil	Member of Stakeholders Relationship Committee of Steel Strips Ltd.
No. of shares held in the Company	3404020 equity shares	Nil	Nil	50	50
Relationship with other Director/ Key Managerial Personnel	Nil	Nil	Nil	Nil	Nil

For other details, such as, Number of meetings of the Board attended during the financial year, Remuneration last drawn, Remuneration proposed to be paid, Terms and Conditions of Appointment /re-appointment, please Refer to the attached Board's Report, MGT-9, Corporate Governance Report and the Notice alongwith Explanatory Statement.

**DIRECTORS' REPORT**

Dear Members,

The Directors of your Company have pleasure in presenting the Annual Report on Accounts for the Financial Year ending 31st March 2018.

**FINANCIAL HIGHLIGHTS**

Particulars	(₹ in Lakhs)			
	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	2933.78	1933.24	2933.78	1933.24
Other Income	336.93	818.96	336.93	818.96
Total Revenue	3270.71	2752.20	3270.71	2752.20
Profit before Exceptional item, depreciation, interest & Tax (PBDIT))	350.37	699.94	1349.67	3335.68
Interest & other financial expenses	235.46	158.30	235.46	158.30
Depreciation and amortization expenses	45.30	23.53	45.30	23.53
Profit before Tax(PBT)	69.61	518.11	1068.90	3153.85
Tax Expenses- Current	6.00	56.50	6.00	56.50
Deferred	23.25	6.43	23.25	6.43
Profit after Tax(PAT)	40.35	455.18	1039.65	3090.92
Other Comprehensive Income	2057.59	4713.54	2057.59	4713.54
Total Comprehensive Income for the period	2097.94	5168.72	3097.24	7804.46
Earnings per share				
-Basic	0.27	3.00	6.85	20.35
-Diluted	0.27	3.00	6.85	20.35

Note: The financial statements of the Company for the year ended 31st March, 2018, are the first the Company has prepared in accordance with Indian Accounting Standards (Ind AS). The financial statements for the year ended 31st March, 2017 have been restated in accordance with Ind AS for comparative information.

**OPERATIONS AND FUTURE OUTLOOK**

During the year under review, the Revenue from Operations of the Company has increased to ₹ 2933.78 lakhs from ₹ 1933.24 lakhs during the previous year on account of completion of job contracts. The Company earned a net profit of ₹ 40.35 lakhs during the year as against ₹ 455.18 lakhs during the previous year. This decrease in net profits is due to lower interest income and claims.

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport, prior to the general elections in 2019. The Government of India is taking every possible initiative to boost the infrastructure sector such as allocation ₹ 5.97 lakh crore (US\$ 92.22 billion) for the sector. Railways received the highest ever budgetary allocation of ₹ 1.48 trillion (US\$ 22.86 billion). Allocation of ₹ 16,000 crore (US\$2.47 billion) towards Sahaj Biji Har Ghar Yojana (Saubhagya) scheme. The scheme aims to achieve universal household electrification in the country. These initiatives taken by the Government are giving a thrust to the Infrastructure Sector.

The Company has been awarded new jobs worth ₹ 17 crore approx. by Government Departments which were under progress till 31.03.2018. During the year, existing projects worth ₹ 8.41 crore has been executed by the company. The Company has also submitted fresh tenders which will also substantiate the turnover. Company is also in the process of reviving its old project i.e. SSL Highway Towers, Dera Bassi-Housing Project and exploring to raise capital to meet the future needs for the said project.

**SEGMENT REPORT**

Your Company has a number of activities in its fold. Its business activities include Construction and Engineering, Real Estate, Information Technology and Trading. The Company is registered with various Government Departments like Uttranchal PWD (B&R), HP PWD (B&R), Madhya Pradesh PWD (B&R), PUDA and other Central Bodies as Class-1 contractors. This segment presently has the largest share of revenue and profits in the

performance of the Company. This segment also provides consultancy in the field of civil engineering and preparation and award of claims.

The Infotech Division of the Company undertakes activities of an Internet Service Provider in Punjab Telecom Circle including Punjab, Chandigarh, Panchkula and parts of Haryana and Himachal Pradesh.

The other important segment of activities of your Company is Development and Sale of Real Estate. As stated above, the Central Government is taking new initiatives to give a boost to the Real Estate Sector. Though the market growth in housing sector in Northern Region of the Country is presently low, however, it is likely to pick up in due course of time.

A breakup of the segment-wise performance is given in the 'Notes on Accounts' which forms a part of the Balance Sheet.

**FINANCIAL STATUS**

There is no change in the 'Issued and Subscribed Capital' of ₹ 15,18,83,720 divided into 1,51,88,372 equity shares of ₹ 10/- each, during the year. There are no equity shares with differential rights or sweat equity or ESOP or scheme of purchase of Company shares by employees or their trustees.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes which occurred subsequent to the close of the financial year to which the Financial Statements relate and up to the date of report.

**CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE**

The Company has constituted a Corporate Social Responsibility Committee and also framed a Corporate Social Responsibility Policy and the same is posted on the website of the Company at <http://www.sabindustries.in>.

Since the Company does not have net profits in accordance with Section 135 of the Companies Act, 2013, the Company is not required to undertake any activity under CSR Rules.

**DETAILS OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

Your Company has no Subsidiary or Joint Venture Company during the year. However, there is an Associate by the name of SAB Udyog Limited reportable under Section 129(3) of the Companies Act, 2013.

A separate statement related to the Associate Company forms part of Annual report in the prescribed Form AOC-1 in compliance with Section 129 and other applicable provisions, if any of the Companies Act, 2013, Consolidated Financial Statement prepared by the Company includes financial information of its Associate Company. The Company will provide a copy of Consolidated Annual Report and other document of its Associate Company on the request made by any member, investor of the Company. The annual accounts of the Associate Company have been kept for inspection by any Shareholder at the Registered Office of the Company. The statement is also available on the website of the Company at <http://www.sabindustries.in>.

**DIVIDEND**

Keeping in view the business commitments, your Company has decided not to declare any dividend for the year 2017-18.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits covered under Chapter V of the Companies Act 2013 read with Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year under review.

## **CORPORATE GOVERNANCE REPORT- DISCLOSURE REQUIREMENTS**

The Company continuously strives to attain high levels of corporate performance, accountability, transparency, responsibility and fairness in all aspects of its operations. Transparency in all dealings and providing better services without compromising in any way on integrity and regulatory compliances have been the basic objectives of corporate governance in the Company. The Corporate Governance practices followed by the Company are enclosed as Annexure to this report.

### **EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return as provided under Section 92(3) of the Act, is attached in Form No. MGT-9, which forms part of the Boards' Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors' confirm that:

- a. in the preparation of the annual accounts for the year ending 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial control to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and
- 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.

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control systems and processes of the Company cover operational efficiency, accuracy and promptness in financial reporting, compliance with laws and regulations and development of mature, disciplined and effective processes. The processes are also designed to meet the goals of cost, schedule, functionality and quality, thus resulting in higher levels of customer satisfaction.

### **DIRECTORS**

#### **A) Changes in Directors and Key Managerial Personnel**

Since the last Annual General Meeting, following changes have taken place in the Board of Directors.

- On the recommendation of Nomination & Remuneration Committee, Board in its meeting held on 14.02.2018 re-appointed Sh. Avinash Sharma as Whole-time Director of the Company for a period of five years w.e.f. 01.04.2018 subject to the approval of members at ensuing Annual General Meeting of the Company.
- As per the provisions of Companies Act, 2013, Shri Sanjay Garg (DIN-00030956), Director, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment

#### **B) Declaration by an Independent Director(s) and re-appointment, if any**

A declaration by Independent Directors stating that he/ they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 had been taken at the time of their appointment.

#### **C) Formal Annual Evaluation**

The Board of Directors has carried out an annual evaluation of its own performance and that of the Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under SEBI (LODR) Regulations, 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issue to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, 5 Board Meetings were held, one each on 30th May 2017, 14th August 2017, 14th November 2017, 25th November 2017 and 14th February 2018.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS**

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the Directors' Report.

#### **AUDIT COMMITTEE**

The Audit & Compliance Committee comprises of three non-executive Directors out of which two are Independent Directors viz. Shri S S Viridi, Smt. Manju Lakhanpal and Shri H K Singhal. During the year, the committee held four meetings. Other details of the Audit Committee are included in the Corporate Governance Report which forms part of this report.

The Board had accepted all recommendation of the Audit Committee, if any.

#### **DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM/ WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES**

The Company has formulated and published a Whistle Blower Policy to provide vigil mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this Policy are in line with the provisions of Section 177(9) of the Act and the Regulation 22 of SEBI (LODR) Regulations, 2015.

There are no cases reported during the year.

## **NOMINATION AND REMUNERATION COMMITTEE**

The committee has been constituted to review and recommend compensation payable to the whole-time directors including Chairman and senior management of the Company. The committee reviews the overall compensation structure and policies of the Company with a view to attract, retain and motivate employees, reviewing compensation levels of the Company vis-à-vis other Companies and industry in general. The Nomination & Remuneration Policy may be accessed on the website of the Company at <http://www.sabindustries.in>.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

There were no Loans/ Guarantee given and Investments made by the Company during the year exceeding the limits prescribed under Section 186 of the Companies Act, 2013.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All contracts/ arrangements/ transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. A statement, in summary form, of transactions with related parties which were all in ordinary course of business and arm's length basis is periodically placed before the audit committee for review and recommendation to the board for their approval.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the board is uploaded on the website of the Company.

Disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the financial statements of the Company, enclosed with this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Board's report.

## **BUSINESS RISK MANAGEMENT**

The risk management includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Board has formulated the Risk Management Policy to manage risks with the objective of maximizing shareholders value. The Risk Management Policy may be accessed on the website of the Company at <http://www.sabindustries.in>.

## **AUDITORS**

As per the Provisions of Section 139 of Companies Act, 2013, M/s AKR & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM). The Company has received a certificate from them pursuant to Companies (Audit & Auditors) Rules 2014 read with Section 139 & 141 of the Companies Act, 2013, confirming their eligibility for reappointment, and that they were not disqualified for reappointment.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

## **AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT**

The Auditors' Report and Secretarial Auditors' Report do not

contain any qualifications, reservations or adverse remarks. Report of Secretarial Auditors is attached as an annexure which forms part of this report.

## **LISTING OF SHARES**

Equity shares of the Company are listed on BSE Limited and Listing fee has already been paid in pursuance to Regulation 14 of SEBI (LODR) Regulations, 2015.

## **DEMATERIALISATION**

The equity shares of your Company are to be compulsorily traded in dematerialized form. As on 31.03.2018, a total of 15119256 equity shares, representing 99.54% of equity share capital have been dematerialized.

## **INSURANCE**

All the assets of the Company have been adequately insured.

## **PERSONNEL AND RELATED DISCLOSURES**

The information required under Section 197 of the Act read with rule 5 of the Companies (Appointment and remuneration of managerial personnel) rules 2014 is enclosed with this report.

## **INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial during the year under review.

## **HEALTH, SAFETY AND ENVIRONMENT PROTECTION**

Our Company has complied with all the applicable health & Safety standards, environment laws and labour laws and has been taking all necessary measures to protect the environment and provide workers a safe work environment. Our Company is committed for continual improvement in Health & Safety as well as Environmental performance by involving all the employees to provide a Safe & healthy work environment to all its employees.

## **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the financial year 2017-18, the Company has not received any complaint on sexual harassment and hence no complaints remain pending as on 31st March, 2018.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is not applicable as the Company did not have any manufacturing facility during the period under consideration. There were no foreign exchange earnings/ outgo during the period.

## **SECRETARIAL STANDARDS**

The company has complied with applicable secretarial standards.

## **ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the assistance, co-operation and support received by the Company from the Banks, Statutory/ Govt. Bodies, Customers and Shareholders of the Company.

Place: Chandigarh	SANJAY GARG	AVINASH SHARMA
Date: 30.05.2018	Director	Executive Director
	DIN-00030956	DIN-02371722



**Form AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

**Part A: Subsidiaries - Not Applicable**

**Part B: Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates or Joint Ventures **SAB UDYOG LIMITED**

1. Latest audited Balance Sheet Date	31/03/2018
2. Shares of Associate or Joint Ventures held by the Company on the year end	
No. of Shares	5368630
Amount of Investment in Associates or Joint Venture	2,87,75,857
Extent of Holding (in percentage)	40.99
3. Description of how there is significant influence	Associate
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	63,92,62,123
6. Profit or Loss for the year	
Considered in Consolidation	9,99,29,571
Not Considered in Consolidation	14,38,60,550

Note.: 1. There were no subsidiaries which have been liquidated or sold during the year.,

2. The Company is not having any Joint Venture Company.

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

for AKR & Associates  
Chartered Accountants  
(Registration No.021179N)

AVINASH SHARMA  
Executive Director

TEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
Directors

Place : Chandigarh  
Dated : 30.05.2018

Kailash Kumar  
Partner  
Membership No.505972

GURPREET KAUR  
Company Secretary

**FORM NO. MR - 3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

**SAB INDUSTRIES LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SAB Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of SAB Industries Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (6) Apprentices Act, 1961
- (7) Employment Exchange (Compulsory Notification of Vacancies Act, 1959)
- (8) Industrial Employment (Standing Orders) Act, 1956



- (9) Minimum Wages Act, 1948
- (10) Payment of Bonus Act, 1965
- (11) Payment of Wages Act, 1936
- (12) Motor Vehicle Act, 1988
- (13) The Water (Prevention & Control of Pollution) Act, 1974
- (14) The Water (Prevention & Control of Pollution) Cess Act, 1977
- (15) The Central Excise Act, 1944(16) Employees' State Insurance Act, 1948
- (17) Employees' Provident Fund & Misc. Provisions Act, 1952
- (18) Central Sales Tax Act, 1956 & Punjab VAT Act, 2005
- (19) Air (Prevention & Control of Pollution) Act, 1981
- (20) Payment of Gratuity Act, 1972
- (21) Indian Electricity Act, 1910 & Rules 1956
- (22) Hazardous Waste (Management & Handling) Rules 1989 under EP Act, 1986
- (23) Industrial Development & Regulation Act, 1951
- (24) Contract Labour Regulation & Abolition Act, 1971

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board meetings, as represented by management, were taken unanimously.

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

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

- (i) Public/ Rights/ Preferential issue of shares/ debentures/ sweat equity.
- (ii) Redemption/ buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Chandigarh  
Date: 21.05.2018

Sushil K Sikka  
Company Secretary  
FCS 4241  
CP 3582

To  
The Members

---

**SAB INDUSTRIES LIMITED**

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chandigarh  
Date: 21.05.2018

Sushil K Sikka  
Company Secretary  
FCS 4241  
CP 3582

## DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(2) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The ratio of the remuneration of each director to the median employee's remuneration of the Company for the financial year

	Ratio to Median Remuneration
<b>Non Executive Directors</b>	
Shri R.K. Garg	0.29
Smt. Manju Lakhanpal	0.41
Smt. Tejinder Kaur	0.29
Shri S.S. Virdi	0.41
Shri H.K. Singhal	0.26
Shri Sanjay Garg	0.29
Shri Kanwarjit Singh	0.06
<b>Whole Time Director</b>	
Shri Avinash Sharma	13.28

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, in the financial year;

Director, Chief Executive Officer, Chief Financial Officer, Company Secretary	%age increase in Remuneration over previous year
Shri Avinash Sharma - Whole Time Director	NIL
Sh. Bhagwan Singh Negi - Chief Financial Officer	9.56%
Ms Gurpreet Kaur - Company Secretary	6.25%

- (iii) The percentage increase/decrease in the median remuneration of employees in the financial year 2017-18.  
The percentage increase in medium remuneration of employees is 13.61%

- (iv) The number of permanent employees on the rolls of company.

The number of permanent employees on the roll of company as of 31st March 2018 was 32.

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

Average annual increase during the year was around 29.5% and the average increase in managerial remuneration was nil.

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

It is confirmed that the remuneration is paid as per the remuneration policy of the Company

### STATEMENT PURSUANT TO SECTION 197 OF COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31ST MARCH, 2018

#### TOP TEN EMPLOYEES IN TERM OF REMUNERATION WITHDRAWN DURING THE YEAR

Name of Employee	Designation	Educational Qualification	Age	Remuneration (P.A.) (₹ in Lakhs)	Date of Commencement of employment	No. of shares held	Relative Director
Sh. Avinash Sharma	Executive Director	B.E (Civil)	59	45.70	27.03.2008	50	NA
Sh. Rakesh Kumar Mittal	Sr. General Manager (Projects)	B.Tech.	50	22.83	04.12.2017	Nil	NA
Sh. Anil Kumar Singla	General Manager	B.E (Civil)	54	18.15	08.08.1987	Nil	NA
Sh. Sukhwinder Singh	Project Manager	B.Tech.	32	12.27	20.06.2017	Nil	NA
Sh. R D Sharma	Project Manager	Diploma(Civil)	50	11.29	22.02.2010	Nil	NA
Sh. Om Prakash	Project Manager	Diploma(Civil)	43	10.63	01.09.2004	Nil	NA
Sh. Ashok Kumar	Manager	B.Sc.	45	8.91	27.08.2001	Nil	NA
Sh. Bhagwan Singh Negi	Chief Financial Officer	B.Com	55	8.52	11.11.1989	50	NA
Smt. Gurpreet Kaur	Company Secretary	B.Com ,CS	41	8.42	19.06.2002	50	NA
Sh. Atul Sharma	Chartered Accountant	C.A.	34	8.10	21.07.2017	Nil	NA

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2018**

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

**I. REGISTRATION & OTHER DETAILS:**

i. CIN	L00000CH1983PLC031318
ii. Registration Date	16/02/1983
iii. Name of the Company	SAB INDUSTRIES LIMITED
iv. Category/Sub-category of the Company	PUBLIC LIMITED
v. Address of the Registered office & contact details	SCO 49-50, SECTOR 26, MADHYA MARG, CHANDIGARH-160019. TEL: +91-0172-2792385, 2793112 FAX: +91-0172-2794834
vi. Whether listed company	LISTED COMPANY
vii. Name, Address & contact details of the Registrar & Transfer Agent, if any	M/S LINK INTIME INDIA PVT. LIMITED A-44, COMMUNITY CENTRE, 2ND FLOOR, NEAR PVR, NARAINA INDUSTRIAL AREA, PH-1, NEW DELHI 110028. PH.: 011-41410592-94

**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	Construction and Engineering, Real Estate, Information Technology and Trading	9972	100%

**III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES -**

- (i) The company is not having any holding, subsidiary or Joint Venture Company.  
(ii) Particulars of Associate Company are as under:

S.No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	SAB Udyog Limited	U65921CH1989PLC009584	Associate	40.99	2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 April 2017]				No. of Shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	5208344	-	5208344	34.29	5208344	-	5208344	34.29	-
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt(s)									
d) Bodies Corp.	5975012	-	5975012	39.34	5975012	-	5975012	39.34	
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>	11183356	-	11183356	73.63	11183356	-	11183356	73.63	-

<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	
b) Banks / FI	17401	34802	52203	0.34	17401	-	17401	0.11	(0.23)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	17401	34802	52203	0.34	17401	-	17401	0.11	(0.23)
<b>2. Non-Institutions</b>									
a) Bodies Corp.	3804600	18501	3823101	25.17	3825859	1100	3825859	25.20	0.03
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs2 lakh	45332	33619	78951	0.52	92640	33214	125854	0.83	0.31
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	50761	-	50761	0.33	-	34802	34802	0.23	(0.10)
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies- D R									
<b>Sub-total (B)(2):-</b>	3900653	86922	3987615	26.25	3918499	69116	3987615	26.25	0.24
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3918094	86922	4005016	26.37	3935900	69116	4005016	26.37	0.01
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	15101450	86922	15188372	100.00	15119256	69116	15188372	100.00	0.01

**(ii) Shareholding of Promoter**

S.No.	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	Shri R K Garg	3404020	22.41	-	3404020	22.41	-	-
2	Shri R K Garg & Sons (HUF)	80000	0.53	-	80000	0.53	-	-
3	Smt. Sunena Garg	336508	2.22	-	336508	2.22	-	-
4	Shri Dheeraj Garg	1307808	8.61	-	1307808	8.61	-	-
5	Ms. Priya Garg	80008	0.53	-	80008	0.53	-	-
6	Steel Strips Industries Ltd.	805172	5.30	-	805172	5.30	-	-
7	Steel Strips Holding Pvt. Ltd.	1200060	7.90	-	1200060	7.90	-	-
8	Steel Strips Fin. Pvt. Ltd.	1200060	7.90	-	1200060	7.90	-	-
9	S S Credits Pvt. Ltd.	9000	0.06	-	9000	0.06	-	-
10	Munak Financiers Pvt. Ltd.	1560720	10.28	-	1560720	10.28	-	-
11	Munak Investments Pvt. Ltd.	1200000	7.90	-	1200000	7.90	-	-
		11183356	73.63	-	11183356	73.63	-	-

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**  
There is no change during the year.

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

SN	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Bloomen Flora Ltd.	1336438	8.80	1336438	8.80
2.	Steel Strips Wheels Invt. Ltd.	1214630	8.00	1214630	8.00
3.	Priya Tools Pvt. Ltd.	1214632	8.00	1254632	8.26
4.	ICICI Bank Limited	52203	0.34	52203	0.34
5.	Amrex Marketing Pvt. Ltd.	17401	0.11	17401	0.11
6.	Manoj Kumar M	10000	0.07	10000	0.07
7.	Dipikaben Dineshbhai Patel	-	-	7039	0.05
8.	Dineshkumar Chandulal Patel	-	-	6422	0.04
9.	ED Varkey	-	-	5601	0.04
10.	Patel Ushaben Dineshbhai	-	-	4775	0.03

\* The shares of the Company are traded on a daily basis and hence the date wise increase/ decrease in shareholding is not indicated.



## (v) Shareholding of Directors and Key Managerial Personnel:

SN	Folio/Beneficiary Account No.	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
					No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	IN300476-10368502	Sh. R K Garg	01.04.2017	At the beginning of the year	3404020	22.41	3404020	22.41
			31.03.2018	At the end of the year	3404020	22.41	3404020	22.41
2.	IN303028 52224288	Sh. Avinash Sharma	01.04.2017	At the beginning of the year	50	-	50	-
			31.03.2018	At the end of the year	50	-	50	-
3.	IN301774 12825514	Sh. Sanjay Garg	01.04.2017	At the beginning of the year	50	-	50	-
			31.03.2018	At the end of the year	50	-	50	-
4.	IN300206-10205235	Sh. H K Singhal	01.04.2017	At the beginning of the year	70	-	70	-
			31.03.2018	At the end of the year	70	-	70	-

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,870.56	-	-	1,870.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	1,870.56	-	-	1,870.56
<b>Change in Indebtedness during the financial year</b>				
* Addition	1,128.05	500	-	1,628.05
* Reduction	394.41	-	-	394.41
<b>Net Change</b>	733.64	500	-	1,233.64
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,604.20	500	-	3,104.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	2,604.20	500	-	3,104.20

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S.No.	Particulars of Remuneration	Shri Avinash Sharma (WTD)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39,00,000	39,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,70,000	6,70,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others, please specify (Sitting Fee)	-	-
	Total (A)	45,70,000	45,70,000
	Ceiling as per the Act	5 % of Net Profit of the Company/as per Schedule V of the Companies Act.	

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Sh. S S Viridi	Sh. Kanwarjit Singh	Smt. Manju Lakhanpal	Smt. Tejinder Kaur	
1	Independent Directors					
	Fee for attending board/ committee meetings	1,40,000	20,000	1,40,000	1,00,000	4,00,000
	Commission					
	Others, please specify					
	Total (1)	1,40,000	20,000	1,40,000	1,00,000	4,00,000
2	Other Non-Executive Directors	Sh. R K Garg	Sh. H K Singhal	Sh. Sanjay Garg		
	Fee for attending board/ committee meetings	1,00,000	90,000	1,00,000		2,90,000
	Commission					
	Others, please specify					
	Total (2)	1,00,000	90,000	1,00,000		2,90,000
	<b>Total (B)=(1+2)</b>					<b>6,90,000</b>
	Total Managerial Remuneration	Nil				
	Overall Ceiling as per the Act.	Not Applicable as only sitting fees paid				

**C. Remuneration to KMP other than MD/Manager/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel	
		CS (Ms. Gurpreet Kaur)	CFO (Mr. Bhagwan Singh Negi)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,42,000	8,52,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify..	-	-
5	Others, please specify	-	-
	Total	8,42,000	8,52,000

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

## MACRO ECONOMIC REVIEW

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th amongst 160 countries. The logistics sector in India is expected to increase at a Compound Annual Growth Rate (CAGR) of 10.5 per cent, from US\$ 160 billion in 2017 to US\$ 215 billion by 2020.

## Investments

India has a requirement of investment worth ₹ 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space and developing Smart Cities.

## Govt. Initiatives for the Sector

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport.

The Government of India is taking every possible initiative to boost the infrastructure sector. Some of the steps taken in the recent past are being discussed hereafter.

## Announcements in Union Budget 2018-19:

- Massive push to the infrastructure sector by allocating ₹ 5.97 lakh crore (US\$ 92.22 billion) for the sector.
- Railways received the highest ever budgetary allocation of ₹ 1.48 trillion (US\$ 22.86 billion).
- ₹ 16,000 crore (US\$ 2.47 billion) towards Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme. The scheme aims to achieve universal household electrification in the country.
- ₹ 4,200 crore (US\$ 648.75 billion) to increase capacity of Green Energy Corridor Project along with other wind and solar power projects.
- Allocation of ₹ 10,000 crore (US\$ 1.55 billion) to boost telecom infrastructure.

The 90 smart cities short listed by the Government of India have proposed projects with investments of ₹ 1,91,155 crore (US\$ 30.02 billion) which include Projects Focusing on Revamping an Identified Area (Area Based Projects) with investment of ₹ 1,52,500 crore (US\$ 23.95 billion).

## A. OPPORTUNITIES AND STRENGTHS

The Company has a well diversified business portfolio spread across various business verticals viz., Buildings & Housing, Roads, Water & Environment, Irrigation, Power and Railways. The Company has significant experience in construction sector and is recognized as one of the key construction players in the country. It has carried out variety of projects across the country. The Company is recognized for timely completion of projects within budgets. Our core strength is our people who carry several years of industry experience in various domains including engineering, design, construction, procurement, planning, etc.

During the year 2017-18, the Company earned revenue of ₹ 3270.71 lakhs, and expect to do better during the current year.

## B. FINANCIAL PERFORMANCE

During the year under review, there is no change in capital of the Company. Other Equity of the Company have gone up from ₹ 14474.30 lakhs to ₹ 16572.25 lakhs in 2017-18 as there is an accumulated gain of ₹ 2057.59 lakhs on account of fair valuation of equity investments etc., through other comprehensive income.

## C. OPERATIONAL PERFORMANCE

There has been an increase in the Revenue from operations of the Company from ₹ 1933.23 lakhs to ₹ 2933.78 lakhs. The other income of the Company has declined from ₹ 818.96 lakhs to ₹ 336.93 lakhs. Other income comprises of dividend income, interest on bank deposits, agriculture receipts and miscellaneous. The Company's operations during the year under review have resulted in a net profit of ₹ 40.35 lakhs as against ₹ 455.17 lakhs in the previous year resulting in decline in net profits of the Company. This decrease in net profits is due to lower interest income and claims.

## D. INTERNAL CONTROL SYSTEM

The Company has effective and robust system of internal controls to help management review the effectiveness of the financial and operating controls and assurance about adherence to company's laid down systems and procedures. Proper controls are in place, which are reviewed at regular intervals to ensure that transactions are properly authorized & correctly reported and assets are safeguarded. The Audit Committee periodically reviews the findings and recommendations of the Auditors and takes necessary corrective actions as deemed necessary.

## E. RISKS AND CONCERNS

The Company has a robust Enterprise Risk Management process in place, which is a holistic, integrated and structured approach to manage risks with the objective of maximizing shareholders' value.

The risk management process broadly consists of identification, assessment, mitigation, prioritization and monitoring of risks. The ERM process allows the company to:

- Enhance confidence in achieving its desired goals and objectives
- Effectively restrain threats to acceptable levels
- Take informed decisions about exploiting opportunities

Owing to the nature of the industry the Company operates in, it is exposed to a variety of risk factors which are broadly categorized into technical, physical, construction, performance and legal risks.

A tight risk process is carried out from pre-bid to project completion stage to manage, mitigate and monitor these risks by adopting specific risk mitigation measures. During the year, the Board has reviewed the process and the Risks that have been identified for the business. Some of these key risks that the Company faces along with their mitigation strategies adopted are listed below:

Risk Type	Key Risks	Risk Impact	Risk Mitigation Strategy
Technical Risks	Incomplete Design	High	<ul style="list-style-type: none"> <li>Carrying out extensive due diligence during the project bid phase</li> <li>Bidding for those works which are closely aligned with our core strengths</li> </ul>
	Inadequate Specifications	High	<ul style="list-style-type: none"> <li>Carrying out exhaustive due diligence before and during the bid phase</li> <li>Incorporating contingency for inadequate specifications in the price bids</li> <li>Engaging with clients and their representatives on a regular basis</li> </ul>
	Insufficient Resources of Construction Materials	Medium	<ul style="list-style-type: none"> <li>Strong and efficient resources planning, both at the corporate and project levels.</li> <li>Strong management of vendors and subcontractors</li> <li>Carrying out due diligence on vendors and sub-contractors before entering into agreements with them</li> </ul>
Physical Risks	Equipment Damage/ Failure	Medium	<ul style="list-style-type: none"> <li>Own a sizeable equipment base, specifically those, which are frequently used in our operations thus reducing dependence on equipment vendors</li> <li>Following a strict preventive and corrective maintenance schedule</li> <li>Strong relationship with equipment vendors for renting equipment</li> <li>Strong management of equipment vendors including rating their performance</li> </ul>
	Labor Injuries	Low	<ul style="list-style-type: none"> <li>Strong implementation and monitoring of health and safety protocols to prevent injuries</li> <li>Designated safety personnel at sites.</li> <li>Periodical reporting on safety and health issues</li> <li>Conducting training programs on health and safety issues</li> </ul>
Construction Risks	Labour Productivity	Medium	<ul style="list-style-type: none"> <li>Ensure safe, clean and hygienic work environment at all work locations.</li> <li>Strong track record in maintaining labour.</li> <li>Regular monitoring and ensuring strong controls to ensure adherence to timelines and quality</li> </ul>
	Theft	Low	<ul style="list-style-type: none"> <li>Strong monitoring and control to prevent theft</li> <li>Penalizing defaulters without exception</li> </ul>
Performance Risks	Achieving Required Quality	Medium	<ul style="list-style-type: none"> <li>Regular inspection of works and reporting to clients</li> <li>Strong adherence to specifications and timelines</li> <li>Constant engagement with clients and their representatives</li> <li>Reliable Quality assurance programs</li> </ul>
	Meeting Client Expectations	Medium	<ul style="list-style-type: none"> <li>Experienced workforce, Regular engagement with clients</li> <li>Response mechanisms to address issues raised by clients and their representatives</li> </ul>
Legal Risks	Claims, Disputes & Litigations	Medium	<ul style="list-style-type: none"> <li>Engagement with clients to capture and address litigious issues upfront</li> <li>Proper and thorough documentation on each project from the pre bid stage</li> <li>In-house Contracts and Claims team.</li> <li>Legal firm onboard to handle pre -legal claims and/or litigations Keeping ourselves abreast on regulatory issues</li> </ul>

**Cautionary Statement:**

Statements in this report on Management Discussion and Analysis describing the Company's Objectives, projections, estimates, expectations or predictions may be "forward looking" within the meaning of applicable Securities laws and regulations. Actual results could differ materially from those expressed or implied

For and on behalf of Board of Directors

Place: Chandigarh  
Date: 30.05.2018

**AVINASH SHARMA**  
Executive Director  
DIN-02371722

**SANJAY GARG**  
Director  
DIN-00030956

**REPORT ON CORPORATE GOVERNANCE**

The Company continuously strives to attain high levels of corporate performance, accountability, transparency, responsibility and fairness in all aspects of its operations. Transparency in all dealings and providing better services without compromising in any way on integrity and regulatory compliances have been the basic objectives of corporate governance in the Company.

The Company is in Compliance with the requirements stipulated under Schedule V of SEBI (LODR) Regulations, 2015 and with the Listing Regulations entered into with the Stock Exchanges, with regard to corporate governance.

**BOARD OF DIRECTORS**

- i. As on March 31, 2018, the Company has eight Directors including a Non-Executive Chairman. Of the eight Directors, seven are Non-executive Directors of which, four are Independent Directors. The composition of the Board is in conformity with Regulation 17(1) of SEBI (LODR) Regulations, 2015
- ii. During the year under review, 5 Board Meetings were held, one each on 30th May 2017, 14th August 2017, 14th November 2017, 25th November 2017 and 14th February 2018 and the gap between two meetings did not exceed one hundred twenty days. The necessary quorum was present for all the meetings.
- iii. None of the Directors on the Board held Directorships in more than ten Public Companies. Further, none of them is a member of more than ten Committees or Chairman of more than five Committees across all the Public Companies in which he was a Director. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2018 have been made by the Directors.
- iv. Independent Directors are Non-executive Directors as defined under Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149 of the Act.
- v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Public Companies as on March 31, 2018 are given below. Other Directorships do not include Directorships of Private Limited Companies, Section 8 Companies and of Companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit Committee and Stakeholders' Relationship Committee.

**The detail of Board Meetings, number of Directorships and Committee Memberships held by Directors**

Name of Director and Designation	Category	No. of Board meetings held during the year 2017-18		Whether attended last AGM held on 28 <sup>th</sup> September, 2017	No. of Directorships in other Public Companies		No. of Committee positions held in other public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Sh. R.K.Garg, Chairman DIN 00034827	Non-Executive – Non Independent Director, Chairman	5	5	No	3	2	-	-
Sh. Avinash Sharma DIN 02371722	Executive Director	5	5	No	-	3	-	-
Sh. S S Virdi DIN 00035408	Non-Executive - Independent Director	5	5	Yes	-	3	3	2
Sh. Sanjay Garg DIN 00030956	Non-Executive - Non Independent Director	5	5	No	-	6	-	1
*Sh. Kanwarjit Singh DIN 02116031	Non-Executive - Independent Director	5	1	No	-	-	-	-
Smt. Tejinder Kaur DIN 00512377	Non-Executive - Independent Director	5	5	No	-	2	-	1
Sh. H.K. Singhal DIN 00044328	Non-Executive - Non Independent Director	5	3	Yes	-	5	-	4
Smt. Manju Lakhanpal DIN 07130592	Non-Executive - Independent Director	5	5	-	-	3	2	2



\* Shri Kanwarjit Singh was appointed as Independent Director at the Annual General Meeting of the Company held on 28.09.2017.

- vi. During the year, a separate meeting of the Independent Directors was held inter-alia to review the performance of Non-independent Directors and the Board as a whole. The Company has adopted a familiarization programme for the Independent Directors, which has been displayed on the website of the Company.
- vii. The Board periodically reviews compliance reports of all laws applicable to the Company and steps are taken the instances of non-compliance, if any.

#### **COMMITTEES OF DIRECTORS**

The Board has constituted committees of Directors to deal with matters, which need quick decisions and timely monitoring of the activities falling within their terms of reference. The Board Committees are as follows:

#### **AUDIT & COMPLIANCE COMMITTEE**

The Audit & Compliance Committee comprises of three Non-executive Directors, Shri S S Viridi, Smt Manju Lakhanpal and Shri H K Singhal. During the year, the committee held four meetings, one each on 30th May 2017, 14th August 2017, 14th November 2017 and 14th February 2018.

The terms of reference of the Audit & Compliance Committee are in accordance with Section 177 of the Companies Act, 2013 and part C of Schedule II of SEBI (LODR) Regulations, 2015 and inter-alia include the following:

- a) Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- b) Recommending appointment and removal of external auditors and fixing of their fees.
- c) Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- d) Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.
- e) Reviewing the adequacy of internal control systems and significant audit findings.
- f) Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- g) Evaluation of internal financial controls and risk management systems
- h) To review the functioning of whistle blower mechanism.
- i) Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company has a Nomination and Remuneration Committee of Directors. The Nomination and Remuneration Committee comprises of three non executive Directors viz Shri S S Viridi, Smt. Manju Lakhanpal, and Shri H K Singhal. The committee has been constituted to review and recommend compensation payable to the Whole-time Directors and Senior Management of the Company. The committee reviews the overall compensation structure and policies of the Company with a view to attract, retain and motivate employees, reviewing compensation levels of the Company vis-à-vis other Companies and industry in general in line with Remuneration Policy. During the year, the committee held two meetings.

#### **REMUNERATION POLICY**

The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. Through its compensation programme, the company endeavour to attract, retain, develop and motivate high performance workforce. The company pays remuneration by way of salary, benefits, perks, perquisite and allowances to its employees.

#### **REMUNERATION OF DIRECTORS**

Shri Avinash Sharma is Whole time director of the Company. His particulars and details of remuneration paid are as under:

	Shri Avinash Sharma
-Designation	Executive Director
-Last appointed on	01/04/2018 subject to the approval of members of the company.
-Term	Five years
- Salary	₹3,57,000/- per month
	Rent free unfurnished accommodation
- Commission	5% of net profit as calculated under the provisions of Companies Act, 2013 inclusive of remuneration mentioned above.

In addition to the above, the Executive Director shall also be eligible for the following perquisites, which shall not be included for computation of the ceiling as specified.

- Reimbursement of medical bills up to one months' basic salary in a year, or upto three months' salary in a period of three years;
- Contribution to Provident Fund @ 12% of basic salary;
- Gratuity - Not exceeding half month's basic salary for each completed year of service, subject to Gratuity Act;
- Earned Leave - As per Company's Rules (unused portion of the earned leave accumulated as per Company rules may be encashed at the end of the tenure, including extension in tenure, if any.);
- Chauffeur Driven Car and Telephone at the residence for official use (the private use of car and telephone shall be billed by the Company to the appointee)

The remuneration is in conformity with Schedule V of the Companies Act, 2013. Other non-executive Directors are paid sitting fee of ₹20000/- for each Meeting of the Board, and ₹10000/- for each Meeting of the Audit Committee attended by them. The Company also reimburses the out of pocket expenses incurred by the Directors for attending meetings.

**EMPLOYEES STOCK OPTION (ESOP)**

The Company does not have any employee stock option scheme.

**DETAILS OF EQUITY SHARES OF THE COMPANY HELD BY THE DIRECTORS AS ON 31ST MARCH 2018**

NAME	NO OF SHARES
SH. R. K GARG	3404020
SH. H K SINGHAL	70
SH. SANJAY GARG	50
SH. AVINASH SHARMA	50

**SECRETARIAL COMMITTEE**

The Secretarial Committee approves and monitors transfers, transmission, splitting and consolidation of shares of the company. The Secretarial Committee is comprised of Shri Avinash Sharma, Executive Director and Shri H.K. Singhal, Director. The Secretarial Committee of the company meets as often as required. The Committee met two times during the year.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

- The Company has a Secretarial Committee/ Investors Grievances Committee of Directors to look after redressal of complaints/ grievances of investors. The nomenclature of the said committee was changed to Stakeholders Relationship Committee in light of provisions of the Act and Regulation 20 of SEBI (LODR) Regulations, 2015. The Composition of Stakeholders Relationship Committee comprises of Shri S S Virdi as Chairman, Shri H K Singhal and Shri Sanjay Garg, as members. The Committee monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends, dematerialization of shares etc. The Company attends to most of the investor's grievances/ correspondence within a period of 10 days from the date of receipt, except in cases constrained by disputes or legal impediment.
- Details of Complaints received and redressed:

Opening Balance	Received during the year	Resolved during the year	Closing balance
Nil	-	-	Nil

**GENERAL BODY MEETINGS**

Venues & time of previous meetings of shareholders, including three Annual General Meetings:

Nature of Meetings	Day	Date	Time	Venue
AGM	Thursday	28.09.2017	4:00 p.m.	At Regd Office at SCO 49-50, Sector 26, Madhya Marg, Chandigarh.
AGM	Friday	30.09.2016	10:30 a.m.	Same as above
AGM	Wednesday	30.09.2015	10:30 a.m.	Same as above

No special resolutions were put through Postal Ballot during last year, as there was no such item, which required to be passed through Postal Ballot. The Company did not have any outstanding GDRs/ADRs as at 31<sup>st</sup> March 2018.

**DISCLOSURES:**

- The transactions with the Companies, where the Directors of the Company were interested, were in the normal course of business and there were no materially significant related party transactions that might have had potential conflict with the interest of the Company at large. The Policy on dealing with Related Party Transactions as approved by the Board is posted on the website of the Company.
- The Company has framed a Whistle Blower Policy, details of which are available on the Company's website.
- Shri R K Garg is also the Chairman of Steel Strips Wheels Ltd., Steel Strips Infrastructures Ltd. Steel Strips Ltd., Managing Director of Indian Acrylics Ltd. and Director of Indlon Chemicals Ltd., SAB Developers Pvt. Ltd.  
The group headed by Shri R K Garg & Family members, namely Shri R K Garg & Sons (HUF), Smt. Sunena Garg, Ms. Priya Garg and Shri Dheeraj Garg comprises of the following companies:  
Indian Acrylics Ltd., SAB Industries Ltd., Steel Strips Wheels Ltd., Steel Strips Ltd., Steel Strips Infrastructures Ltd., Steel Strips Industries Ltd., Indlon Chemicals Ltd., SAB Developers Pvt. Ltd., Malwa Chemtex Udyog Ltd., S.S. Credits Pvt. Ltd., S.J. Mercantile Pvt. Ltd., Indian Acrylics Investments Ltd., Malwa Holdings Pvt. Ltd., Steel Strips Mercantile Pvt. Ltd., Steel Strips Financiers Pvt. Ltd., Steel Strips Holdings Pvt. Ltd., Munak International Pvt. Ltd., Munak Financiers Pvt. Ltd., Munak Investments Pvt. Ltd., S.A.B. Udyog Ltd., Chandigarh Developers Pvt. Ltd. and DHG Marketing Pvt. Ltd.
- There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

**INSIDER TRADING**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, as amended, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". Ms. Gurpreet Kaur, Company Secretary of the Company had been appointed as the Compliance Officer for this purpose. The Code is applicable to all such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company as well as to all Directors.

**MEANS OF COMMUNICATION**
**Quarterly Results:**

The quarterly financial results are regularly published in Financial Express/ Business Standard and Jansatta. All price sensitive information is made available at the earliest under intimation to Stock Exchanges.

**GENERAL SHAREHOLDER INFORMATION**

Annual General Meeting: To be held on Friday, 28th day of September 2018 at Regd. Office of the Company.

**FINANCIAL CALENDER (Tentative)**

Results for quarter ending June 2018	: Second week of Aug., 2018
Results for quarter ending Sept. 2018	: Second week of Nov., 2018
Results for quarter ending Dec. 2018	: Second week of Feb., 2019
Results for quarter ending March 2019	: Last week of May, 2019
Date of Book Closure	: 22.09.2018 to 28.09.2018
Dividend Payment Date	: Not Applicable
Scrip Code on BSE	: 539112

**Distribution of shareholding as on 31st March 2018**

Share holding of		Shareholders		Share Amount	
Face Value of ₹10/-	Face Value of ₹10/-	Number	%age to Total	In ₹	%age to Total
1	To 500	503	93.49	3,62,430	0.24
501	To 1000	6	1.12	47,060	0.03
1001	To 2000	5	0.93	67,960	0.04
2001	To 3000	-	-	-	-
3001	To 4000	1	0.19	39,900	0.03
4001	To 5000	2	0.37	83,160	0.06
5001	To 10000	3	0.56	2,90,000	0.19
10001	and Above	16	3.34	15,09,93,210	99.41
		536	100.00	15,18,83,720	100.00

**Shareholding Pattern as on 31st March, 2018**

S.NO.	PARTICULARS	NO. OF SHARES	(%)
1.	Promoter & Persons Acting in Concert	11183356	73.63
2.	Bodies Corporate	3841469	25.20
3.	Financial Institutions, Banks & Mutual Funds	17401	0.11
4.	General Public	160656	1.06
	TOTAL SHAREHOLDING	15188372	100.00

**STOCK MARKET DATA**

(₹/ PER SHARE)					
BOMBAY STOCK EXCHANGE					
MONTH	MONTH'S HIGH	MONTH'S LOW	NO. OF SHARES	NO. OF TRADES	NET TURNOVER (₹)
April -17	37.00	30.70	53227	208	18,50,219
May -17	37.00	30.10	26298	150	8,95,166
June -17	52.15	33.65	14829	209	6,55,129
July -17	51.00	39.20	2101	44	93,511
August -17	52.15	39.10	3210	47	1,46,971
September -17	52.15	47.00	8917	85	4,62,952
October -17	89.15	54.75	14654	237	11,71,257
November -17	89.15	68.15	11683	224	9,18,218
December -17	92.50	70.00	4869	110	3,93,821
January -18	82.00	63.50	9156	158	6,74,406
February -18	77.00	63.00	1178	47	81,965
March -18	67.40	60.00	305	13	18,792

**DEMATERIALIZATION OF SHARES AND LIQUIDITY:**

The Company's script forms part of the "Compulsory demat segment" for all investors. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) through the Registrar M/s Link Intime India Pvt. Limited, 44, Community Centre, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase I, Near PVR Naraina, New Delhi 110028.

Phone +911141410592-94, Fax- +911141410591, Email:delhi@linkintime.co.in

The Company has also appointed them as Common Agency to look after dematerialization of shares as well as for physical transfer of shares. Members are requested to address all their correspondence to the Registrar at the above address.

As on 31.03.2018, 15119256 (99.54%) equity shares of the Company were held in demat form and the 254 shareholders held shares in dematerialized form. Demat ISIN Number allotted to the Company by NSDL for equity shares is INE137M01017.

**CORPORATE IDENTIFICATION NUMBER (CIN):** L00000CH1983PLC031318

**NAME, DESIGNATION, ADDRESS & E-MAIL OF COMPLIANCE OFFICER:**

Ms. Gurpreet Kaur, Company Secretary & Compliance Officer  
SAB INDUSTRIES LIMITED  
Corporate Office: S.C.O. 49-50, Sector – 26, Madhya Marg,  
Chandigarh-160019

E-mail: [gurpreet@sabindustries.in](mailto:gurpreet@sabindustries.in)

**ADDRESS FOR CORRESPONDENCE & REGISTERED OFFICE:**

SCO 49-50, Sector 26, Madhya Marg, Chandigarh – 160 019.  
Phone No. 0172-2793112, 2792385, 2790979, Fax No. 0172-2794834, 2790887  
Designated E-Mail address for Investor Services: [ssl\\_ssg@glide.net.in](mailto:ssl_ssg@glide.net.in)  
Website : [www.sabindustries.in](http://www.sabindustries.in)

Place: Chandigarh  
Date: 30 May, 2018

**SANJAY GARG**  
Director  
DIN: 00030956

On behalf of Board of Directors

**AVINASH SHARMA**  
Executive Director  
DIN-02371722

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for Director & Senior Management of the Company, the Code of Conduct is available on the website.

I confirm that the Company has in respect of the financial year ended March 31, 2018 received from the senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of conduct applicable to them.

For SAB Industries Limited

Place: Chandigarh  
Date: 30.05.2018

Avinash Sharma  
Executive Director

**CERTIFICATE OF CORPORATE GOVERNANCE**

We have examined the Company's compliance of conditions of Corporate Governance by SAB Industries Limited for the year ended on 31st March 2018 as stipulated in Schedule V of SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company, we certify that the Company complied with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015.

For **AKR & Associates**  
Chartered Accountants  
Firm's Registration No.: 021179N

Place: Chandigarh  
Dated: 30th May 2018

**Kailash Kumar**  
Partner  
Membership No.: 505972

**CEO'S/CFO'S Certificate  
WHOMSOEVER IT MAY CONCERN**

In Compliance to Regulation 17(8) of SEBI (LODR) Regulations, 2015, we certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volative of the Company's Code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
  - i significant changes in internal control over financial reporting during the year,
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SAB Industries Limited

Place: Chandigarh  
Date: 22.05.2018

**BHAGWAN SINGH NEGI**  
Chief Financial Officer

**AVINASH SHARMA**  
Executive Director



**INDEPENDENT AUDITORS' REPORT**

To  
Board of Directors of **SAB INDUSTRIES LIMITED**

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying Ind AS financial statements of **SAB Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

2. 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 Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. 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.
5. 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 Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 Ind AS financial statements.

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

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 2018**, its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

**10. 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 Ind AS financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.;
- e. on the basis of the written representations received from the directors as on **31st March 2018** and taken on record by the Board of Directors, none of the directors is disqualified as on **31st March 2018** from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **AKR & Associates**  
Chartered Accountants  
Firm's Registration No.: 021179N

**Kailash Kumar**  
Partner  
Place : Chandigarh  
Date : 30th May 2018  
Membership No.: 505972

**Annexure A to the Independent Auditors' Report of even date to the members of SAB INDUSTRIES LIMITED on the financial statements for the year ended 31st March, 2018.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS Financial Statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the said Order are not applicable to the company.
- (iv) The Company has not granted any loan or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Therefore, the provisions of clauses 3(iv) of the said Order are not applicable to the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the said Order are not applicable to the company.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, GST, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or Government or to debenture-holders during the year.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Money raised by way of term loans were applied for the purposes for which those are raised.
- (x) No fraud on or by the Company has been noticed or reported during the period covered by our audit.
- (xi) The Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) As the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the order are not applicable to the company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The detail of such related party transactions have been disclosed in the Ind AS Financial Statements as required under Indian accounting standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the order are not applicable to the company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company.

**For AKR & Associates**  
Chartered Accountants  
Firm's Registration No.: 021179N

**Kailash Kumar**  
Partner  
Membership No.: 505972

Place : Chandigarh  
Date : 30th May 2018

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SAB INDUSTRIES LIMITED for the year ended 31st March, 2018**

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act.**

1. We have audited the internal financial controls over financial reporting of **SAB Industries Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. 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 (ICAI). 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 act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the company's internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial control over financial reporting (the "Guidance Notes") and the standards on auditing deemed to be prescribed under section 143(10) of the act 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 ICAI. Those standards and the guidance notes require that we comply with ethical requirements and planned and performed the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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 system over financial reporting included obtaining an understanding of internal financial controls system over financial reporting, assessing the risks that material weakness exists, and testing and evaluating the design and operating effectiveness of the internal control based on the assessed risk. The procedure selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the Ind AS Financial Statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained in our audits 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**

6. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls 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 Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorization 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 Ind AS Financial Statements.

**Inherent Limitation of Internal financial controls over financial reporting**

7. Because of the Inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management over-ride of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluations of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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**

8. In our opinion, the company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018 based on the internal financial controls 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 AKR & Associates**

Chartered Accountants

Firm's Registration No.: 021179N

**Kailash Kumar**

Partner

Membership No.: 505972

Place : Chandigarh  
Date : 30th May 2018

**BALANCE SHEET AS AT 31st MARCH, 2018**

Particulars	Note No	As on 31.03.2018 (₹)	As on 31.03.2017 (₹)	As on 01.04.2016 (₹)
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>	1			
(a) Property, plant and equipment		22,10,69,408	20,07,32,136	19,47,24,236
(b) Capital Work In Progress		3,34,53,501	-	-
(c) Financial Assets				
- Investments		1,64,61,70,661	1,36,86,86,569	66,60,39,475
- Loans		1,25,00,001	1,25,00,000	1,25,00,000
(d) Deferred tax assets (net)		(30,40,43,000)	(23,03,60,126)	31,04,769
<b>Total Non-current assets</b>		<b>1,60,91,50,571</b>	<b>1,35,15,58,579</b>	<b>87,63,68,480</b>
<b>(2) Current assets</b>	2			
(a) Inventories		43,25,36,831	38,49,46,219	38,54,19,943
(b) Financial Assets				
- Trade receivables		17,717	3,487	12,98,137
- Cash and Cash Equivalents		10,69,18,276	5,16,53,114	2,97,52,925
(c) Current Assets (Net)		7,57,87,350	17,29,22,185	17,81,11,727
(d) Other current assets		5,59,70,326	6,53,99,782	6,40,34,233
<b>Total Current assets</b>		<b>67,12,30,500</b>	<b>67,49,24,787</b>	<b>65,86,16,965</b>
<b>TOTAL ASSETS</b>		<b>2,28,03,81,071</b>	<b>2,02,64,83,366</b>	<b>1,53,49,85,445</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>	3			
(a) Share Capital		15,18,83,720	15,18,83,720	15,18,83,720
(b) Other Equity		1,65,72,25,185	1,44,74,30,776	93,05,58,747
<b>Total Equity</b>		<b>1,80,91,08,905</b>	<b>1,59,93,14,496</b>	<b>1,08,24,42,467</b>
<b>Liabilities</b>				
<b>(1) Non-Current Liabilities</b>	4			
(a) Financial Liabilities				
- Borrowings		19,08,61,553	16,06,10,601	18,09,84,713
(b) Provisions		92,36,132	2,12,17,320	2,12,14,176
(c) Other non current liabilities		4,01,99,636	5,23,38,980	4,84,59,441
<b>Total Non-Current Liabilities</b>		<b>24,02,97,321</b>	<b>23,41,66,901</b>	<b>25,06,58,330</b>
<b>(2) Current Liabilities</b>	5			
(a) Financial Liabilities				
- Borrowings		7,47,72,831	1,61,70,088	4,18,09,197
- Trade payables		2,49,83,434	52,41,811	65,05,214
(b) Other Financial liabilities		12,45,08,700	15,05,89,159	12,18,12,935
(c) Provisions		67,09,880	2,10,00,911	3,17,57,302
<b>Total Current Liabilities</b>		<b>23,09,74,845</b>	<b>19,30,01,969</b>	<b>20,18,84,648</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,28,03,81,071</b>	<b>2,02,64,83,366</b>	<b>1,53,49,85,445</b>
<b>Significant Accounting Policies Notes on Financial Statements</b>	1 to 13			

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

for AKR & Associates  
Chartered Accountants  
(Registration No.021179N)

Kailash Kumar  
Partner  
Membership No.505972

AVINASH SHARMA  
Executive Director

GURPREET KAUR  
Company Secretary

TEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
Directors

Place : Chandigarh  
Dated : 30.05.2018

## STATEMENT OF PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

PARTICULARS	NOTE NO.	As on 31.03.2018 (₹)	As on 31.03.2017 (₹)
I. Revenue from operations	6	29,33,77,968	19,33,23,869
II. Other Income	7	3,36,93,300	8,18,96,349
<b>III. Total Revenue (I +II)</b>		<b>32,70,71,268</b>	<b>27,52,20,218</b>
<b>IV. EXPENSES :</b>			
Cost of materials consumed	8	11,71,58,145	10,21,09,796
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work in-progress and Stock-in-Trade	9	(3,60,40,000)	10,05,000
Employee benefit expense	10	3,23,22,044	2,22,06,493
Financial costs	11	2,35,46,323	1,58,30,050
Depreciation and amortization expense	1 (a)	45,30,135	23,52,610
Other expenses	12	17,85,93,871	7,99,05,014
<b>Total Expenses</b>		<b>32,01,10,518</b>	<b>22,34,08,963</b>
<b>V. Profit /Loss (-) before tax</b>		<b>69,60,750</b>	<b>5,18,11,255</b>
VI. Tax expense:			
(1) Current tax		6,00,000	56,50,000
(2) Deferred tax Liability / (Assets)	1(d)	23,25,367	6,43,294
<b>VII. Profit for the year</b>		<b>40,35,383</b>	<b>4,55,17,961</b>
<b>VIII. OTHER COMPREHENSIVE INCOME</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans		(6,69,673)	1,42,101
- Gain on Fair Valuation of Equity Instruments carried at at Fair Value through Profit & Loss		27,77,86,206	70,40,33,568
(ii) Income tax relating to items that will not be reclassified to profit or loss asset/(liability)		(7,13,57,507)	(23,28,21,601)
		<b>20,57,59,026</b>	<b>47,13,54,068</b>
<b>IX. Total comprehensive Income for the year (VII+VIII)</b>		<b>20,97,94,409</b>	<b>51,68,72,029</b>
<b>EARNING PER SHARE-BASIC AND DILUTED (Face Value of ₹ 10/- per share)</b>		<b>0.27</b>	<b>3.00</b>

Significant Accounting Policies Notes on Financial Statements 1 to 13

## AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

for AKR & Associates  
Chartered Accountants  
(Registration No.021179N)

Kailash Kumar  
Partner  
Membership No.505972

AVINASH SHARMA  
Executive Director

GURPREET KAUR  
Company Secretary

TEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
Directors

Place : Chandigarh  
Dated : 30.05.2018



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

	2017-18	2016-17
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS</b>	<b>69,60,750</b>	2,68,38,659
ADJUSTMENT FOR :		
PROFIT(-)/LOSS(+) ON SALE OF FIXED ASSETS	-	(2,36,000)
DEPRECIATION	45,30,135	23,52,610
DIVIDEND RECEIVED	(39,72,561)	(20,04,492)
INTEREST & OTHER FINANCIAL CHARGES	2,35,46,323	1,58,30,050
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES</b>	<b>3,10,64,647</b>	<b>4,27,80,827</b>
ADJUSTMENT FOR TRADE AND		
OTHER RECEIVABLES	10,65,50,061	51,18,643
INVENTORIES	(4,75,90,612)	4,73,724
TRADE PAYABLES	(6,31,38,258)	(41,78,809)
CASH GENERATED FROM OPERATIONS	2,68,85,838	3,79,21,995
INTEREST AND OTHER FINANCIAL EXPENSES PAID	2,35,46,323	1,58,01,132
DIRECT TAXES PAID/ADJUSTED	6,00,000	(1,94,93,615)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	27,39,515	(36,92,483)
OTHER ADJUSTMENTS	(6,47,627)	8,99,87,672
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>20,91,888</b>	<b>89,95,641</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS/CAPITAL WORK IN PROGRESS	(5,83,20,909)	(83,60,510)
SALE OF FIXED ASSETS	-	2,36,000
PURCHASE OF INVESTMENTS	(97,448)	-
SALE OF INVESTMENTS	3,99,561	13,86,474
DIVIDEND RECEIVED	39,72,561	20,04,492
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(5,40,46,235)</b>	<b>(47,33,544)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM LONG TERM BORROWINGS	4,86,16,765	3,60,23,402
PROCEEDS FROM SECURED LOANS	2,43,30,179	2,73,01,619
PROCEEDS FROM SHORT TERM BORROWINGS	3,42,72,564	-
<b>NET CASH RECEIVED FROM FINANCING ACTIVITIES</b>	<b>10,72,19,508</b>	<b>6,33,25,021</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,52,65,161	2,19,00,189
CASH AND CASH EQUIVALENTS AS AT 01.04.2017/01.04.2016 (OPENING BALANCE)	5,16,53,114	2,97,52,925
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2018/31.03.2017 (CLOSING BALANCE)</b>	<b>10,69,18,276</b>	<b>5,16,53,114</b>

For and on behalf of the Board

AVINASH SHARMA  
Executive DirectorTEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
DirectorsGURPREET KAUR  
Company SecretaryPlace : Chandigarh  
Dated : 30.05.2018**AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of SAB Industries Limited derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2018 and found the same in agreement therewith.

**AKR & Associates**  
Chartered Accountants  
(Registration No.021179N)

Place : Chandigarh  
Dated : 30.05.2018

**Kailash Kumar**  
Partner  
Membership No.505972



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

				Amount
<b>A. Equity share capital</b>				
(a) Balance at 01 April, 2016				15,18,83,720
(b) Changes in equity share capital during the year				-
(c) Balance at 31 March, 2017				15,18,83,720
(d) Changes in equity share capital during the year				-
(e) Balance at 31 March, 2018				15,18,83,720
<b>B. Other equity</b>				
PARTICULARS	Reserve and surplus			
	Capital Reserve	General Reserve	Retained earnings	Total
(a) Balance at 01 April, 2016	4,19,99,490	19,01,46,426	69,84,12,831	93,05,58,747
(i) Profit / (Loss) for the year	-	-	4,55,17,961	4,55,17,961
(ii) Intra Head Transfers	-	-	-	-
(iii) Dividend Paid	-	-	-	-
(iv) Dividend Distribution Tax	-	-	-	-
(v) Other comprehensive income for the year, net of income tax	-	-	47,13,54,068	47,13,54,068
(b) Total comprehensive income for the year ended 31 March, 2017	4,19,99,490	19,01,46,426	1,21,52,84,860	1,44,74,30,776
(vi) Profit / (Loss) for the year	-	-	40,35,383	40,35,383
(vii) Intra Head Transfers	-	-	-	-
(viii) Dividend Paid	-	-	-	-
(ix) Dividend Distribution Tax	-	-	-	-
(x) Other comprehensive income for the year, net of income tax	-	-	20,57,59,026	20,57,59,026
(c) Total comprehensive income for the year ended 31 March, 2018	4,19,99,490	19,01,46,426	1,42,50,79,269	1,65,72,25,185
See accompanying notes forming part of the financial statements In terms of our report attached.				1-13

FOR AKR & ASSOCIATES  
Chartered Accountants  
ICAI FRN: 021179N

CA. KAILASH KUMAR  
Partner  
Membership No: 505972

FOR AND ON BEHALF OF BOARD OF DIRECTORS  
OF SAB INDUSTRIES LTD

AVINASH SHARMA  
Executive Director

TEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
Directors

## NOTES OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## NOTE 1 NON CURRENT ASSETS

## (a) Property, plant and equipment

Particulars	Land	Plant & Machinery	Furniture, Fixture & Equipments	Vehicles	Agriculture Equipments	Total
<b>Gross Block</b>						
As at 01 April, 2016	17,67,17,326	9,90,66,181	1,80,27,343	3,35,73,033	28,05,454	33,01,89,337
Additions	-	27,31,332	13,58,698	1,55,736	41,14,748	83,60,514
Disposals	-	-	-	10,89,263	-	10,89,263
As at 31 March, 2017	17,67,17,326	10,17,97,513	1,93,86,041	3,26,39,506	69,20,202	33,74,60,588
Additions	-	2,22,41,747	7,68,534	18,57,127	-	2,48,67,408
Disposals	-	-	-	-	-	-
As at 31 March, 2018	17,67,17,326	12,40,39,260	2,01,54,575	3,44,96,633	69,20,202	36,23,27,996
<b>Depreciation</b>						
As at 01 April, 2016	-	8,70,15,410	1,55,30,853	3,02,46,345	26,72,496	13,54,65,104
Charge for the year	-	12,13,094	3,91,883	4,02,837	3,44,793	23,52,607
Disposals	-	-	-	10,89,259	-	10,89,259
As at 31 March, 2017	-	8,82,28,504	1,59,22,736	2,95,59,923	30,17,289	13,67,28,452
Charge for the year	-	26,80,356	5,40,094	5,09,009	8,00,676	45,30,135
Disposals	-	-	-	-	-	-
As at 31 March, 2018	-	9,09,08,860	1,64,62,830	3,00,68,932	38,17,966	14,12,58,587
<b>Net Block</b>						
As at 1 April, 2016	17,67,17,326	1,20,50,771	24,96,490	33,26,688	1,32,958	19,47,24,236
As at 31 March, 2017	17,67,17,326	1,35,69,009	34,63,305	30,79,583	39,02,913	20,07,32,136
As at 31 March, 2018	17,67,17,326	3,31,30,400	36,91,745	44,27,701	31,02,236	22,10,69,408

Notes:

1) The company has used deemed cost exemption under Ind AS 101 as on the date of transition to Ind AS.

(b) Capital Work in Progress (BIO-Gas Project, Moonak, under Progress)

PARTICULARS	As on 31.03.2018	As on 31.03.2017
<b>LAND</b>		
(a) Cost Of Land Including Registration	1,75,56,230	-
(b) Advance for Purchase of Land	21,00,000	-
<b>PLANT &amp; MACHINERY</b>		
(a) Plant & Machinery /Equipments Purchased	54,404	-
(b) Advance for Purchase of Machinery/Others	59,00,500	-
<b>PRE-OPERATIVE EXPENDITURES PENDING CAPITALIZATION</b>		
Direct Cost:		
- Material Cost	10,17,496	-
- Labour wages	1,74,674	-
- Hire Charges/Machinery Running & Maintenance	1,38,875	-
Fees and Taxes:		
- Feasibility Report/Consultancy Fee-Foreign	47,50,649	-
- Feasibility Report/Consultancy Fee-Others	5,17,500	-
- Soil Investigation Fee	51,750	-
- Land Survey	24,500	-
- Legal Fee	54,000	-
- Architect Fee	3,54,000	-
Employee Cost	5,22,147	-
Administration Expenses	2,34,702	-
Finance Cost	2,074	-
<b>Total Capital Work-in-Progress</b>	<b>3,34,53,501</b>	<b>-</b>

(c) Investments

PARTICULARS	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
<b>INVESTMENT IN EQUITY INSTRUMENTS OF ASSOCIATE CONCERNS QUOTED &amp; VALUED AT MARKET PRICE</b>			
13,24,187 (Previous Year 13,24,187) fully paid equity shares of ₹ 10/- each of M/s Steel Strips Wheels Limited	1,41,01,92,946	1,09,61,61,999	46,37,30,287
1,47,93,772 fully paid up equity shares of Indian Acrylics Ltd (Previous Year 1,47,93,772) of ₹ 10/- each	20,56,33,431	24,18,78,172	17,02,76,316
3900 fully paid (Previous year 3900) equity shares of ₹ 10/- each of M/s Steel Strips Infrastructures Limited (Formerly known as Steel Strips & Tubes Ltd)	12,671	12,671	12,671
6,85,934 (Previous year 6,85,934) fully paid equity shares of ₹ 10/- each of M/S Steel Strips Limited,	14,58,245	14,58,245	14,58,245
<b>INVESTMENT IN EQUITY INSTRUMENTS - OTHERS QUOTED &amp; VALUED AT COST PRICE</b>			
Nil (Previous Year 165) fully paid equity share of ₹ 10/- each of M/s Kamla Dials & Devices Limited	-	-	2,550
Nil (Previous year 105) equity shares of ₹ 10/- each of M/s Asian Hotels Limited	-	-	500
35 fully paid (Previous 35) equity shares of ₹ 10/- each of M/s PUNJAB & SIND BANK	-	-	12,89,356
Nil Shares of BOICON (Previous Year 200) of ₹ 5/- each	-	-	44,545
Nil equity shares of Vallabh Steels Ltd (Previous Year 100) of ₹ 10/- each	-	-	2,820
37 Nos fully paid up equity shares of Consolidated Fibres & Chemicals Ltd (Previous Year 37) of ₹ 10/- each	64	64	64

**SAB INDUSTRIES LIMITED**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
Nil equity shares of Wheels India Ltd (Prev.Year 153) of ₹ 10/-each.	-	-	46,703
Nil Equity shares of Vikas WSP Ltd. (Previous year 10000 NOS ) of ₹ 1/- each.	-	3,99,561	3,99,561
<b>AGGREGATE AMOUNT OF THE QUOTED INVESTMENTS</b>	<b>1,61,72,97,356</b>	<b>1,33,99,10,712</b>	<b>63,72,63,618</b>
<b>INVESTMENT IN EQUITY INSTRUMENTS OF ASSOCIATE CONCERNS UNQUOTED &amp; VALUED AT COST</b>			
5600 equity shares (previous Year Nil) of ₹ 10/-each of Steel Strips Industries Ltd	97,448	-	-
5368630 equity shares of ₹ 10/-each of M/S SAB Udyog Ltd (Previous year 5368630)	2,87,75,857	2,87,75,857	2,87,75,857
<b>AGGREGATE AMOUNT OF THE UN-QUOTED INVESTMENTS</b>	<b>2,88,73,305</b>	<b>2,87,75,857</b>	<b>2,87,75,857</b>
<b>AGGREGATE AMOUNT OF THE QUOTED &amp; UN-QUOTED INVESTMENTS</b>	<b>1,64,61,70,661</b>	<b>1,36,86,86,569</b>	<b>66,60,39,475</b>
Aggregate Market value of Quoted Investments**	1,61,58,70,445	1,33,52,74,068	61,91,48,161

Note : 1. The quoted value of shares does not include the quoted value of shares of Steel Strips Ltd as these are not being quoted in the Stock Exchanges.

2. The company has adopted to measure investments in subsidiaries and associates at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

**Loans**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
Corporate Loans (Un-Secured)	1,25,00,001	1,25,00,000	1,25,00,000
<b>TOTAL</b>	<b>1,25,00,001</b>	<b>1,25,00,000</b>	<b>1,25,00,000</b>

**(d) Deferred Tax Assets**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
W.D.V. as per Income Tax Act.(Net of Land)	4,48,80,656	3,16,01,418	2,75,76,239
W.D.V. as per books (Net of Land)	4,43,52,082	2,40,14,810	1,80,06,910
Depreciation excess claimed in books	5,28,574	75,86,608	95,69,329
<b>Deferred tax assets</b>	<b>1,36,108</b>	<b>24,61,475</b>	<b>31,04,769</b>
Less: Provision already made	24,61,475	31,04,769	36,89,442
<b>Deferred tax Assets (Liability ) P &amp; L A/c.</b>	<b>23,25,367</b>	<b>6,43,294</b>	<b>5,84,673</b>
Add : Deferred tax impact of OCI	(30,41,79,108)	(23,28,21,601)	-
<b>Deferred tax assets (Liability ) Balance Sheet</b>	<b>(30,40,43,000)</b>	<b>(23,03,60,126)</b>	<b>31,04,769</b>

"In compliance with Ind AS 12 on Accounting for the Taxes on Income, the company has recognised Deferred Tax Assets in its books as per detail given herein above. In the opinion of the management, considering the future profits of the company, it will be recovered in future."

**NOTE '2' CURRENT ASSETS**
**(a) Inventories**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
1. WORK IN PROGRESS	6,25,35,000	2,64,95,000	2,75,00,000
2. STOCK IN HAND	1,08,57,000	27,17,330	21,86,054
<b>Total (1)</b>	<b>7,33,92,000</b>	<b>2,92,12,330</b>	<b>2,96,86,054</b>

**NOTE '2' (Continued)****(a) Inventories**

PARTICULARS	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
3. COMMERCIAL PROPERTY UNDER DEVELOPMENT (Land, Development expenses thereon (valued at cost) and Misc. Expenditure Pending Allocation to above commercial property)			
(a) Cost Of Land Including Registration Less : Land Acquired (950 sq. yard)	22,57,84,131 65,55,872	22,57,84,131 65,55,872	22,57,84,131 65,55,872
	21,92,28,259	21,92,28,259	21,92,28,259
(b) Development Expenses			
Fees & Taxes (Land Dev. Fee) Addition	31,25,878 30,09,497	31,25,878	31,25,878
Architect/Other Fee & Taxes Addition	41,86,822 4,01,445	41,86,822	41,86,822
	1,07,23,642	73,12,700	73,12,700
	22,99,51,901	22,65,40,959	22,65,40,959
(c) Misc. Expenditure Pending Allocation To Above Commercial Property			
Direct Cost	7,79,93,808	7,79,93,808	7,79,93,808
Administration Expenses	59,01,744	59,01,744	59,01,744
Employee Cost	84,60,345	84,60,345	84,60,345
Selling & Advt. Expenses	46,78,483	46,78,483	46,78,483
Interest And Bank charges	3,02,96,191	3,02,96,191	3,02,96,191
Depreciation	18,62,359	18,62,359	18,62,359
	12,91,92,930	12,91,92,930	12,91,92,930
Total (2)	35,91,44,831	35,57,33,889	35,57,33,889
Total (1+2)	43,25,36,831	38,49,46,219	38,54,19,943

"Equipments lying in the offices & godowns is valued at cost price. Work-in-progress is valued on proportionate basis where certified bills have been raised in the next year, and on the best estimate basis by the management where certified bills are not available."

Stocks of Buildings & Buildings under construction have been valued at cost.

**(b) Financial Assets**

PARTICULARS	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
<b>Trade receivables</b>			
- Outstanding for a period exceeding six months	92,10,345	92,10,345	92,10,345
- Others	17,717	3,487	12,98,137
	92,28,062	92,13,832	1,05,08,482
Less : Provision for bad and doubtful debts	92,10,345	92,10,345	92,10,345
<b>SUB - TOTAL</b>	<b>17,717</b>	<b>3,487</b>	<b>12,98,137</b>
<b>Cash and cash equivalent</b>			
- Balances With Banks - In Current Accounts	67,46,083	2,47,45,490	17,43,038
- In Escrow Account	43,12,552	-	-
- Cheques/Drafts In Hand	7,41,41,662	62,98,944	-
- Cash In Hand	1,40,410	1,75,656	51,467
<b>- Fixed Deposits</b>			
- Under Lien With Banks As Margin Money	2,08,77,818	1,97,33,273	2,73,88,733
- Under Lien With Government Departments	6,99,751	6,99,751	5,69,687
<b>TOTAL</b>	<b>10,69,18,276</b>	<b>5,16,53,114</b>	<b>2,97,52,925</b>

PARTICULARS	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
<b>(c) Current Assets (Net)</b>			
A) Loans And Advances To Related Parties	-	-	-
B) Others			
- Suppliers/Petty Contractors	40,36,033	1,40,01,840	1,39,86,597
- Advances For Purchase Of Land	-	35,00,000	-
- Claims Recoverable	6,89,75,378	15,23,97,092	16,27,05,879
- Others (Un-secured)	27,75,939	30,23,253	14,19,251
<b>TOTAL</b>	<b>7,57,87,350</b>	<b>17,29,22,185</b>	<b>17,81,11,727</b>
<b>(d) Other Current Assets</b>			
Security Deposit	3,67,61,999	3,81,02,650	3,55,79,706
Interest Accrued But Not Due	3,47,328	3,34,176	9,51,826
Gratuity/EL Funds with LIC	51,92,868	49,16,704	41,09,331
Prepaid Expenses	3,67,715	3,12,507	3,69,296
Amounts recoverable in cash or kind	-	1,62,05,000	1,72,90,000
Income Tax Deducted At Sources **	57,64,910	48,98,258	6,30,487
Income Tax Refundable	6,30,487	6,30,487	51,03,587
GST Input credit available	69,05,019	-	-
<b>TOTAL</b>	<b>5,59,70,326</b>	<b>6,53,99,782</b>	<b>6,40,34,233</b>

**NOTE '3' EQUITY AND LIABILITIES**

**(a) Share Capital**

**AUTHORISED CAPITAL**

200,00,000 Equity shares of ₹ 10/- each	20,00,00,000	20,00,00,000	20,00,00,000
(PREVIOUS YEAR 20000000 Equity shares of ₹ 10/- each			

**ISSUED, SUBSCRIBED & PAID-UP**

15188372 Equity shares (Previous year 15188372 shares) of ₹ 10/- each	15,18,83,720	15,18,83,720	15,18,83,720
<b>TOTAL</b>	<b>15,18,83,720</b>	<b>15,18,83,720</b>	<b>15,18,83,720</b>

**DETAILS OF SHAREHOLDERS HOLDING 5% OR MORE SHARES IN THE COMPANY**

Name of shareholders	AS ON 31.03.2018		AS ON 31.03.2017	
	No of shares	%age	No of shares	%age
SHRI R K GARG	3404020	22.41%	3404020	22.41%
SHRI DHEERAJ GARG	1307808	8.61%	1307808	8.61%
STEEL STRIPS INDUSTRIES LTD.	805172	5.30%	805172	5.30%
STEEL STRIPS HOLDING PVT. LTD.	1200060	7.90%	1200060	7.90%
STEEL STRIPS FINANACIERS PVT. LTD.	1200060	7.90%	1200060	7.90%
MUNAK FINANCIERS PVT. LTD.	1560720	10.28%	1560720	10.28%
MUNAK INVESTMENTS PVT. LTD.	1200000	7.90%	1200000	7.90%
STEEL STRIPS WHEELS INVESTMENTS. LTD.	1214630	8.00%	1214630	8.00%
PRIYA TOOLS PVT. LTD.	1214632	8.00%	1214632	8.00%
BLOOMEN FLORA LTD.	1336438	8.80%	1336438	8.80%

**(b) Other Equity**

PARTICULARS	As on 31.03.2018	As on 31.03.2017
<b>1. General Reserve</b>	<b>19,01,46,426</b>	<b>19,01,46,426</b>
Add : Amount transferred from Profit & Loss a/c	-	-
<b>Total (1)</b>	<b>19,01,46,426</b>	<b>19,01,46,426</b>
<b>2. Capital Reserve</b>	<b>4,19,99,490</b>	<b>4,19,99,490</b>
<b>Total (2)</b>	<b>4,19,99,490</b>	<b>4,19,99,490</b>
<b>3. Profit &amp; Loss A/C</b>		
As per last Balance Sheet	1,21,52,84,860	69,84,12,831
Add : Profit for the year	20,97,94,409	51,68,72,029
<b>Total (3)</b>	<b>1,42,50,79,269</b>	<b>1,21,52,84,860</b>
<b>Total (1+2+3)</b>	<b>1,65,72,25,185</b>	<b>1,44,74,30,776</b>

**NOTE '4' NON CURRENT LIABILITIES****(a) Borrowings**

<b>PARTICULARS</b>	<b>As on 31.03.2018 Non-Current</b>	<b>As on 31.03.2018 Current</b>	<b>As on 31.03.2017 Non-Current</b>	<b>As on 31.03.2017 Current</b>	<b>As on 01.04.2016 Non-Current</b>	<b>As on 01.04.2016 Current</b>
<b>SECURED FROM BANKS</b>						
<b>TERM LOAN FROM ALLAHABAD BANK</b>						
(Secured against Equitable Mortgage of Project land measuring 32 Bighas 05 Biswas 17 Biswasi and Building thereon situated at NH-22 Derabassi in the name of the company and further secured with collateral security by way of equitable mortgage of residential property 89/7, Panchkula of Sh.R.K.Garg, Chairman of the company)	80,62,198	1,46,29,177	2,27,50,375	1,28,22,391	3,55,29,891	11246622
<b>VEHICLES/EQUIPMENTS LOANS FROM BANKS</b>						
(Secured against hypothecation of respective vehicles/equipments and counter guarantees of the company)	72,49,048	62,38,465	5,26,241	44,85,463	14,40,952	4262063
<b>OTHERS</b>						
1.Secured by Bank Guarantees (From Customers)	-	2,39,18,071	1,32,28,071	90,90,000	1,33,01,858	-
2.Secured against security furnished by Company/ Associate Companies/third party and against Security Bonds	17,55,50,307	-	12,41,05,914	-	13,07,12,012	-
<b>TOTAL</b>	<b>19,08,61,553</b>	<b>4,47,85,713</b>	<b>16,06,10,601</b>	<b>2,63,97,854</b>	<b>18,09,84,713</b>	<b>15508685</b>

**Note :**

- Term Loan from Allahabad Bank is secured against Equitable Mortgage of Project land measuring 32 Bighas 05 Biswas 17 Biswasi and Building thereon situated at NH-22 Derabassi in the name of our company and further secured with collateral security by way of equitable mortgage of residential property 89/7, Panchkula of Sh.R.K.Garg, Chairman of the company.

Maturity Profile of Term Loan for the next four years is as below :

<b>Particulars</b>	<b>1st Year</b>	<b>2nd Year</b>	<b>3rd Year</b>	<b>4th Year</b>
Term Loan from Allahabad Bank (Current Year)	80,87,393	-	-	-
Term Loan from Allahabad Bank (Previous Year)	1,46,17,776	80,87,393	-	-

- Vehicles/Equipments Loans from banks are secured against hypothecation of respective vehicles/equipments and counter guarantees of the company

Maturity Profile of Vehicles/Equipments Loans for the next four years are as below :

<b>Particulars</b>	<b>1st Year</b>	<b>2nd Year</b>	<b>3rd Year</b>	<b>4th Year</b>
Vehicles/Equipments Loans from Banks(Current Year)	62,28,537	62,39,867	10,20,102	-
Vehicles/Equipments Loans from Banks(Previous Year)	5,26,241	-	-	-

During the year under consideration, the company have received an amount of ₹ 514.44 lakhs against the award of Zakhira Flyover, Delhi, through Hon'ble High Court of Delhi. The same has been received against security provided by our associated concerns and the award has been challenged/ disputed by client .As such, the amount is disputed and hence has been considered under Long Term "Borrowings". The same shall be considered as Income as and when the case is decided by the Hon'ble High Court finally. The total disputed amount of company's awards under "Secured Loan" stands at ₹ 715.91 lac as on 31.03.2018.

Besides, the company had received ₹ 1307.12 lakhs from M/S Sutlej Constructions Ltd (SCL), Manimajra, Chandigarh in previous years. SAB Industries Ltd (SABIL) have entered into Joint Venture agreements with SCL in connection with Arbitration cases of said company whereby SCL and SABIL shall share the amount of award received, if any, equally between them. The amounts so released in earlier years have been released against furnishing of security by way of mortgaging land/title deeds of lands both of SABIL and SCL and submission of surety bonds. As the cases are subjudice and claims have been released against submission of surety bonds/title deeds of lands, the amount received has been treated as "Secured Loan" only as having been released against the above said securities. The amount shall be treated as Income as and when Surety Bonds/title deeds of land are released and cases are decided by the Court finally. The outstanding balance received from SCL stands at ₹ 1039.59 lakhs for above cases as on 31.03.2018.



**(b) Provisions**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
Provision for Sales Tax	-	10,44,288	10,44,288
Provision for Bank Guarantees	26,74,000	26,74,000	26,74,000
Provision for Expenses	65,62,132	1,74,99,032	1,74,95,888
<b>TOTAL</b>	<b>92,36,132</b>	<b>2,12,17,320</b>	<b>2,12,14,176</b>

Note : 1. Sales Tax provision had been made in the year 2009-10 against interest demand raised by Sales Tax Department Haryana related to A.Y. 1990-91 to 1993-94. However, after depositing principal amount in the year 2009-10, no further demand has been made by the department in the last 8 years. As such, provision made has been written off.

2. Provision for Bank Guarantees has been made against invoked BGs and 100% margin has been kept with State Bank of Patiala, Sector-17C, Chandigarh. Now the cases are pending in various courts.- Liabilities for employees retirement benefits :

**(c) Other Non Current Liabilities**

- Gratuity	58,15,991	42,47,861	39,51,531
- Earned Leave	14,56,827	14,70,817	12,32,253
- Security Deposit	3,29,26,818	4,66,20,302	4,32,75,657
<b>TOTAL</b>	<b>4,01,99,636</b>	<b>5,23,38,980</b>	<b>4,84,59,441</b>

During the year the company has made provision for accrued liability on account of Gratuity and Leave encashment on the basis of actuarial valuation based on projected unit method as required by AS-15 (Revised 2005)

**NOTE '5' CURRENT LIABILITIES**

**(a) Borrowings**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
<b>SECURED FROM BANKS</b>			
Working Capital from Banks	2,47,72,831	4,42,652	1,83,04,197
(Secured against Hypothecation of stocks, Book Debts and current assets of Construction Division and further secured with Collateral Security by way of Equitable Mortgage of Residential property 89/7 Panchkula of Sh.R.K.Garg, Chairman of the company and Pledge of five lakhs equity shares of Steel Strips Wheels Ltd held by the company.			
<b>UN-SECURED</b>			
Short Term Corporate Advances			
- From Associate Concerns	-	1,57,27,436	2,35,05,000
- From Others	5,00,00,000	-	-
<b>TOTAL</b>	<b>7,47,72,831</b>	<b>1,61,70,088</b>	<b>4,18,09,197</b>

**(b) Trade Payables**

**- Trade Payables**

- Micro and Small Enterprises	14,67,827	2,13,044	2,91,760
- Others	2,35,15,607	50,28,767	62,13,454
<b>TOTAL</b>	<b>2,49,83,434</b>	<b>52,41,811</b>	<b>65,05,214</b>

The company has been reconciling the outstanding balances with Debtors and Creditors from time to time. However, some of the balances remain unreconciled as at the end of the year in the absence of confirmation from the other parties. Detail of amounts outstanding to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act 2006, based on available information with the company is as under :

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
Principal amount due and remaining unpaid	14,67,827	2,13,044	2,91,760 I
Interest due on above and the unpaid interest	-	-	-
Interest paid	-	-	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-
<b>TOTAL</b>	<b>14,67,827</b>	<b>2,13,044</b>	<b>2,91,760</b>

**(c) Other Financial Liabilities**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>	<b>As on 01.04.2016</b>
- Current maturities of Long-term Debts (Refer Note No.2 )	4,47,85,713	2,63,97,854	1,55,08,685
- Statutory dues	21,57,117	13,81,977	15,56,835
- Advance from customers	6,18,94,235	11,93,94,235	9,19,75,085
- Cheques issued but not presented for payment	13,60,124	1,80,252	76,66,729
- Expenses payable	1,43,11,511	32,34,841	51,05,601
<b>TOTAL</b>	<b>12,45,08,700</b>	<b>15,05,89,159</b>	<b>12,18,12,935</b>

**(d) Provisions**

Provision for taxation	6,00,000	56,50,000	1,40,00,000
Provision for Expenses	61,09,880	1,53,50,911	1,77,57,302
<b>TOTAL</b>	<b>67,09,880</b>	<b>2,10,00,911</b>	<b>3,17,57,302</b>

**NOTE '6'****REVENUE FROM OPERATIONS**

<b>PARTICULARS</b>	<b>As on 31.03.2018</b>	<b>As on 31.03.2017</b>
Sales lsp	29,22,116	60,52,956
Gross Work Done	29,04,55,852	18,72,70,913
<b>TOTAL</b>	<b>29,33,77,968</b>	<b>19,33,23,869</b>

**NOTE '7'****OTHER INCOME**

Profit On Sale Of Assets	-	2,36,000
Profit On Sale Of Investments	-	3,80,678
Interest Received	51,40,970	1,66,93,348
Miscellaneous Income	2,19,29,373	2,96,41,676
Income from share in J.V.	-	2,67,53,000
Agriculture Receipts	26,50,396	61,87,155
Dividend Received	39,72,561	20,04,492
<b>TOTAL</b>	<b>3,36,93,300</b>	<b>8,18,96,349</b>

**NOTE '8'****COST OF MATERIAL CONSUMED**

Opening Stock Of Building Materials And Net Working Equipments/Materials	27,17,330	21,86,054
Add : Purchases During The Year	-	7,848
- Purchase - Network Equipments	-	-
- Construction Material	14,44,72,689	10,26,33,224
	14,71,90,019	10,48,27,126
Less - Sale/Material Issued To Sub-Contractors	1,91,74,874	-
Closing stock of Materials	1,08,57,000	27,17,330
<b>TOTAL</b>	<b>11,71,58,145</b>	<b>10,21,09,796</b>

Note : Building Material purchased/ consumed includes cost of the material involved in the payments made to Sub-Contractors for work done by them where ever building material is involved in executing their work.

**NOTE '9'****Change in Inventories of Finished Goods, Work in Progress and Stock in Trade**

- Opening Work In Progress	2,64,95,000	2,75,00,000
- Closing Work In Progress	6,25,35,000	2,64,95,000
<b>TOTAL</b>	<b>(3,60,40,000)</b>	<b>10,05,000</b>

**NOTE 10. EMPLOYEE BENEFIT EXPENSES**

Salaries, Wages And Others Allowances **	2,88,80,939	2,01,06,484
Including Directors Remuneration	-	-
Bonus	1,70,517	1,38,100
Contribution To Provident Funds & Other Funds	18,59,598	14,53,983
Welfare Expenses	14,10,990	5,07,926
<b>TOTAL</b>	<b>3,23,22,044</b>	<b>2,22,06,493</b>

## SAB INDUSTRIES LIMITED

\*\* The detail of managerial remuneration paid to Directors is as under

	(₹ in lakhs)	
	Current Year	Previous Year
Salary	39.00	39.00
Perquisite	6.70	8.83
Contribution Towards PF	4.68	4.68
Commission on Profits	-	-
	<u>50.38</u>	<u>52.51</u>

The commission to Sh Avinash Sharma, Executive Director, is not payable in view of the terms of his appointment and remuneration has been paid to him as per provisions of Companies Act 2013

### NOTE '11'

#### Financial Cost

PARTICULARS	As on 31.03.2018	As on 31.03.2017
Interest - Banks	75,61,061	74,86,718
- Others	79,81,127	-
Other Financial Charges	25,04,135	34,43,332
Security Charges	55,00,000	49,00,000
<b>TOTAL</b>	<u><b>2,35,46,323</b></u>	<u><b>1,58,30,050</b></u>

### NOTE '12'

#### Other Expenses

##### (a) Direct Cost

Labour & Wages	95,74,467	1,67,66,940
Payment to Contractor	9,05,30,454	2,18,77,865
Hire Charges Of Machinery	2,53,51,369	47,54,890
Running and Maintenance of Machinery	1,34,64,594	42,88,518
Bandwidth Expenses	10,47,065	25,33,043
<b>Total (a)</b>	<u><b>13,99,67,949</b></u>	<u><b>5,02,21,256</b></u>

##### (b) Selling and Distribution Expenses

Business Promotion Exps	1,67,046	57,189
Commission on Sale	3,28,244	13,03,845
Advertisement & Publicity	93,914	64,965
Subscription & Membership Fees	-	41,408
<b>Total (b)</b>	<u><b>5,89,204</b></u>	<u><b>14,67,407</b></u>

##### (c) Establishment Expenses

Travelling Expenses - Foreign		
- Directors	-	-
- Others	-	-
Travelling Expenses - Inland		
- Directors	8,71,074	5,59,697
- Others	12,56,353	12,09,387
Printing & Stationery	3,86,491	3,57,632
Postage, Telegram & Telephone	3,26,355	2,54,016
Vehicles Repairs & Maintenance	20,03,955	10,96,555
Repairs & Maintenance	52,095	81,684
Insurance	8,17,799	4,07,024
Auditors Remuneration	6,00,000	6,90,000
Legal & Professional Charges	48,41,557	16,44,400
Directors' Sitting Fee	7,17,000	5,80,000
Rates & Taxes	15,04,341	9,56,745
Newspapers & Periodicals	1,077	1,485
Office Maintenance Exp.	4,01,266	10,13,529
Donation	74,25,358	26,25,650
Rent	69,30,675	56,06,695
Electricity & Water Charges	5,44,156	3,98,571
Tender Expenses	1,60,805	1,36,013
Agriculture Expenses	68,14,277	81,78,000
Unrecoverable Balances Written Off	-	-
Loss on acquisition of Land	-	-
Loss on sale of Investments	2,98,026	7,83,746
Bad Debts	-	-
Security Guards Expenses	6,20,853	5,49,423
Service Tax Paid	1,42,289	3,51,950
Prior period adjustments/ (Income Tax paid/adjusted)	-	-
Other Miscellaneous Expenses	13,20,916	7,34,149
<b>Total (c)</b>	<u><b>3,80,36,718</b></u>	<u><b>2,82,16,351</b></u>
<b>Total (a+b+c)</b>	<u><b>17,85,93,871</b></u>	<u><b>7,99,05,014</b></u>

1) The detail of Auditor Remuneration is as under :-

Statutory Audit Fee	6,00,000	6,90,000
<b>Total</b>	<u><b>6,00,000</b></u>	<u><b>6,90,000</b></u>

2) The company has incurred expenses under corporate social responsibilities under section 135 of the companies Act 2013 as under :

- Expenses on charitable/Educational Institution	72.80	25.50
- Expenses Others	1.45	0.76
<b>Total</b>	<u><b>74.25</b></u>	<u><b>26.26</b></u>

**NOTE NO. 13 OF NOTES ON ACCOUNTS****1. NATURE OF OPERATION**

SAB Industries Ltd ('the company') a public limited Company registered in India under the Companies Act 2013 (erstwhile Companies Act 1956). The Company is a leading construction company. Its Shares are listed in Bombay stock Exchange.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all the periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). These are the Company's first Ind AS financial statements and the date of transition to Ind AS is 01 April, 2016.

The Standalone financial statements have been prepared under the historical convention, on the accrual basis of accounting. The accounting policies have been applied consistently over all the periods presented in the Standalone financial statements.

The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

**b) REVENUE RECOGNITION: -****Work Done**

Work done is accounted for on the basis of certified bills. Arbitration Claims/Escalation are accounted for as specified in Ind AS 7 Para 13.

**Interest Income**

Interest in respect of fixed deposits, margin money and Security deposits have been accounted for on accrual basis.

**Other Income**

Construction scrap is accounted for on receipt basis. Other income is accounted for as and when received.

Export Incentives, if any, are accounted for on receipt basis.

**3. LEASING**

The company have leased facilities for rent payable under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to nine years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 71.45 lakhs (previous year ₹ 56.06 lakhs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2018 are:

(₹ in lakhs)			
S.No.	Particulars	As at 31.03.18	As at 31.03.17
a)	not later than one year	52.33	58.24
b)	later than one year but not later than five year	108.33	174.21
c)	later than five year	-	-

Presently the company don't have any non-cancellable/cancellable lease rent receivable agreements. As such, no income has been recognized for future nor any income received during the year.

**4. ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

## **5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents balances include cash in hand, fixed deposits, margin money deposits, earmarked balances with banks, other bank balances such as dividend accounts, which have restrictions on repatriation, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **6. INVENTORIES**

Stocks of building materials and stores and shuttering material are valued at cost. Inventory of Networking Equipments lying in the offices & godowns is valued at cost price. Work-in-progress is valued on proportionate basis where certified bills have been raised in the next year, and on the best estimate basis by the management where certified bills are not available.

Stocks of Buildings & Buildings under construction have been valued at cost.

## **7. FINANCIAL INSTRUMENT**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Initial recognition and measurement**

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except trade receivables which are recognized at transaction price.

### **Subsequent measurement**

#### **Non-derivative financial instruments**

##### **(i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **(ii) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **(ii) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

##### **(iv) Financial liabilities**

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Equity Share Capital**

##### **(i) Equity shares**

Equity shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognized as a deduction from equity, net of any tax effects.

## **8. INVESTMENTS**

The company has elected to measure its investments at fair value from the date of transition to Ind AS.

## **9. PROPERTY, PLANT AND EQUIPMENT (PPE)**

Fixed assets are stated at original cost net of tax/duty credit availed, if any, less accumulated depreciation and cumulative impairment and those which have been revaluated are stated at the values determined by the valuers less accumulated depreciation and cumulative impairment. Cost of acquisition is inclusive of freight and other incidental expenses and interest on loan taken for the acquisition of qualifying assets up to the date of commissioning of assets.

Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the company and cost of the item can be measured reliably. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gain or losses arising from de-recognition of fixed assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and shall be depreciated over the balance useful life of the asset.

Tangible Assets not ready for the intended use on the date of the balance Sheet are disclosed as "capital work in progress".

#### Transition to Ind AS

For transition to Ind AS, The Company has elected to continue with the carrying value of all of its PPE recognised as of 01 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### 10. DEPRECIATION :

The depreciation is calculated based on the useful life of the assets as specified in Schedule II of the Company's Act 2013 and is charged under SLM method.

#### 11. BORROWING COST

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized/inventorised as part of cost of such assets till such time the asset is ready for its intended use/or sale. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are expensed in the period in which they are incurred.

#### 12. PROVISION

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 13. CONTINGENT LIABILITIES

Contingent liabilities are disclosed when there is a possible obligation arising from past events whose existence will be confirmed 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 not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

##### CONTINGENT LIABILITIES

	As on 31.03.2018	As on 31.03.2017
Counter Guarantees issued by the company against Bank Guarantees	1,619.00	1,499.74

#### 14. EMPLOYEE BENEFITS

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### Provident Fund & Employee State Insurance

Contribution towards provident fund and employee state insurance for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

##### Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The



Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in profit or loss.

# 15. SEGMENT REPORT

Segment wise revenue, results and capital employed for the year-ended 31.03.18 is as under:

(₹ in lakhs)

Sr.No.	Particulars	31.03.2018	31.03.2017
1.	<b>SEGMENT REVENUES</b>		
	a) Construction Division	3173.76	2087.58
	b) Real Estates Division	0.00	0.00
	c) Investments (in shares)	39.73	20.04
	d) Agriculture	26.50	61.87
	e) Infotech Division	30.71	63.75
	f) Unallocated	-	267.53
	<b>TOTAL</b>	<b>3270.70</b>	<b>2500.77</b>
2.	<b>SEGMENT RESULTS</b>		
	Profit/(Loss)		
	(Before tax and interest from each segment)		
	a) Construction Division	267.75	158.93
	b) Real Estates Division	-	-
	c) Investments (in shares)	39.73	20.04
	d) Agriculture	(41.64)	(19.91)
	e) Infotech Division	4.60	(0.19)
	f) Unallocated	-	267.53
	<b>TOTAL</b>	<b>270.44</b>	<b>426.40</b>
	<b>Less: Interest &amp; financial charges</b>	<b>235.06</b>	<b>158.01</b>
	<b>TOTAL PROFIT BEFORE TAX</b>	<b>35.38</b>	<b>268.39</b>
3.	<b>CAPITAL EMPLOYED</b>		
	(Segment assets-Segment liabilities)		
	a) Construction Division	1879.03	1294.42
	b) Real Estates Division	3789.31	3755.07
	c) Investments (in shares)	1198.34	1198.34
	d) Agriculture	707.61	707.61
	e) Infotech Division	26.73	31.32
	f) Unallocable assets less liabilities	796.11	730.05
	g) Trading Division	7.46	7.46
	<b>TOTAL</b>	<b>8404.59</b>	<b>7724.27</b>

The company has identified its business segments as its primary reporting format which comprises of Construction Division, Real Estate business, Infotech Division Investment business, Agriculture and Trading Division. The main business is Construction activities. Infotech Division, which has come into existence after merger of SAB Infotech Ltd into our company, deals basically in ISP business besides other allied activity related to this business. Real Estate business is linked to construction activities but has been identified as a separate activity in view of its different nature. Long term Investment in shares have also been treated as a separate activity. Agriculture activities have also been identified as separate activities of the company. Under Trading Division, cement from Pakistan is imported and is sold off in India. Fractionally, the imported cement is consumed in our own projects of construction activities / in Real Estate Business. The Construction Division Segment operates through a single geographical segment. Secondary/other segment disclosures have been made accordingly.

**16. EARNINGS PER SHARE (EPS)**

Basic/Diluted Earnings per share	(₹ in lakhs)	
	Current Year	Previous Year
Profit/(Loss) after tax as per Profit & Loss A/C	34.83	456.89
No of equity shares	15188372	15188372
Earnings per share (Face value of ₹ 10/- each) (₹) (basic & diluted)	0.23	3.01

Note: Diluted Earnings per share is not applicable as the same is non-dilutive.

**17. RELATED PARTY DISCLOSURES:**

Detail of transactions entered into with Related Parties during the year as required by Ind AS 24 on "Related Party Disclosures" issued by Institute of Chartered Accountants of India are as under:-

Particulars	Subsidiaries Company	Key Management Personal (KMP)	Enterprises/ Relatives over which KMP is able to exercise significant influence	Total for this year	Total for previous year
Lease Rent paid	-	-	50.70	50.70	41.43
Lease line/cable net charges received	-	-	5.48	5.48	8.38
Security Charges paid	-	-	55.00	55.00	49.00
Vehicle Expenses Received	-	-	56.38	56.38	36.00
Dividend received	-	-	39.73	39.73	19.86
Hire Charges Received	-	-	-	-	2.77
Donation	-	-	72.50	72.50	25.50
Interest paid	-	-	61.12	61.12	0.00
Management contract (salaries)	-	50.38		50.38	52.51

**Finance**

Particulars	Subsidiaries Company	Key Management Personal (KMP)	Enterprise over which KMP is able to exercise significant influence	Total for this year	Total for previous year
1. Advances received	-	-	-	-	293.28
Advances Re-paid	-	-	575.00	575.00	-
Outstanding at the end of the year	-	-	-	-	575.00
2. Loan paid	-	-	-	-	-
Loan Received back	-	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-

Note:

1. Key management: Sh. R. K. Garg, Chairman, Sh. Avinash Sharma, Executive Director, Sh. H. K. Singhal, Director
2. Enterprises over which Key Management Personal (KMP) are able to exercise significant influence and with whom transactions have taken place during the year:
  1. Indian Acrylics Ltd
  2. Steel Strips Wheels Ltd
  3. Steel Strips Infrastructures Ltd
  4. R.K.Garg & Sons(HUF)
  5. Hans Raj Trust
3. Relatives of the Key Management Personnel (with whom transactions have taken place) Ms Priya Garg is daughter of Sh. R. K. Garg, Chairman of the company.

18. The Company has a defined benefit gratuity and Earned Leave plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. And accumulation of EL for Staff is up to 60days.

The Employee's gratuity fund scheme managed by SAB Industries Ltd Employees Group Gratuity Trust (Managed by LIC Of India) is a defined benefit plan. The Present Value of obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Net employee benefit expenses (recognised in Employee Cost)

The following tables summarize the components of net benefit expense recognised in the Profit and Loss Account and the amounts recognised in the balance sheet.

**a) Expenses recognised in Profit and Loss Account**

(Amount in ₹)

Particulars	Earned Leave	Gratuity	Earned Leave	Gratuity
	2017-18	2017-18	2016-17	2016-17
Current service cost	-	217140	25575	249827
Interest cost on benefit obligation	-	37571	16435	68017
Net actuarial (gain)/ loss recognised in the period	-	-	157489	-
Past Service Cost	-	1197012	-	-
Expected Returns on plan assets	-	-	-	-
Net benefit expenses recognised in the Profit and Loss a/c	-	1451723	199499	317844

**b) Details of Amount to be recognised in the Balance Sheet**

Particulars	E/ Leave	Gratuity	E/ Leave	Gratuity
	2017-18	2017-18	2016-17	2016-17
Present value of obligations as on 31.03.2018	1456827	5815991	(1470817)	(4247861)
Fair value of plan assets as on 31.03.2018	1209685	3762191	1177734	3739457
Funded status	247142	(2053800)	293083	(508404)
Unrecognised actuarial (gain)/losses	-	-	-	-
Defined benefit obligation	-	-	-	-
Less: Unrecognised past service cost	-	-	-	-
Net asset/ (liability) recognised in the balance sheet	(293083)	(508404)	(293083)	(508404)

**c) Changes in present value of projected benefit obligation are as follows:**

Particulars	E/ Leave	Gratuity	E/ Leave	Gratuity
	2017-2018	2017 - 2018	2016-2017	2016-2017
Opening defined benefit obligation	-	4247861	1232255	3951530
Interest cost	-	313917	96855	310590
Past service cost	-	1197012	-	-
Current service cost	-	217140	25575	249827
Benefit paid	-	(844368)	-	-
Actuarial (gains)/ losses on obligation due to change in financial assumption	-	(115510)	40595	194425
Actuarial (gains)/ losses on obligation due to experience	-	799939	75537	(458511)
Closing defined benefit obligation	-	5815991	1470817	4247861

**d) Changes in the Fair Value of plan Assets**

Particulars	E/ Leave	Gratuity	E/ Leave	Gratuity
	2017-2018	2017 - 2018	2016-2017	2016-2017
Fair Value of plan assets as at 1st April 2017	1177347	3739457	1023160	3086170
Acquisition adjustments	-	-	-	-
Interest Income	64639	276346	80033	242573
Contributions	108000	576000	115511	532699
Benefit paid	140301	(844368)	-	-
Return on Plan Asset excluding interest income	-	14756	(41357)	(121985)
Fair Value of plan assets as at 31st March 2018	1209685	3762191	1177347	3739457

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2017-18	2017-18	2016-17	2016-17
	(%)	(%)	(%)	(%)
Expected Return on plan asset	7.33%	7.73%	7.39%	7.39%
Discount rate	7.39%	7.73%	7.39%	7.39%
Expected Increase in Compensation cost	7.00%	7.00%	7.00%	7.00%
Rate of employee turnover	2.00%	2.00%	2.00%	2.00%
Mortality basis	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08) ultimate

Note : The retirement age has been uniformly taken as 60 years

**Sensitivity analysis for gratuity liability.**

The sensitivity of overall plan obligations to change in the weighted key assumptions are :	As at 31 <sup>st</sup> March 18	As at 31 <sup>st</sup> March 17
Present value of obligations at the end of year	5815991	4747861
<b>Impact of the change in discount rate (p.a.)</b>		
Impact due to decrease of 1%	355327	359007
Impact due to increase of 1%	(311423)	(314010)
<b>Impact of change in salary escalation rate (p.a.)</b>		
Impact due to increase of 1%	281631	234639
Impact due to decrease of 1%	(309591)	(214915)
<b>Impact of change in employer turnover (p.a.)</b>		
Impact due to increase of 1%	12936	45548
Impact due to decrease of 1%	(14699)	(51231)

**19. EXPENDITURE IN FOREIGN CURRENCY.**

Particulars	As on 31.03.2018		As on 31.03.2017	
	Amount (₹ in lakhs)	Amount in foreign currency	Amount (₹ in lakhs)	Amount in foreign currency
Consultancy	47.50	Eur 55000	-	-
Travelling (Staff/Others)	1.28	EUR 736	-	-
<b>Earnings in Foreign exchange</b>				
Sale of Investment	-	-	-	-
Reimbursement of Expenses received	-	-	-	-

**Transition to Ind AS - Reconciliations**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind-AS as required under Ind-AS 101:

1. Reconciliation of balance sheet as at 1st April 2016
2. (a) Reconciliation of balance Sheet 31st March 2017  
(b) Reconciliation of total comprehensive income for the year ended 31st March 2017
3. Reconciliation of equity as at 1st April 2016 and as at 31st March 2017.
4. Reconciliation of income statement as at 31st March 2017.

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

for AKR & Associates  
Chartered Accountants  
(Registration No.021179N)

AVINASH SHARMA  
Executive Director

TEJINDER KAUR  
MANJU LAKHANPAL  
S. S. VIRDI  
H. K. SINGHAL  
SANJAY GARG  
Directors

Place : Chandigarh  
Dated : 30.05.2018

Kailash Kumar  
Partner  
Membership No.505972

GURPREET KAUR  
Company Secretary

**EFFECT OF IND AS ADOPTION ON THE STANDALONE BALANCE SHEET AS AT 01 APRIL, 2016 AND 31 MARCH, 2017**

Particulars	Note No.	IGAAPAs on 01 April, 2016	Opening Ind AS Adjustment	Ind AS as on 01 April, 2016	IGAAP As on 31 March 2017	Opening Ind AS adjustment	Ind AS as 31 March 2017
<b>ASSETS</b>							
<b>A. Non-Current Assets</b>							
(a) Property, plant and equipment		19,47,24,236	-	19,47,24,236	20,07,32,136	-	20,07,32,136
(b) Capital work-in-progress		-	-	-	-	-	-
(c) Goodwill		-	-	-	-	-	-
(d) Other intangible assets		-	-	-	-	-	-
(e) Intangible assets under development		-	-	-	-	-	-
(f) Financial assets		-	-	-	-	-	-
(i) Investments		12,79,24,217	53,81,15,258	66,60,39,475	12,65,37,743	1,24,21,48,826	1,36,86,86,569
(ii) Trade receivables		-	-	-	-	-	-
(iii) Loans		1,25,00,000	-	1,25,00,000	1,25,00,000	-	1,25,00,000
(iv) Other financial assets		-	-	-	-	-	-
(g) Deferred tax assets (Net)	(a)	31,04,769	-	31,04,769	24,61,475	(23,28,21,601)	(23,03,60,126)
(h) Non-current tax assets (Net)		-	-	-	-	-	-
(i) Other non-current assets		-	-	-	-	-	-
<b>Total Non-Current Assets (A)</b>		<b>33,82,53,222</b>	<b>53,81,15,258</b>	<b>87,63,68,480</b>	<b>34,22,31,354</b>	<b>1,00,93,27,225</b>	<b>1,35,15,58,579</b>
<b>B. Current Assets</b>							
(a) Inventories		38,54,19,943	-	38,54,19,943	38,49,46,219	-	38,49,46,219
(b) Financial assets		-	-	-	-	-	-
(i) Trade receivables		12,98,137	-	12,98,137	3,487	-	3,487
(ii) Cash and cash equivalents		2,97,52,925	-	2,97,52,925	5,16,53,114	-	5,16,53,114
(iii) Other financial assets		17,81,11,727	-	17,81,11,727	17,29,22,185	-	17,29,22,185
(c) Other current assets		6,40,34,233	-	6,40,34,233	6,53,99,782	-	6,53,99,782
		<b>65,86,16,965</b>	<b>-</b>	<b>65,86,16,965</b>	<b>67,49,24,787</b>	<b>-</b>	<b>67,49,24,787</b>
<b>Total Current Assets (B)</b>		<b>65,86,16,965</b>	<b>-</b>	<b>65,86,16,965</b>	<b>67,49,24,787</b>	<b>-</b>	<b>67,49,24,787</b>
<b>Total Assets (A+B)</b>		<b>99,68,70,187</b>	<b>53,81,15,258</b>	<b>1,53,49,85,445</b>	<b>1,01,71,56,141</b>	<b>1,00,93,27,225</b>	<b>2,02,64,83,366</b>
<b>EQUITY AND LIABILITIES</b>							
<b>A. Equity</b>							
(a) Equity share capital		15,18,83,720	-	15,18,83,720	15,18,83,720	-	15,18,83,720
(b) Other equity		39,23,67,329	53,81,91,418	93,05,58,747	43,80,56,309	1,00,93,74,467	1,44,74,30,776
<b>Total Equity (A)</b>		<b>54,42,51,049</b>	<b>53,81,91,418</b>	<b>1,08,24,42,467</b>	<b>58,99,40,029</b>	<b>1,00,93,74,467</b>	<b>1,59,93,14,496</b>
<b>B. Liabilities</b>							
<b>I Non-Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		18,10,60,873	(76,160)	18,09,84,713	16,06,57,843	(47,242)	16,06,10,601
(b) Deferred Tax Liabilities (Net)	(a)	2,12,14,176	-	2,12,14,176	2,12,17,320	-	2,12,17,320
(c) Provisions		4,84,59,441	-	4,84,59,441	5,23,38,980	-	5,23,38,980
<b>Total Non-Current Liabilities (I)</b>		<b>25,07,34,490</b>	<b>(76,160)</b>	<b>25,06,58,330</b>	<b>23,42,14,143</b>	<b>(47,242)</b>	<b>23,41,66,901</b>
<b>II Current Liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		4,18,09,197	-	4,18,09,197	1,61,70,088	-	1,61,70,088
(ii) Trade payables		65,05,214	-	65,05,214	52,41,811	-	52,41,811
(b) Provisions		3,17,57,302	-	3,17,57,302	2,10,00,911	-	2,10,00,911
(c) Current tax liabilities		-	-	-	-	-	-
(d) Other current liabilities		12,18,12,935	-	12,18,12,935	15,05,89,159	-	15,05,89,159
		<b>20,18,84,648</b>	<b>-</b>	<b>20,18,84,648</b>	<b>19,30,01,969</b>	<b>-</b>	<b>19,30,01,969</b>
<b>Total Current Liabilities (II)</b>		<b>20,18,84,648</b>	<b>-</b>	<b>20,18,84,648</b>	<b>19,30,01,969</b>	<b>-</b>	<b>19,30,01,969</b>
<b>Total Liabilities (I+II)</b>		<b>45,26,19,138</b>	<b>(76,160)</b>	<b>45,25,42,978</b>	<b>42,72,16,112</b>	<b>(47,242)</b>	<b>42,71,68,870</b>
<b>Total Equity And Liabilities (A+B)</b>		<b>99,68,70,187</b>	<b>53,81,15,258</b>	<b>1,53,49,85,445</b>	<b>1,01,71,56,141</b>	<b>1,00,93,27,225</b>	<b>2,02,64,83,366</b>



## RECONCILIATION OF TOTAL EQUITY AS AT 31 MARCH, 2017 and 01 APRIL, 2016

	As at 31 March, 2017	As at 01 April, 2016
Total equity (shareholder's funds) under previous GAAP	58,99,40,029.00	54,42,51,049.00
Adjustment made :		
(a) Deferred Tax	1,00,93,74,466.56	53,81,91,418.00
Total adjustment		
<b>Total equity (shareholder's funds) under per IND AS</b>	<b>1,59,93,14,495.56</b>	<b>1,08,24,42,467.00</b>

- (a) Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through profit and loss account or other comprehensive income.

## EFFECT OF IND AS ADOPTION ON THE STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

	Note No.	IGAAP year ended 31 March, 2017	Opening Ind AS Adjustment	Ind AS year ended March, 2017
I	Revenue from operations	19,33,23,869	-	19,33,23,869
II	Other income	8,18,96,349	-	8,18,96,349
III	<b>Total Income (I+II)</b>	<b>27,52,20,218</b>	<b>-</b>	<b>27,52,20,218</b>
IV	<b>Expenses</b>			
(i)	Cost of materials consumed	10,21,09,796	-	10,21,09,796
(ii)	Changes in inventories of finished goods, stock in process and stock in trade	10,05,000	-	10,05,000
(iii)	Excise duty on sale of goods	-	-	-
(iv)	Employee benefits expense	2,20,64,392	1,42,101	2,22,06,493
(v)	Finance costs	1,58,01,132	28,918	1,58,30,050
(vi)	Depreciation and amortisation expense	23,52,610	-	23,52,610
(vii)	Other expenses	7,99,05,014	-	7,99,05,014
	<b>Total Expenses IV</b>	<b>22,32,37,944</b>	<b>1,71,019</b>	<b>22,34,08,963</b>
V	<b>PROFIT BEFORE TAX (III-IV)</b>	<b>5,19,82,274</b>	<b>(1,71,019)</b>	<b>5,18,11,255</b>
VI	<b>TAX EXPENSE</b>			
(i)	Current tax provision	56,50,000	-	56,50,000
(ii)	Tax for earlier year	-	-	-
(iii)	Deferred tax charge / (credit)	6,43,294	-	6,43,294
		62,93,294	-	62,93,294
VII	<b>PROFIT FOR THE YEAR (VII-VIII)</b>	<b>4,56,88,980</b>	<b>(1,71,019)</b>	<b>4,55,17,961</b>
	<b>OTHER COMPREHENSIVE INCOME</b>			
(i)	Items that will not be reclassified to profit or loss	-	-	-
(a)	Remeasurement of post employment benefit obligations	-	70,41,75,669	70,41,75,669
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	(23,28,21,601)	(23,28,21,601)
		-	-	-
VIII	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>47,13,54,068</b>	<b>47,13,54,068</b>
IX	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)</b>	<b>4,56,88,980</b>	<b>47,11,83,049</b>	<b>51,68,72,029</b>

**FORM OF PROXY**

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

**SAB INDUSTRIES LIMITED**

(CIN:L00000CH1983PLC031318)

Regd. Office: at S.C.O.49-50, Sector- 26, Madhya Marg, Chandigarh. Phone: +91-172-2793112.,

Fax: +91-172-2794834 Email: ssl\_ssg@glide.net.in, Website: www.sabindustries.in

NAME OF THE MEMBER(S)	
REGISTERED ADDRESS	
E-MAIL ID	
FOLIO NO /CLIENT ID	
DP ID	
NO. OF SHARES HELD	

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

Name :	Signatures:	
Address:		
E-mail Id:		
Or failing him/ her		
Name :	Signatures:	
Address:		
E-mail Id:		
Or failing him/ her		
Name :	Signatures:	
Address:		
E-mail Id:		

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the Annual General meeting of the Company, to be held on Friday, the 28th day of September 2018, at 4.00 P.M. at S.C.O.49-50, Sector- 26, Madhya Marg, Chandigarh and at any adjournment thereof in respect of such resolutions as are indicated below:

**Sr. No. Resolution****Ordinary Business**

- Adoption of audited financial statements for the year ended March 31, 2018
- Re-appointment of Sh.Sanjay Garg, (DIN: 00030956) as a Director

**Special Business**

- Re-appointment of Sh. Avinash Sharma (DIN: 02371722) as Executive Director of the Company.
- Approval for the continuation of Directorship of Sh. Rajinder Kumar Garg (DIN: 00034827) as Non Executive Director of the Company.
- Approval for the continuation of Directorship of Sh. Kanwarjit Singh (DIN: 02116031) as Non-Executive Independent Director of the Company.
- Approval for the continuation of Directorship of Sh. Surinder Singh Viridi (DIN: 00035408) as Non-Executive Independent Director of the Company.

Affix  
Revenue  
Stamp

Signed this ..... day of September 2018.

Signature of shareholder..... Signature of Proxy holder(s) .....

**Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.****SAB INDUSTRIES LIMITED**

(CIN:L00000CH1983PLC031318)

Regd. Office: at S.C.O.49-50, Sector- 26, Madhya Marg, Chandigarh. Phone: +91-172-2793112., Fax: +91-172-2794834

Email: ssl\_ssg@glide.net.in, Website: [www.sabindustries.in](http://www.sabindustries.in)**ATTENDANCE SLIP**

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
FOLIO NO	
DP ID:	
CLIENT ID NO.	
NO. OF SHARES HELD	
NAME OF PROXY (IN BLOCK LETTERS)	

I, hereby record my presence at the Annual General Meeting of the Company held on Friday, the 28th day of September 2018, at 4.00 P.M., at S.C.O.49-50, Sector- 26, Madhya Marg, Chandigarh

**Member's/ Proxy's Signatures**

.....

# NOTES

## ROUTE MAP OF ANNUAL GENERAL MEETING

Location Map of Annual General Meeting of SAB Industries Limited, Chandigarh







## **SAB Industries Limited**

SCO. 49-50, Sector 26, Madhya Marg,  
Chandigarh-160019, India

Tel: +91-172-2793112, 2792385

Fax: +91-172-2794834, 2790887

