



SANGHVI

SANGHVI BRANDS LIMITED

(Formerly Known As Sanghvi Brands Private Limited)

Annual Report
2017 - 18

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Darpan Sanghvi	Managing Director
Mr. Narendra Sanghvi	Non-Executive Director
Ms. Disha Sanghvi	Non-Executive Director
Mr. Carlton Pereira	Non-Executive Director
Mr. Sunil Lulla*	Independent Director
Mr. Ajinkya Firodiya**	Independent Director
Mr. Gaurav Aggarwal***	Independent Director

*Note: *Appointed w.e.f. 10.08.2017 | **Appointed w.e.f. 10.08.2017 & resigned 26.10.2017 | ***Appointed w.e.f. 26.10.2017*

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kruti Shah* | Note: *Appointed w.e.f. 24.07.2017

CHIEF FINANCIAL OFFICER

Mr. Rameshwar Wadne* | Note: *Appointed w.e.f. 24.07.2017

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Carlton Pereira	– Chairman of the Committee
Mr. Sunil Lulla	– Member
Mr. Gaurav Aggarwal	– Member

CORPORATE IDENTIFICATION NUMBER

U74999PN2010PLC135586

LISTED ON

BSE Limited – SME Platform

STATUTORY AUDITORS

M/s. B.K. Khare & Co.
Chartered Accountant

SECRETARIAL AUDITOR

M/s. A.M. Antarkar & Co.
Company Secretaries

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited
Bharat Tin Works Building., 1st Floor, Opp. Vasant
Oasis, Makwana Road, Marol, Andheri (East)
Mumbai: 400059

PRINCIPAL BANKERS

Axis Bank Limited

NOTICE

NOTICE is hereby given that the **8th Annual General Meeting** of the Members of **Sanghvi Brands Limited** will be held on Monday, the 24th September 2018 at 2.00 p.m. at the Red Wall Banquet, Tarawade Clarks Inn, First Floor, 1205/2/5, Shirole Road, Off J.M. Road, Pune: 411005 to transact the following businesses: -

ORDINARY BUSINESS

Item No. 1 – Adoption of Financial Statements

To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

(a) **"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

(b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

Item No. 2 – To Appoint a Director in place of Mr. Narendra Sanghvi, Non-Executive Director of the Company, who retires by rotation and being eligible, offered himself for re-appointment

To appoint a Director in place of Mr. Narendra Sanghvi (DIN: 02912085), a Non-Executive Director, liable to retire by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible seeks re-appointment in the Company.

"RESOLVED THAT pursuant to Sub-Section 6 of Section 152 of the Companies Act, 2013, Mr. Narendra Sanghvi (DIN: 02912085), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Item No. 3 – Ratification of appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, including any modification, variation or re-enactment thereof, B.K. Khare & Co. having firm registration no. 105102W, Chartered Accountants who were appointed in the AGM held on 30.09.2016, as the Statutory Auditors of the Company for a period of 5 years subject to annual ratification be and are hereby ratified as the Statutory Auditor of the Company to hold office from conclusion of this meeting till the conclusion of the AGM of the Company to be held in the year 2021 at such remuneration as may be determined by the Board of Directors of Company."

SPECIAL BUSINESS

Item No. 4 – Appointment of Mr. Gaurav Agarwal as a Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Gaurav Agarwal (DIN: 02531473) who was appointed as an Additional Director on 26th October 2017, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years, not liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Darpan Sanghvi, Managing Director and Kruti Shah, Company Secretary of the Company be and are hereby severally authorised to file relevant forms with the Registrar of Companies, Pune and to do such other acts, deeds and things as may be considered necessary in this regard."

For and on behalf of the Board of Directors

Sanghvi Brands Limited

(formerly known as Sanghvi Brands Private Limited)

Kruti Shah

Sd/-

Company Secretary

Date: 27th August 2018

Place: Mumbai

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT TO BE MEMBER OF THE COMPANY. A person can act as proxy on behalf of not more than fifty (50) and holding in aggregate not more than ten percent of total Share capital of the Company. The instrument of proxy in order to be effective should be deposited at the registered office of the Company before 48 hours of commencement of the meeting.

2. The Blank Proxy Form is being sent herewith. Members/ Proxy holders must bring the attendance slip (attached herewith to the meeting and handover the same at the entrance of the meeting duly signed.

3. All documents referred to in the accompanying Notice and the statements are open for inspection by the members at the Registered Office of the Company on all working days up to date of Annual General Meeting between 1.00 PM to 3.00 PM.

4. Members are requested to notify immediately if any change in their addresses and other communication details.

5. Explanatory Statement according to the provisions of Section 102 of the Companies Act, 2013 read with The Company (Management and Administration) Rules, 2014, is annexed hereto.

6. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified true copy of Board resolution together with their specimen signature authorizing their representative to attend and vote on their behalf at the meeting.

7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

8. 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.

9. Details pursuant to Regulations 26 and 36 of the SEBI (LODR) Regulations, 2015 read with Secretarial Standard - 2 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

10. The notice of AGM along with Annual Report for 2017-18 is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participant(s) unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

11. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately the change in the residential status on return to India for permanent settlement.

12. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or its RTA quoting their Folio number or their Client ID number with DPID number, as the case may be.

13. This notice is being sent to all members of the Company, whose name appears in the Register of Members / list of beneficiaries received from the depositories on the end of 24th August 2018.

14. The entry to the meeting venue will be regulated by means of attendance slips. For attending the meeting, members, proxies and authorised representatives of the members, as the case may be, are requested to bring the enclosed attendance slip completed in all respects, including client ID and DP ID, and signed. Duplicate attendance slips will not be issued.

15. All members are requested to support Green Initiative of the Ministry of Corporate Affairs, Government of India and register their email addresses to receive all these documents electronically from the Company in accordance with Rule 18 of the Companies (Management & Administration) Rules 2014 and Rule 11 of the Companies (Accounts) Rules 2014. All the aforesaid documents have been uploaded on and are available for download from the Company's website, being www.sanghvibrands.com kindly bring your copy of Annual Report to the meeting.

16. Rule 3 of the Companies (Management and Administration) Rules 2014 mandates that the register of members of all companies should include details pertaining to email address, permanent account number (PAN) or CIN, unique identification number, if any; father's/ mother's/ spouse's name, occupation, status, nationality; in case member is a minor, name of guardian and the date of birth of the member, and name and address of nominee. All members are

requested to update their details as aforesaid with their respective depository.

17. No gifts shall be provided to members before, during or after the AGM.

18. Members may pursuant to section 72 of the Companies Act 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules 2014 file nomination in prescribed form SH-13 with the respective depository participant.

19. Members are requested to notify change of address and update bank accounts details to their respective depository participants directly.

20. A route map showing direction to reach the venue of the 8th AGM is given at the end of this notice as per the requirement of Secretarial Standards - 2 on General Meeting.

Voting system:

21. Pursuant to the provisions of section 108 of the Companies Act, 2013, rules 20 and 21 of the Companies (Management & Administration) Rules 2014 and sub Reg. (1) & (2) of Reg. 44 of SEBI (LODR) Regulations, 2015, the Company is not required to provide mandatorily to its members the electronic facility to exercise their right to vote at the AGM. Therefore, the facility for voting through polling paper shall be made available at the meeting and the members attending the Meeting shall be able to exercise their right at the Meeting through polling paper. A Proxy can vote in the ballot/poll process.

22. A Member present in person or by Proxy shall, on a poll or ballot, have votes in proportion to his share in the paid-up equity share capital of the Company, subject to differential rights as to voting, if any, attached to certain shares as stipulated in the Articles

or by the terms of issue of such shares. A Member who is a related party is not entitled to vote on a Resolution relating to approval of any contract or arrangement in which such Member is a related party.

23. The Members of the Company holding shares on the "cut-off date" of 24th August 2018 are entitled to vote on the resolutions proposed. Cut-off date means the date on which the right of voting of the members shall be reckoned and a person who is not a member as on the cut-off date should treat this notice for information purposes only.

24. The results of the Ballot process will be placed by the Company on its website www.sanghvibrands.com

within two days from the date of the conclusion of the AGM and also communicated to the stock exchanges, where the shares of the Company are listed.

25. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to the receipt of the requisite number of votes in favor of the resolutions.

26. M/s. A. M. Antarkar & Co., Practicing Company Secretaries, Pune (CP No. 3022), has been appointed as the Scrutiniser to scrutinise the Ballot process.

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

SPECIAL BUSINESS

Appointment of Mr. Gaurav Agarwal as Director of the Company.

Mr. Gaurav Agarwal (DIN: 02531473) was appointed as Additional Independent Director on the Board of the Company on 26th October 2018. The Board believes that his immense knowledge and years of experience will add value to the Company's growth initiatives. Section 160 of the Companies Act, 2013, requires a deposit one lakh rupees for such appointment of the proposed appointee by any share holder. However as per Section 50 of the Companies Amendment Act, 2017, if the Director is recommended by the Nomination and Remuneration Committee of the Company as constituted under Section 178 of the Companies Act, 2013 then no need to deposit one lakh rupees for such appointment. Therefore, the Company

has not received the deposit for the aforesaid appointment.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financial or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any.

Accordingly, the Board recommends the said resolution for the appointment of Mr. Gaurav Agarwal as Director for the approval of the shareholders of the Company.

For and on behalf of the Board of Directors
Sanghvi Brands Limited
(formerly known as Sanghvi Brands Private Limited)

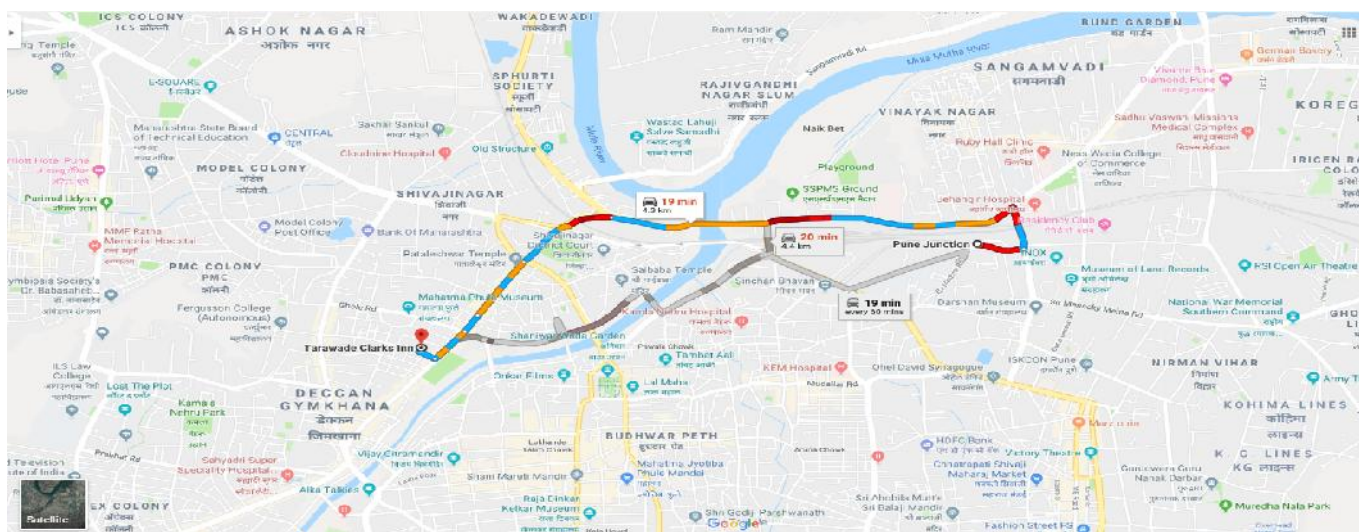
Sd/-

Kruti Shah
Company Secretary

Date: 27th August 2018

Place: Mumbai

Route Map to the venue of the 8th Annual General Meeting of the Company to be held on 24th September 2018



ANNEXURE TO NOTICE

Details of Directors seeking Appointment / Re-appointment

[Pursuant to the Regulation 26 and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director	Mr. Narendra Sanghvi DIN: 02912085 (Re-appointed who is liable to retire by rotation)	Mr. Gaurav Agarwal DIN: 02531473 (To be Appointed as an Independent Director)
Date of Birth	24 th September 1952	9 th September 1977
Date of appointment	Appointment as Director on February 16, 2010	Appointed as Additional Director on October 26, 2017
Qualification	He is a Commerce Graduate from Pune University and MBA from New York, USA.	He is master's in commerce, Chartered Accountant and has completed his MBA in Finance from Wakeforest Univeristy, North Carolina, USA.
Nature of Expertise	He started his career in 1977 where he was working in a family owned business and has vide experiences in the business of Steel, real estate and equity investments.	He has vast experience and knowledge of business restructuring and investment projects and has worked with Avaya Inc. New Jersey for M&A transactions. Currently he is the founder and designated partner of and Open Spirit Enterprise LLP and during his tenure has taken men's flip flop footwear brand globally
Directorships held in other Public Companies/Foreign Companies	NIL	NIL
Directorships held in other Private Limited Companies	1. Sanghvi Lifestyle Products Private Limited 2. Sanghvi Beauty & Technologies Private Limited 3. Sanghvi Fitness Private Limited 4. Sanghvi Beauty & Salon Private Limited	1. Rider Footwear LLP 2. Open Spirit Enterprises LLP 3. Premium Retail Private Limited 4. Master Brands Retailing Private Limited 5. Calypso Retail Private Limited 6. Easy Spirit Enterprises Private Limited
No. of Shares held	NIL	NIL

DIRECTORS' REPORT

Dear Members,

The Directors are please to present the 8th Director's Report of the Company, the affairs of the Company together with the Audited Financial Statements for the year ended on 31st March 2018.

FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The financial results for the year ended on 31st March 2018 and the corresponding figures for the previous year are as under;

Particulars	Standalone		Consolidated	
	Year ended 31 st March 2018	Year ended 31 st March 2017	Year ended 31 st March 2018	Year ended 31 st March 2017
Net Revenue from Operations	9,00,56,821	10,80,47,845	26,45,56,511	26,40,84,889
Other Income	67,11,789	29,09,470	91,48,106	29,28,286
Total Income	9,67,68,610	11,09,57,315	27,37,04,617	26,70,13,175
Total Expenditure	11,26,73,723	10,13,02,292	29,49,89,180	26,42,60,125
Profit before tax	(1,59,05,112)	96,55,023	(2,12,84,564)	27,53,050
Deferred Tax (Credit)	5,56,017	(1,60,631)	12,40,565	(4,05,780)
Current Tax	-	16,41,484	1,30,080	19,78,121
Profit after Taxes	(1,64,61,129)	81,74,170	(2,26,55,209)	11,80,708
Minority Interest			18,153	18,153
Proportionate Profit (Loss) of Associate Company			(1,54,665)	-
Net Profit	(1,64,61,129)	81,74,170	(2,27,91,721)	11,62,554

1. HIGHLIGHTS

The consolidated Revenue from operations at Rs. 26,45,56,511 as against 26,40,84,889 of previous year increased by 0.18%. The business reported Loss before Tax as compared to last year.

2. DIVIDEND

The Directors have recommended no dividend for the year ended March 31, 2018.

3. RESERVES

The Balance in Reserves & Surplus stands at Rs. 14,67,98,252/- in comparison with the previous year balance of Rs. 9,31,07,107/-.

4. CONVERSION OF COMPANY

During the year, the Company has been converted from Private Limited Company to Public Limited Company and fresh certificate of incorporation dated 21st July 2017 to that effect, has been issued by the Registrar of Companies, Pune. Consequent to the Conversion of the Company, the name of the Company has been changed from Sanghvi Brands Private Limited to Sanghvi Bands Limited.

5. SUCCESSFUL INITIAL PUBLIC ISSUE (IPO) OF THE COMPANY

Your Directors are pleased to inform you that the Initial Public Offering (IPO) of the Company was successfully completed. The Company entered the capital market with its maiden initial public offering (IPO) of 27,48,000 equity shares of face value of Rs. 10/- and at a premium of Rs. 59/- per share, aggregating to Rs.1896.12 lacs. The issue opened for subscription on November 10,2017 and closed on November 14, 2017 and was oversubscribed by 2.55 times. The equity shares have been listed on the SME Platform of BSE Limited (BSE) w.e.f November 22, 2017. Consequently, the Company's paid up capital has increased from Rs. 69,70,800/- to Rs. 10,41,58,800/-

6. SHARE CAPITAL

During the year under review, the Company has reclassified its Authorised Share capital to Rs. 3,50,00,000 (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty-five lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and subsequently increased its Authorised Share Capital to Rs. 13,00,00,000 (Rupees Thirteen crores) divided into 1,30,00,000 (One Crore Thirty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each as approved by the members in its meeting held 10th August 2017.

The Company had also issued 69,70,800 equity Shares of Rs. 10/- each as Bonus Shares as approved by shareholders in their meeting held on 16th August 2017 in proportion of ten (10) such new equity share for every one (1) existing equity share and allotted to the shareholders at its' Board Meeting held on 18th August 2017, Further the Company has issued 27,48,000 Equity Shares of Rs. 10/- Each at Premium of Rs. 59/- per share to the general public via IPO. The total paid up Share Capital of the Company as on 31st March 2018 is Rs. 10,41,58,800/- comprising of 1,04,15,880 equity shares of Rs.10/- each.

7. DEPOSITORY SYSTEM

Your Company's equity shares are in demat form only. The Company has appointed National Securities Depository Limited and Central Depository Services India Limited as depositories to the Company.

8. DETAILS OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, in view of the listing requirements the Company has appointed three Independent Directors i.e. Mr. Sunil Lulla, Mr. Ajinkya Firodia on 10th August 2017 and Mr. Gaurav Agarwal on 26th October 2017 to the Board to meet the proper composition of the Board of Directors. Mr. Ajinkya Firodia, Independent Director of the Company resigned on 26th October 2017.

Apart from the Directors, the Company has appointed Mr. Rameshwar Wadne as Chief financial Officer and Ms. Kruti Shah as Company Secretary cum Compliance Officer as the Key Managerial Personnel of the Company on 24th July 2017.

9. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company, Mr. Sunil Lulla and Mr. Gaurav Agarwal Independent Directors of the Company have confirmed to the Board that they meet the criteria of Independence as specified under section 149 (6) of the Companies Act, 2013. The Board took note of the same.

10. BOARD COMMITTEES FORMED DURING THE YEAR

During the year under review, the following committees have been formed by the Company:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholder Relationships Committee

The details of all the Committees of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

11. NO. OF MEETINGS HELD

The details of the meeting of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

12. BOARD EVALUATION

The Companies Act, 2013 states that a formal annual performance evaluation needs to be made by the Board of its own performance, the directors individually as well as the evaluation of its Committees. As per Schedule IV of the Companies Act, 2013, the performance evaluation of independent directors, shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all directors and the Board was conducted based on the criteria and framework adopted by the Board.

13. RELATED PARTY TRANSACTIONS

All related party transactions have been entered by the Company during the financial year in the ordinary course of business and at the arm's length price. During the financial year under consideration the Company has entered into

contracts / arrangements / transactions with related parties, which could be considered as material in accordance with the provisions of the Act, have been given in "Annexure I" in Form No. AOC-2."

14. STATUTORY AUDITOR

At the AGM of the Company held on 30th September 2016, M/s. B.K. Khare & Co., Chartered Accountants, having registration number (Firm Registration No. 105102W), were appointed as Statutory auditors of the Company for a term of five years i.e. till the conclusion of Annual General Meeting to be held in the year 2021 subject to the ratification at the annual general meeting in each of the subsequent years during the aforementioned term of their appointment.

However, with the Notification dated 07th May 2018 issued by the Ministry of Corporate Affairs (MCA), the first proviso to section 139(1) of the Companies Act, 2013 pertaining to the requirement of annual ratification of appointment of auditors by members is omitted. The Board accordingly recommends ratification at the ensuing annual general meeting by shareholders of the Company till the conclusion of the AGM of the Company to be held in the year 2021.

15. AUDITORS' REPORT

The report of the statutory auditors on Standalone Financial statements as well as Consolidated Financial Statements forms a part of the Annual Report. There were no adverse remarks/qualified remarks given by the Statutory Auditor on the financials of the Company.

16. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, M/s. A. M. Antarkar & Co., Practicing Company Secretaries, Pune (CP No. 3022) as a Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure II to this report. The report is self-explanatory and do not call for any further comments.

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

As per the provision of Section 138 of the Companies Act, 2013, the Company has devised a proper system to check the internal controls and functioning of the activities and recommend ways of improvement. Internal Audit is carried out timely. The internal financial controls with reference to financial statements as designed and implemented by the Company. During the year under review, no material or serious observation is received from the Internal Auditor of the Company for inefficiency and inadequacy of such controls.

18. EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as Annexure - III.

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Company has signed a Letter of Intent to enter into an agreement for a merger /acquisition/ strategic partnership with US based organization WT Global LLC subject to further discussion.

WT Global LLC owns and runs an iconic chain of salons. These salons are present in prime locations in the United States including the Plaza Hotel, Madison Avenue, Flatiron district in New York City and also in the Hamptons and Greenwich, Connecticut. This deal represents a significant synergy to the Company's growing operations in the United States. In addition to the Salons, the Company will also look to develop a product line under the same brand name as that of salons.

Apart from aforesaid transactions, there is no other material transaction occurred during the year.

20. CORPORATE SOCIAL RESPONSIBILITY

Provision of Schedule VII of the Companies Act, 2013 read with Companies Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company during the financial year under review.

21. VIGIL MECHANISM

Pursuant to the provision of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, a "Vigil Mechanism Policy" for Directors and Employees of the Company is in place, to report their genuine concern of any violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, unethical behaviour actual or suspected fraud or violation of the Company's code of conduct etc. during the year under review, no such complaints were received.

22. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH MANNER AS MAY BE PRESCRIBED

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3) (m) of the Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are as stated below:

A) Conservation of Energy

1. The steps taken or impact on conservation of energy; The Company applied strict control system to monitor day to day power consumption. The Company ensures optimal use of energy with minimum extent of wastage as far as possible. The day to day consumption is monitored to save energy.
2. The Capital Investment on Energy Conservation Equipment. The Company has not made any capital investment on energy conservation equipment.

B) Technology Absorption: -

The Company has no activities relating to technology absorption.

C) Foreign Exchange Earnings and Outgo;

Particulars	2017 – 18	2016-17
Foreign Exchange Earnings in terms of actual inflows	-	-
Foreign Exchange outgo in terms of actual outflow	58,80,176	24,54,412

23. REVIEW OF SUBSIDIARY AND ASSOCIATE COMPANIES

As required under Companies Act, 2013, the audited consolidated financial statements of the Company incorporating all its subsidiary and associate companies prepared with applicable Accounting Standards are attached.

Sanghvi Brands US Holding, INC, a Wholly Owned Subsidiary of the Company generated USD 8,30,969.78 /- as revenue during the Financial Year under consideration.

Sanghvi Hospitality Private Limited, wholly owned subsidiary of the Company, which since inception did not carry any business activity, thus the members vide its resolution dated 12th June 2017 approved to file an application with the Registrar of Companies for removal of name of the Company from the Register of Companies maintained by the Registrar of Companies. The Ministry of Corporate Affairs vide its Notice dated November 1, 2017 in Form No. STK-7 struck off the name of the Company from its register of companies and the said Company is dissolved.

On May 07, 2017 our Company entered into an agreement to acquire 50% of Anayan Software Consultancy Private Limited in tranches. Anayan Software Consultancy Private Limited is engaged in development of fitness software used in gyms and other fitness centres. Pursuant to the above, we have acquired 20% stake of a total consideration of Rs. 12.50 Lakhs.

Salient features of subsidiary Companies are annexed as Annexure - V in form no.AOC-3.

24. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPARTING THE GOING CONCERN STATUS AND COMPANY' OPERATION IN FUTURE

There are no significant and material orders passed by regulators or courts or tribunals imparting the going concern status and Company' operation in future.

25. DEPOSITS

Your Company did not accept/ hold/ any deposits from public/shareholders during the year under review.

26. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

The Company has not given any loan or guarantee covered under provision of Section 186 of the Companies Act, 2013.

27. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder, the Company has formed an Internal Complaints Committee and framed and adopted the policy for Prevention of Sexual Harassment at Workplace. The following is the summary of Sexual Harassment complaints received and disposed off during the year 2017-18.

No. of Complaints received: NIL

No. of Complaints Disposed off: NIL

28. STATEMENT OF UTILIZATION OF PUBLIC ISSUE PROCEEDS PURSUANT TO REGULATION 32 OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

As per Regulation 32 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the listed entity shall submit to the stock exchange the statement indicating deviation, if any in the use of proceeds from the objects stated in the offer document, indicating category wise variation between projected utilization of funds made by it in its offer document, as applicable and the actual utilization of funds. However, there was no deviation on the objects of the issue proceeds and as reviewed by the Audit Committee the statement is as under;

Particulars	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2018	Pending for utilization as on 31st March, 2018
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	77,170,000	13,845,352	63,032,648
b. Acquisitions and development of new brands		2,92,000	
Marketing and sales promotion of the brands in our portfolio	50,000,000	3,338,567	46,661,433
Strategic Investments for business growth	10,000,000	-	10,000,000
General Corporate Purpose	28,442,000	-	28,442,000
*Issue Expenses	24,000,000	22,271,726	1,728,274
Total	189,612,000	39,747,644	149,864,356

29. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. Your Company's thrust is on the promotion of talent internally through job rotation and job enlargement.

30. PARTICULARS OF EMPLOYEES

The Company has no employee Companies, who is in receipt of remuneration of Rs. 8,50,000/- per month or Rs. 1,02,00,000 per annum and hence the Company is not required to give information under sub rule 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

31. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that:

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

32. LISTING WITH STOCK EXCHANGES

Sanghvi Brands Limited listed its shares on the SME Platform of BSE Limited on November 22, 2017. The listing fees duly paid to the exchange and annual custodial fees has been paid to CDSL and NSDL for the F.Y. 2018 -19.

33. ACKNOWLEDGEMENT

Your Directors takes this opportunity to thank all Government Authorities, Bankers, Shareholders, Registrar & Transfer Agents, Investors and other Stakeholders for their assistance and co-operation to the Company. Your Directors express their deep sense of appreciation and gratitude towards all employees and staff of the Company and wish the management.

For and on behalf of the Board

Sanghvi Brands Limited

(formerly known as Sanghvi Brands Private Limited)

Sd/-

Darpan Sanghvi

Managing Director

DIN: 02912102

Date: 27th August 2018

Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Indian economy is expanding at its slowest pace in the four years as the government forecast economic growth slowing to 6.5% in the year 31st March 2018 from 7.1% in the previous year. While the services sector is projected to grow at 8.3 per cent in 2017-18, as against 7.7 per cent in 2016-17. The Government has adopted various reforms which has led to increase in India's ranking in the World Bank's Ease of Doing Business Index from 130 in 2017 to 100 in 2018.

According to The Economy Survey 2017-18 recasts a growth rate of 7 to 7.5 per cent for FY19, as compared to the expected growth rate of 6.75 per cent in FY18. Focus on private investments and exports, two truly sustainable engines of economic growth, will be crucial in improving the climate for rapid economic growth.

Company Overview

Sanghvi Brands manages & operates one of India's leading integrated portfolio of Luxury Spa, Beauty, Wellness & Fitness Brands and one of the Top Largest Spa & Wellness Operators in India with license rights to operate various Premium International Brands including: Spa by Clarins, Spa by LOccitane, Elle Spas & Salons, Warren Tricomi Salon & Spas, Levo, Rosanno Ferretti, TAOS Salon, Holyfield Gyms, Ramona Braganza's 3-2-1 Fitness Programme. We have sole distributorship of Nouveau Lashes for the territory of India to promote, market and sell these products.

We have 23 Spa/ Salons across the World which are Operational as well as training academies and another 7 under development in Spa/ Salons. These include spa/salons at some of the most Luxurious Hotel & Residential Locations including: The Ritz Carlton San Francisco, JW Marriott Mussoorie, Raichak Hotel in Kolkata on the banks of Ganges, Khyber Resort in the Himalayas, Jammu and Kashmir. Additionally, we have partnerships with Leading Real Estate Developer in India which includes: Lodha Developers, IREO, K Raheja Corp.

Total operating revenue was Rs. 9,00,56,821 for F.Y. 2017- 18 as compared to Rs. 10,80,47,845. in F.Y. 2016 – 17. Profit/(Loss) after Tax was (Rs. 1,64,61,129) for F.Y. 2017 - 18 as compared to Rs. 8,174,170 in F.Y. 2016 – 17.

During the year, we have been awarded by Asia Spa Awards India the Best New Spa (Resort), Hot 25 Spa Hotel in Asia by Asia Smart Travel, Best Salon by ELLE Beauty Awards and Runner Up Favourite Hotel Spa in India by Conde Nast Traveller Readers Award. Apart, we have been Nominated for Best Luxury Day Spa by Asia Spa Awards, Spa of the Year (North & West Asia) by Asia Spa Awards Hong Kong, Eco-Spa of the Year Asia Spa Awards Hong Kong, Spa Treatment of the Year by Asia Spa Awards Hong Kong.

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER ON FINANCIAL STATEMENTS OF THE COMPANY

(In terms of regulation 17 (8) read with Part B of schedule II of the SEBI Listing Regulation, 2015)

To,
The Board of Directors,
Sanghvi Brands Limited

I, Mr. Rameshwar Wadne, Chief Financial Officer of Sanghvi Brands Limited, certify that:

- (a) I 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 affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- i. There has not been any significant change in internal control over financial reporting during the year under reference
 - ii. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii. I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Sanghvi Brands Limited

(formerly known as Sanghvi Brands Private Limited)

Sd/-

Rameshwar Wadne
Chief Financial Officer

Date: 27th August 2018

Place: Mumbai

ANNEXURE I

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto –

- 1. Details of contracts or arrangements or transactions not at arm's length basis- NIL**
- 2. Details of material contracts or arrangement or transactions at arm's length basis-**

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any;
Mr. Narendra Sanghvi	Director of the Company	Rent Paid	Continuous period	Payment of an amount of Rs. 3,86,100/- p.a. against renting of premises Sanghvi House, 105/2, Shivaji Nagar, Pune: 411005 owned by Mr. Narendra Sanghvi	17 th April 2017
Mr. Darpan Sanghvi	Managing Director	Remuneration	Continuous period	The Remuneration shall be payable in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 not exceeding Rs. 66,00,000 (Rupees Sixty-Six Lakhs Only)	24 th July 2017
Sanghvi Beauty & Technologies Private Limited	Significant Influence	Management Fees	Event Based	In normal course of Business	-
Sanghvi Lifestyle Products Private Limited	Significant Influence	Sale of Goods	Event Based	In normal course of Business	-

Date: 27th August 2018

Place: Mumbai

For and on behalf of the Board

Sanghvi Brands Limited

(formerly known as Sanghvi Brands Private Limited)

Sd/-

Darpan Sanghvi

Managing Director

DIN: 02912102

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2018

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

To,
The Members,
Sanghvi Brands Limited
Pune

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

Based on my verification of the Sanghvi Brands Limited 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 on 31st March 2018 complied with the statutory provisions listed hereunder and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under
- (iii) The Securities Contracts (Regulation) Act, 1956 and Rules made there under
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment as well as overseas Direct Investments
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - 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
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit period)

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

- (i) Memorandum and Articles of Association
- (ii) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (iii) The Listing Agreement entered into by the Company with the Bombay Stock Exchange on SME Platform.
- (iv) SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 to the extent applicable to a SME Listed Company to which it belongs.

During the period under review the Company has complied with the provisions of the Acts, 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decisions were carried through, while the dissenting members' views, if any were captured and recorded as part of these minutes.

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 the applicable laws, rules, regulations and guidelines.

For A. M. Antarkar & Co.

Company Secretaries

Sd/-

Ajay M. Antarkar

FCS No. 3525

C P No.: 3022

Date: 27th August 2018

Place: Pune

ANNEXURE III

FORM MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	U74999PN2010PTC135586
ii)	Registration Date:	16/02/2010
iii)	Name of the Company:	SANGHVI BRANDS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v)	Address of the Registered Office and contact details	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005
vi)	Email	investor@sanghvibrands.com
vii)	Whether listed Company	Yes
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059 Tel: 022-62638200; Fax: 022 – 62638299 Email: ipo@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Spa and Salons.	93095	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Sanghvi Beauty & Salon Private Limited	U74900PN2011PTC141626	Wholly Owned Subsidiary	99.99%	2(87)
2	Sanghvi Fitness Private Limited	U74900PN2010PTC137959	Subsidiary	97.50%	2(87)

3	Sanghvi Hospitality Private Limited*	U74900PN2015PTC154025	Wholly Owned Subsidiary	99.99%	2(87)
4	Sanghvi Brands US Holding INC	-	Wholly Owned Subsidiary	100%	2(87)
5	Love of Spa RFO LLC	-	One Layer Subsidiary	100%	2(87)
6	Sanghvi Brands SL (Private) Limited	-	Wholly Owned Subsidiary	100%	2(87)

***Note:** Sanghvi Hospitality Private Limited was struck from the Register of Registrar of Company vide Notice dated November 1, 2017 in Form No. STK-7

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

i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year 1st April 2017				No. of Shares held at the end of the year 31st March 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual	0	5,00,000	5,00,000	71.73	54,99,978	0	54,99,978	52.80	18.92
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.(VBHC)	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other-Holding Company	0	0	0	0	0	0	0	0	0
Sub-total(A) (1)	0	5,00,000	5,00,000	71.73	54,99,978	0	54,99,978	52.80	18.92
(2) Foreign	0	0	0	0	0	0	0	0	0
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0

Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) +(A)(2)	0	5,00,000	5,00,000	71.73	54,99,978	0	54,99,978	52.80	18.92
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Foreign Portfolio Investor	0	0	0	0	1,04,000	0	1,04,000	1.00	-1.00
j) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	0	0	0	0	1,04,000	0	1,04,000	1.00	-1.00
2. Non Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	3,86,330	0	3,86,330	3.71	-3.71
ii) Overseas	0	1,97,080	1,97,080	28.27	21,67,880	0	21,67,880	20.81	7.46
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	0	0	0	0	12,12,658	0	12,12,658	11.64	-11.64
ii) Individual shareholders holding nominal share capital in	0	0	0	0	9,44,000	0	9,44,000	9.06	-9.06

excess of Rs 2 lakh									
c) Others(specify)									
i) Other -Clearing Member	0	0	0	0	63,034	0	63,034	0.61	-0.61
ii) Other - (NON RESIDENT INDIANS (NRI)	0	0	0	0	38,000	0	38,000	0.36	-0.36
Sub-total(B)(2)	0	1,97,080	1,97,080	28.27	48,11,902	0	48,11,902	46.20	-17.93
Total Public Shareholding (B)=(B)(1) + (B)(2)	0	1,97,080	1,97,080	28.27	49,15,902	0	49,15,902	47.20	-18.92
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	6,97,080	6,97,080	100	104,15,880	0	104,15,880	100.00	0

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the
		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	Darpan N. Sanghvi	5,00,000	71.73	0	54,99,945	52.80	0	18.92
2	Disha N. Sanghvi	0	0	0	11	0.00	0	0
3	Jaya D. Sanghvi	0	0	0	11	0.00	0	0
4	Kamini N. Sanghvi	0	0	0	11	0.00	0	0
Total		5,00,000	71.73	0	54,99,978	52.80	0	18.92

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

Sr. No.	Particulars	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	At the beginning of the year	5,00,000	71.73	5,00,000	71.73
2	On 23rd July 2017, the Board approved the transfer of Shares from Mr. Darpan Sanghvi	-	-	-	-
3	On 18th August 2017, the Company has allotted Bonus Equity Shares to its existing shareholders in the proportion of 10 Bonus Shares of Rs. 10 each for every 1 fully paid up Equity Shares of Rs. 10 each held by them.	54,99,978	71.73	54,99,978	71.73
4	On 17th November 2017, the Company has allotted 7,48,000 Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public.	-	52.80	-	52.80
5	At the end of the year			54,99,978	52.80

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

Sr. No.	Particulars	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	At the beginning of the year	1,97,080	28.27	1,97,080	28.27
2	On 18th August 2017, the Company has allotted Bonus Equity Shares to its existing shareholders in the proportion of 10 Bonus Shares of Rs. 10 each for every 1 fully paid up Equity Shares of Rs. 10 each held by them.	19,70,800	28.27	19,70,800	28.27
3	On 17th November 2017, the Company has allotted 7,48,000 Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public.	34,07,880	32.72	34,07,880	32.72
4	At the end of the year			34,07,880	32.72

List of Top ten Shareholders as on 31st March 2018

Name of Shareholder	No of shares held	% of holding
Tano India Private Equity Fund II	2167880	20.81
Gita Kirti Ambani	360000	3.46
Mukul Mahavirprasad Agrawal	200000	1.92
Pivotal Enterprises Private Limited	140000	1.34
Maverick Financial Services Private Limited	136000	1.31
Nikhil Vora	124000	1.19
Tano Mauritius India FVCI II	104000	1.00
NNM Securities	78000	0.75
Anoop Jain	68000	0.65
ECAP Equities Limited	30000	0.29
	3407880	

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Director /Key Managerial Personnel	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	Darpan Sanghvi				
	At the beginning of the year	5,00,000	71.73	5,00,000	71.73
	On 23rd July, Transfer 5 shares	4,99,995	71.73	4,99,995	71.73
	On 18th August 2017, the Company has allotted Bonus Equity Shares to its existing shareholders in the proportion of 10 Bonus Shares of Rs. 10 each for every 1 fully paid up Equity Shares of Rs. 10 each held by them.	49,99,950	71.73	54,99,945	71.73
	On 17th November 2017, the Company has allotted 27,48,000 Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public.	-	18.92	-	18.92
	At the end of the year	54,99,945	52.80	54,99,945	52.80
2	Disha Sanghvi				
	At the beginning of the year	-	-	-	-
	On 23rd July, Transfer shares	1	0.00	1	0.00

On 18th August 2017, the Company has allotted Bonus Equity Shares to its existing shareholders in the proportion of 10 Bonus Shares of Rs. 10 each for every 1 fully paid up Equity Shares of Rs. 10 each held by them.	10	0.00	11	0.00
On 17th November 2017, the Company has allotted 27,48,000 Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public.	-	-	-	-
At the end of the year	11	0.00	11	0.00

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	-	-	-	-
Change in Indebtedness during the financial year				
· Addition	-	-	-	-
· Reduction	-	-	-	-
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not a due	-	-	-	-
Total	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Particulars of Remuneration	Total Amount
	Name of Managing Directors: Darpan Sanghvi	

1.	Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s17(2) of the Income-tax Act,1961 (c)Profits in lieu of salary under section17(3) of the Income- tax Act,1961	66,00,000
2.	Stock Option	NA
3.	Sweat Equity	NA
4.	Commission - as % of profit - others, specify...	NA
5.	Others, please specify	2,00,600
	Total (A)	68,00,600
	Ceiling as per the Act	84,00,000

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Total Amount
1.	Mr. Sunil Lulla (Independent Director) (a) Fee for attending board meetings (b) Commission	Rs.50000/- -
2.	Mr. Gaurav Agarwal (Independent Director) (a) Fee for attending board meetings (b) Commission	Rs.50000/- -
3.	Mr. Carlton Pereira (Non-Executive Director) (a) Fee for attending board meetings (b) Commission	Rs.50000/- -

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
1.	Gross salary			
	(a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961	2,43,568	30,00,000	32,43,568
	(b)Value of perquisites u/s17(2) of the Income-tax Act,1961	-	-	-
	(c)Profits in lieu of salary under section17(3) of the Income- tax Act,1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-

4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	2,43,568	30,00,000	32,43,568

NOTE:

1. Ms. Kruti Shah has been appointed as Company Secretary and Compliance Officer on 24th July 2017 and the aforesaid remuneration is for 9 Months.
2. Mr. Rameshwar Wadhe, has been appointed as CFO of the Company on 24th July 2017 and before that he was receiving remuneration in the capacity of the Employee of the Company.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Act	Brief Description	Details of Penalty/Punishment/Compounding fee imposed	Authority (RD/NCLT/Court)	Appeal Made, if any (Give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Date: 27th August 2018

Place: Mumbai

Sanghvi Brands Limited
(formerly known as Sanghvi Brands Private Limited)

Sd/-

Darpan Sanghvi
Managing Director
DIN: 02912102

ANNEXURE IV

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance philosophy of your Company ensures transparency in all dealings and in the functioning of the management and the Board. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regularity compliances. The Company operates within accepted standards of proprietary, fair play and justice and aims at creating a culture of openness in relationship between itself and its stakeholders.

As a responsible corporate citizen, your Company had established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to organizational sustainability, systematic training, learning and personal growth, conservation of energy and other scarce resources, promoting safety and health of its employees and of the neighbouring community etc.

2. BOARD COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company (Board) has optimum combination of Executive, Non-Executive and Independent Directors.

The Composition of the Board and category of Directors are as follows;

Name of Directors	Designation
Darpan Sanghvi	Managing Director
Narendra Sanghvi	Non-Executive Director
Disha Sanghvi	Non-Executive Director
Carlton Pereira	Non-Executive Director
Sunil Lulla	Independent Director
Gaurav Agarwal	Independent Director

Mr. Narendra Sanghvi is the father of Mr. Darpan Sanghvi and Mrs. Disha Sanghvi. None of the other Directors are related to any other Director on the Board.

Details of Attendance of Directors at Board, Last Annual General Meetings (AGM) and No. of other Directorship of each Director in various Companies.

Name of Directors	Designation	Attendance at meetings during 2017 -18		No. of Directorships as on 31 st March, 2018
		Board	Last AGM	
Darpan Sanghvi	Managing Director	18	Yes	7
Narendra Sanghvi	Non-Executive Director	20	Yes	4
Disha Sanghvi	Non-Executive Director	18	Yes	3
Carlton Pereira	Non-Executive Director	20	Yes	12
Sunil Lulla (Appointed on 10 th August 2017 as Independent Director)	Independent Director	13	-	3
Gaurav Agarwal (Appointed on 26 th October 2017 as Independent Director)	Independent Director	5	-	6

3. NO. OF BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR

- A. 20 (Twenty) Board Meetings were held during the year (FY. 2017 - 18), as against the minimum requirement of four meetings. The details of the Board Meetings held are given below;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	17-04-2017	4	4
2	02.05.2017	4	3
3	07.06.2017	4	3
4	23.06.2017	4	3
5	27.06.2017	4	4
6	04.07.2017	4	4
7	24.07.2017	4	4
8	14.08.2017	6	6
9	18.08.2017	6	6
10	13.09.2017	6	6
11	25.09.2017	6	6
12	28.09.2017	6	6
13	29.09.2017	6	6
14	16.10.2017	6	6
15	26.10.2017	6	6
16	31.10.2017	6	6
17	02.11.2017	6	6
18	17.11.2017	6	5
19	28.11.2017	6	6
20	06.03.2018	6	6

- B. 3 (Three) Audit Committee Meetings were held during the year i.e. 2017 - 18, the details of the Audit Committee Meetings are as follows;

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	13.09.2017	3	3
2	25.09.2017	3	3
3	6.03.2018	3	3

C. Nomination and Remuneration Committee Meeting were held on 6th March 2018, the details of the same as under

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	6.03.2018	3	3

D. Stakeholder Relationships Committee Meeting were held on 6th March 2018, the details of the same as under

Sr. No.	Date of Board meeting	Board Strength	No. of Director Present
1	6.03.2018	3	3

4. APPOINTMENT OF DIRECTORS

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect from April 1, 2014. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of maximum of five years each and shall not be liable to retire by rotation. Your Board has adopted the provisions with respect to appointment and tenure of Independent Directors consistent with the Companies Act, 2013 and the Listing Regulations.

At the time of appointment of an Independent Director, the Company has issued a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director.

5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration.

- a. **Managing Director:** The Managing Director shall be appointed on the basis of their qualification, expertise and experience in the Business of Sanghvi Brands Limited. The term of the appointment or re-appointment of Managing Director shall be for the period of five years. Sanghvi Brands Limited shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director who has attained the age of seventy-five years, provided that the term of such person may be extended by passing a special resolution

based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy-five years.

- b. Independent Directors: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The appointment of the Independent Directors shall be in accordance with Schedule IV to the Companies Act, 2013.
- c. Key Managerial Personnel (KMP): A person to be appointed as a KMP should possess adequate qualification, knowledge and expertise. The Committee has discretion to decide whether qualification, knowledge and expertise possessed by a person is sufficient/satisfactory for the concerned position.
- d. Senior Management & other employees: The person at the level of Senior Management and other employees shall be appointed as per the policy formulated by Human Resource Department of the Company.

6. DETAILS OF THE BOARD COMMITTEES OF THE COMPANY

The Board has constituted following Committees during the year as under;

Composition of the Audit Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

Composition of the Nomination and Remuneration Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

Composition of the Stakeholder Relationships Committee: -

Name of Member	Designation
Mr. Carlton Pereira	Chairman of the Committee
Mr. Sunil Lulla	Member
Mr. Gaurav Aggarwal	Member

7. REMUNERATION TO:

- a. Managing Director: The remuneration/compensation/commission etc. to the Managing Director, Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. to the Directors shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. The remuneration and commission to be paid to the Managing Director/Whole-time Director/Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Schedule V and other applicable rules made thereunder.

Revision to the existing remuneration/compensation structure may be recommended by the Committee to the Board subject to approval of the Shareholders whenever necessary, in the case of Managing Director/Whole-time Director/Executive Director and would be based on the individual's performance as well as the Company's overall performance.

If any Managing Director/Whole-time Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty of negligence, default, misfeasance, breach of duty or breach of trust, the premium paid on such insurance shall be treated as part of the remuneration.

- b. Non-Executive Directors & Independent Directors: The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. An Independent Director shall not be entitled to any stock option of the Company.
- c. Key Managerial Personnel (KMP), Senior Management & other employees: The KMP, Senior Management and other employees of the Company shall be paid remuneration as per the policies implemented by the Company from time to time.

8. LOAN TO SENIOR MANAGEMENT (OTHER THAN MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR) AND OTHER EMPLOYEES OF THE COMPANY:

The loan may be given to the above concerned for the purposes such as Marriage, Education, Housing Loan or such other purposes, in accordance with the policies implemented by the Company from time to time.

9. PERFORMANCE EVALUATION:

The Committee shall evaluate performance of every Director, KMP and Senior Management Personnel at regular period of one year.

10. ANNUAL GENERAL MEETINGS

Year	Location	Date	Time
2016-17	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	14.09.2017	10.30 a.m.
2015-16	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	30.09.2016	12.30 p.m.
2014-15	"Sanghvi House", 105/2, Shivajinagar, Pune: 411005	28.09.2015	12.30 p.m.

11. MEETINGS OTHER THAN ANNUAL GENERAL MEETING

During the FY 2017 -18, the Extra Ordinary General Meeting of the Members of the Company held as under;

Sr. No.	Date of Meeting
1	29.06.2017
2	10.08.2017
3	16.08.2017

12. CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct ('the Code') applicable to the Directors and employees. The Code is applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence. A copy of the Code has been put up on the Company's website and can be accessed at www.sanghvibrands.com.

13. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH INTEREST OF COMPANY AT LARGE

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There was no transaction of a material nature with any of the related parties which was in conflict with the interest of the Company.

ANNEXURE V

FORM - AOC 3

Salient Features of Financial Statements of Subsidiaries as per Companies Act, 2013

Sr. No.	Particulars	Name of the Subsidiary Company			
		Sanghvi Beauty & Salon Private Limited	Sanghvi Fitness Private Limited	Sanghvi Brands SL (Private) Limited	Sanghvi Brands US Holding INC
	Reporting Currency	INR	INR	LKR	USD
1	Equity Share Capital	1,00,000	1,00,000	10	1,05,000
2	Reserves & surplus	(1,67,88,189)	(13,87,784)	(27,15,918)	(73,807.34)
3	Total Assets	3,96,32,173	19,77,580	89,99,020	2,67,382.31
4	Total Liabilities	3,96,32,173	19,77,580	89,99,020	2,67,382.31
5	Investments	-	-	-	-
6	Turnover	12,00,29,243	5,98,941	45,83,270	8,30,969.78
7	Profit/ Loss before taxation	(1,14,99,799)	(26,35,403)	(23,73,105)	1,41,205.92
8	Provision for taxation	6,87,224	(2676)	-	2000
9	Net Profit/ Loss after taxation	(1,21,87,023)	(26,32,727)	(23,73,105)	1,39,205.92
10	Proposed Dividend	NIL	NIL	NIL	NIL
11	% of shareholding	100	97.49	100	100

INDEPENDENT AUDITOR'S REPORT

To the Members of Sanghvi Brands Limited

Report on the Standalone the Financial Statements

1. We have audited the accompanying standalone financial statements of Sanghvi Brands Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the

accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows 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, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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 Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the
 - e. Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - f. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed

as a director in terms of Section 164(2) of the Act.

- g. 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"; and
- h. 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, and
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For B. K. Khare and Co.
Chartered Accountants

Firm Registration Number: 105102W

S/d-
Shirish Rahalkar

Partner
Membership No.111212
Mumbai, May 30, 2018

Annexure to the Auditor's Report referred to in our report of even date:

- i
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed during such verification were not material.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the order is not applicable.
- ii As explained to us, the inventory was physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii The Company has granted unsecured loan to three wholly owned subsidiary and one partially owned subsidiary companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act')
- a. In our opinion, rate of interest and other terms granted to conditions on which the loans had been granted to the wholly owned subsidiary Company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
 - b. In respect of the aforesaid loan, the parties are repaying the principal amount, as stipulated, and are also regular in payment of interest as applicable.
 - c. In respect of the aforesaid loan, there is no overdue amount.
- iv In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans given, investment made and guarantees given to parties covered under the respective sections have been complied with by the Company.
- v In our opinion, and according to the information and explanations given to us, clause v is not applicable as there are no deposits from public accepted during the year and hence not commented upon.
- vi According to the information and explanation given to us, the provisions of the paragraph 3 (vi) of the Order are not applicable to the Company as the Company is not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, *except for dues in respect of Provident fund, TDS and Profession Tax, which have not been deposited till 31st March 2018, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of arrears of statutory dues outstanding as at 31st March 2018 for a period of more than six months from the date they become payable are as follows-*

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Due date	Date of payment
THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952	Provident Fund	11,536	June 17 to August 17	15 th of respective month	Not paid
Profession Tax Act, 1975	Profession Tax	200	April 17	21 st May 17	Not paid
Income Tax	TDS 194 J	32,649	June 17	7 th July 17	Not paid
	TOTAL	11,736			

b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, goods and service tax, duty of custom and excise or value added tax or cess which have not been deposited on account of any dispute.

Vii Based on the records examined by us and according to the information and explanations given to us, paragraph 3(viii) of the order is not applicable as there is no borrowing from banks or financial institutions during the year, hence not commented upon.

Ix According to the information and explanations given by the management, the Company has utilized the money raised by way of initial public offer for the purposes mentioned in the prospectus of IPO. The unutilized portion of the IPO is deployed in fixed term deposit.

X During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instances of frauds by the Company or any material fraud on the Company by its officers or employees nor have any instances of material fraud been reported to us by the management during the year.

Xi According to the information and explanations given to us and based on our examination of the records of the Company, 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 of the Act.

Xii In our opinion and according to the information and explanations given to us, the Company is not a 'Nidhi' Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

Xiii According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.

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 Clause 3(xiv) of the Order is not applicable to the Company.

Xv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

Xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration Number: 105102W

S/d-

Shirish Rahalkar
Partner
Membership No.111212
Mumbai, May 30, 2018

Annexure-B to the Auditors' Report referred:

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Sanghvi Brands Limited on the standalone financial statements 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 Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sanghvi Brands Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing,

deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.

Chartered Accountants

Firm Registration Number: 105102W

S/d-

Shirish Rahalkar

Partner

Membership No.111212

Mumbai, May 30, 2018

BALANCE SHEET AS AT MARCH 31, 2018

PARTICULARS		Note No.	As at March 31, 2018 Amount	As at March 31, 2017 Amount
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	1	1041,58,800	69,70,800	
(b) Reserves and surplus	2	1467,98,252	931,07,107	
2 Non-current liabilities				
(a) Other Long-term liabilities	3	2,54,296	2,54,296	
(b) Long-term provisions	4	10,99,219	17,03,818	
3 Current liabilities				
(b) Trade Payable				
- Micro Enterprises & Small Enterprises		-	-	
- Other than Micro Enterprises & Small Enterprises	5	88,47,704	46,07,440	
(c) Other current liabilities	6	157,60,126	149,23,309	
(d) Short-term provisions	7	1,04,836	1,39,360	
TOTAL		27,70,23,233	12,17,06,130	
II. ASSETS				
Non-current assets				
1 (a) Fixed Assets	8			
(i) Property, Plant and Equipment		33,90,763	41,90,801	
(i) Intangible assets		7,65,944	1,46,861	
(b) Non-current investments	9	87,14,210	75,64,206	
(c) Deferred tax assets (net)	10	-	5,56,017	
(d) Long-term loans and advances	11	56,23,437	29,71,704	
(e) Other Non-Current Assets	12	34,45,041	27,61,114	
2 Current assets				
(a) Inventories	13	133,99,065	88,44,024	
(b) Trade receivables	14	110,06,474	181,43,501	
(c) Cash and Cash equivalents	15	1581,43,887	247,00,906	
(d) Short-term loans and advances	16	713,43,504	516,40,182	
(e) Other current assets	17	11,90,908	1,86,814	
TOTAL		27,70,23,233	1217,06,130	
See accompanying Notes to The Financial Statements		24 -34		
The accompanying notes form an integral part of The Financial Statements.				

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS		Refer Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
1	Revenue from operations	18	9,00,56,821	10,80,47,845
2	Other income	19	67,11,789	29,09,470
3	Total Revenue (1+2)		967,68,610	11,09,57,315
4	Expenses:			
	Cost of materials consumed	20	57,68,435	94,94,443
	Employee benefits expense	21	5,46,85,543	4,78,54,092
	Finance costs	22	8,97,346	7,49,168
	Depreciation and amortization expense	8	13,42,751	13,07,358
	Other expenses	23	4,99,79,647	4,18,97,231
5	Total expenses		11,26,73,723	10,13,02,292
6	Profit / (Loss) before Tax (3-5)		(159,05,112)	96,55,023
7	Tax expense:			
	(1) Current tax		-	16,41,484
	(2) Deferred tax (Credit)	10	5,56,017	(1,60,631)
8	Profit (Loss) for the period		(1,64,61,129)	81,74,170
9	Earnings per equity share:			
	(1) Basic		-1.91	1.07
	(2) Diluted		-1.91	1.07
See accompanying Notes to The Financial Statements		24-34		
The accompanying notes form an integral part of The Financial Statements.				

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from Operating Activities		
Profit/Loss before Tax	(159,05,112)	96,55,023
Adjustments for:		
Depreciation & Amortisation Expenses	13,42,751	13,07,358
Sundry Credit Balances Appropriated	(19,25,879)	
Interest income	(47,75,388)	23,91,232
Operating profit before working capital changes	(212,63,629)	133,53,613
Adjustment for:		
Trade and Other Receivables	71,37,027	(99,55,417)
Inventories	(45,55,041)	(52,95,764)
Loans and Advances- short term	(197,03,322)	(269,65,463)
Long term loans and advances	(19,56,120)	-
Other Current Assets	(16,88,021)	1,52,320
Trade and Other Payables	63,63,837	1,26,834
Cash generated from operations	(3,56,65,269)	(2,85,83,877)
Less: Taxes paid net of refund	(6,95,613)	4,08,920
Net Cash from Operating Activities (A)	(3,63,60,882)	(2,81,74,957)
B. Cash flow from Investing Activities		
Purchase of Fixed Assets/Capital Expenditure	(11,61,795)	(11,06,062)
Increase in Investment	(11,50,004)	-
Interest Received	47,75,388	(23,91,232)
Increase in Fixed Deposits	(1012,86,890)	169,41,003
Net Cash used in Investing Activities (B)	(9,88,23,301)	1,34,43,709
C. Cash flow from Financing Activities		
Change in Borrowings	-	(2,73,155)
Interest Paid	-	-
Share issue expenses	(2,22,71,726)	-
Share issued	2,74,80,000	-
Premium on shares issued	16,21,32,000	-
Net Cash used in Financing Activities (C)	16,73,40,274	(2,73,155)
D Net increase/decrease in cash and cash equivalents (A+B+C)	3,21,56,091	(1,50,04,397)
E Opening Balance of Cash and Cash Equivalents	26,11,322	1,76,15,718
F Closing Balance of Cash and Cash Equivalents	3,47,67,413	26,11,322
Components of cash and cash equivalents		
cash in hand	3,32,081	2,17,216
With Banks: on Current Accounts	3,44,35,332	23,94,106
Notes: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement prescribed under Section 133 of the Companies Act, 2013		
The accompanying notes form an integral part of The Financial Statements.		

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

NOTES TO FINANCIAL STATEMENTS

Note: 1 Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
d) Authorised				
1,30,00,000 Equity shares of 10 each	130,00,000	13,00,00,000	7,00,000	70,00,000
Compulsory Convertible 28,000 (28,000)	-	-	28,000	280,00,000
Preference Shares of 1000 each				
Total	130,00,000	13,00,00,000	7,28,000	350,00,000
e) Issued, Subscribed & Fully Paid up				
5,00,000 (5,00,000) Equity shares of 10 each	5,00,000	50,00,000	5,00,000	50,00,000
151,553 (151,553) Equity shares of 10 each issued at Rs 461.89 each	1,51,553	15,15,530	1,51,553	15,15,530
45,527 Equity shares of 10 each issued at Rs 615.02 each	45,527	4,55,270	45,527	4,55,270
6970800 Equity shares of Rs.10 each Bonus shares issued	69,70,800	697,08,000	-	-
2748000 Equity shares of Rs.10 each IPO for equity shares	27,48,000	274,80,000	-	-
Total	104,15,880	10,41,58,800	6,97,080	69,70,800
f) Reconciliation of the number of shares outstanding				
Equity Shares				
- at the beginning of the year	6,97,080	69,70,800	6,51,553	65,15,530
- allotted During the year	97,18,800	9,71,88,000	45,527	4,55,270
- at the end of the year	104,15,880	10,41,58,800	6,97,080	69,70,800
Compulsory Convertible Preference Shares				
- at the beginning of the year	-	-	28,000	280,00,000
- Converted into Equity Shares during the year	-	-	(28,000)	(280,00,000)
- at the end of the year	-	-	-	-
g) Rights attached to shares				
i. Rights attached to shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
ii. On 29th June 2017 vide shareholder approval the Company was converted from Private to Public Company in order to fulfil the requirement to raise funds by further issue of equity shares by way of IPO on SME Platform which was subsequently approved by the Registrar of Companies, Pune vide its letter dated 21st July 2017.				
iii. On 10th August 2017 vide shareholder approval the Company classified the existing Authorised Share Capital to Rs. 3,50,00,000 (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty-five lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and also subsequently Increase the Authorised Share Capital to Rs. 13,00,00,000 (Rupees thirteen crores) divided into 1,30,00,000 (One crore thirty lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each.				
iv. On 18th August 2017, the Company has allotted 69,70,800 equity shares of Rs. 10/- each full-paid up "Bonus Shares" in the proportion of ten (10) such new equity share for every one (1) existing equity share, held by such members on 14th August, 2017 as per Register of members.				
v. On 17th November 2017, the Company has allotted 27,48,000 Equity Shares of face value Rs. 10/- each fully paid -up at issue price of Rs. 69/- per share including a premium of Rs. 59/- per share aggregating to Rs. 1896.12 lakhs through the initial public offer (IPO). Subsequently, the entire equity share capital consisting 1,04,15,880 equity shares of Rs. 10/- each of the Company post-IPO listing and trading approval from BSE Limited Stock Exchange - SME platform vide their letter dated 22nd November 2017.				
h) Shareholders exceeding 5% of capital				
The Company does not have any holding or ultimate holding Company.				
Particulars	As at 31 March 2018		As at 31 March 2017	
Darpan Sanghvi	54,99,945	52.80%	5,00,000	71.73%
Tano India Private Equity Fund II	21,67,880	20.81%	1,97,080	28.27%

Note: 2 Reserves and surplus		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Securities Premium Account		
Balance at the beginning of the period/year	908,35,189	6,32,90,459
Premium on shares issued/converted during the period/year	16,21,32,000	2,75,44,730
Less: Issue of bonus shares during the period	6,97,08,000	-
Less: IPO Expenditure	2,22,71,726	-
Balance at the end of the year	16,09,87,463	9,08,35,189
Profit & Loss account		
Opening balance	22,71,917	(59,02,253)
Add: Profit for the Year	(1,64,61,129)	81,74,170
	(1,41,89,212)	22,71,917
Total - Reserves and Surplus	14,67,98,252	9,31,07,106
Note: IPO expenses have been adjusted to share premium account as per section 52 of Companies Act 2013		

Note: 3 Other Long-Term Liabilities		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Deposits from customers	2,54,296	2,54,296
Total	2,54,296	2,54,296

Note: 4 Long Term Provisions		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Provision for employee benefits		
Gratuity	6,53,439	10,67,154
Leave Encashment	4,45,780	6,36,664
Total	10,99,219	17,03,818

Note: 5 Trade Payable		
Trade Payables	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
(a) Total outstanding dues of Micro, Small and Medium Enterprises	-	-
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	88,47,704	46,07,440
Total	88,47,704	46,07,440

Note: 6 Other Current Liabilities		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Statutory remittances	23,51,979	21,80,448
Advance from Others	-	2,38,656
Advance from Related party	8,80,223	-
Advance from Customer	15,32,702	31,59,093
Income received in advance	61,94,697	63,02,842
Employee Payables	40,29,857	
Other liabilities	7,70,669	30,42,270
Total	157,60,126	149,23,309

Note: 7 Short Term Provisions		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Provision for employee benefits		
Gratuity (Ref Note 29)	16,386	16,789
Leave Encashment	88,450	1,22,571
Total	1,04,836	1,39,360

Note: 11 Long Term Loans and Advances		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
a. Security Deposits		
Unsecured, considered good	24,29,120	4,73,000
	24,29,120	4,73,000
b. Other loans and advances		
Tax Deducted at Source (net of provisions)	31,94,317	24,98,704
	31,94,317	24,98,704
Total	56,23,437	29,71,704

Note: 12 Other Non-current Assets		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Fixed Deposit with original maturity of more than 12 months	34,45,041	27,61,114
	34,45,041	27,61,114

Note: 13 Inventories		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Materials/Consumables	1,33,99,065	88,44,024
Total	1,33,99,065	88,44,024

Note: 14 Trade Receivables		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	53,03,305	1,79,29,202
	53,03,305	1,79,29,202
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	57,03,169	2,14,299
Total	1,10,06,474	1,81,43,501

Note: 15 Cash and Cash equivalents		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Cash and bank balances		
(a) Cash on hand	3,32,081	2,17,216
(b) Bank Balances	3,44,35,332	23,94,106
	3,47,67,413	26,11,322
<u>Other bank balances</u>		

Fixed Deposits with Original Maturities lower than 12 months but greater than 3 months	1233,76,474	220,89,584
Total	1581,43,887	247,00,906

Note:16 Short-term loans and advances		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
a. Loans and advances		
Unsecured, considered good *	6,65,21,040	4,71,92,631
Other recoverable (Expenses reimbursement)		13,88,888
	6,65,21,040	4,85,81,519
b. Other loans and advances		
Unsecured, considered good		
Advance to Suppliers	9,93,709	17,16,385
Employee advances and others	5,26,687	-
Balances with Govt. Authority	33,02,068	13,42,278
Total	7,13,43,504	5,16,40,182
* Consists of advances given to following parties		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
<u>Loan & Advances to Related Parties</u>		
Advances to Wholly-Owned subsidiaries		
Sanghvi Beauty & Salon Pvt Ltd	4,16,73,963	2,99,49,596
Sanghvi Hospitality Pvt Ltd		990
Sanghvi Brands US Holdings INC, USA	1,55,36,868	1,55,36,868
Sanghvi Brands S L Pvt Ltd, Sri Lanka	48,16,383	1,48,408
Love of Spa RC SFO (Step-down subsidiary), USA	17,28,233	10,56,553
Advance to Subsidiary		
Sanghvi Fitness Pvt Ltd	13,34,307	5,00,216
Recoverable from Joint Venture-		
Sanghvi International Beauty & Spa, UAE	14,31,286	-
Total	6,65,21,040	4,71,92,631

Note 17 Other current assets		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest accrued	89,439	89,439
Prepaid Expenses	11,01,469	97,375
Total	11,90,908	1,86,814

Note 18 Revenue from operations		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Services	7,71,26,013	6,00,92,324
Technical Fees	86,79,990	3,19,00,000
Reimbursement of Expenses & Salaries	9,98,907	86,26,985
Sale of services (A)	8,68,04,910	10,06,19,309
Sale of products (B)	32,51,911	74,28,536
Total (A +B)	9,00,56,821	10,80,47,845

Note 19 Other Income

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest on Income tax refund	-	16,350
Interest income on Fixed Deposits	47,75,388	23,91,232
Sundry Credit Balances Appropriated	19,25,879	5,01,888
Foreign Exchange gain / (loss), (net)	10,522	-
Total	67,11,789	29,09,470

Note 20 Cost of materials consumed

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Opening Inventory	88,44,024	35,48,260
Add – Purchases		
Purchases of other materials	68,52,451	73,06,930
Consumables	34,71,025	74,83,277
	1,03,23,476	1,47,90,207
Less - Closing Inventory	1,33,99,065	88,44,024
Total	57,68,435	94,94,443

Note 21 Employee benefits expense

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Salaries and incentives	4,02,42,667	3,58,47,280
Directors remuneration	66,00,000	63,12,450
Contributions to -		
Provident fund	8,97,762	6,91,303
Staff welfare expenses	69,45,114	50,03,059
Total	5,46,85,543	4,78,54,092

Note 22 Finance Costs

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest Expense	3,88,729	1,12,052
Bank Charges	5,08,617	6,37,116
Total	8,97,346	7,49,168

Note 23 Other Expenses

SR No	Particulars	As at March 31, 2018	As at March 31, 2017
		Amount	Amount
1	Electricity charges	15,13,924	27,74,441
2	Repairs		
	- Plant & Machinery	1,08,050	2,07,560
	- Others	2,79,224	2,14,739
3	Insurance (Including Keyman Insurance)	9,76,614	5,06,155
4	Rent expenses	11,54,000	30,18,000
5	Rates & Taxes	63,354	1,64,825
6	Audit fees (Ref note 25)	2,65,000	1,50,000
7	Business Development & Sales Promotion	62,97,983	26,75,073
8	License Fees	239,73,760	178,52,381
9	Royalty	29,00,078	21,85,211

10	Legal & professional Fees	36,25,361	34,24,381
11	Housekeeping expenses	6,84,076	12,82,359
12	Telephone Expenses	8,26,482	11,56,603
13	Travelling and conveyance	30,98,536	30,23,573
14	Advances W/off	21,80,422	12,41,752
15	Information Technology Cost	8,11,211	2,12,605
16	Miscellaneous Expenses	12,21,572	18,07,573
Total		4,99,79,647	4,18,97,231

Note 8 Fixed Assets

Fixed Assets Schedule for the year ended March 31, 2018

Fixed Assets	Balance as on March 31, 2017	Gross Block Additions/ (Disposals)	Balance as on March 31, 2018	Accumulated Depreciation			Balance as on March 31, 2018	Net Block	
				Balance as on March 31, 2017	Depreciation charge for the year 2017-2018	On disposals		Net Balance as on March 31, 2018	Net Balance as on March 31, 2017
Computers & Accessories	17,31,792	1,29,650	18,61,442	12,92,029	5,14,859	-	18,06,888	54,554	4,39,763
Furniture's & Fittings	41,67,221	1,82,449	43,49,670	11,11,052	4,31,012	-	15,42,064	28,07,606	30,56,169
Office Equipment's	13,41,396	1,17,121	14,58,517	6,46,527	2,83,388	-	9,29,914	5,28,603	6,94,869
Total	72,40,409	4,29,220	76,69,629	30,49,608	12,29,259	-	42,78,866	33,90,763	41,90,801
Software/Tra demarks	2,29,503	7,32,575	9,62,078	82,642	1,13,492	-	1,96,134	7,65,944	1,46,861
Total	2,29,503	7,32,575	9,62,078	82,642	1,13,492	-	1,96,134	7,65,944	1,46,861
Grand Total	74,69,912	11,61,795	86,31,707	31,32,250	13,42,751	-	44,75,000	41,56,707	43,37,662

Note: 9 Non-Current Investments

Particulars	Face Value per share	No of Shares		Amount in Rs.	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Trade investments					
Unquoted					
Investments in equity instruments in wholly owned subsidiaries (fulled paid up)					
Sanghvi Fitness Pvt Ltd	Rs.10	9,750	9,750	97,500	97,500
Sanghvi Beauty Salon Pvt Ltd	Rs.10	10,000	10,000	1,00,000	1,00,000
Sanghvi Hospitality Pvt Ltd	Rs.10		10,000	-	1,00,000
Sanghvi Brands SL Pvt Ltd	LKR10	1		4	
Sanghvi Brands US Holdings Inc	\$ 1	1050,01,000	1050,01,000	71,96,706	71,96,706
Non-Trade investments					
Unquoted					
Investment in National Savings certificate	-	-	-	70,000	70,000
Investment in Anayan Software Consultancy Pvt Ltd				12,50,000	-
Total		10,50,20,751	10,50,30,750	87,14,210	75,64,206

Note 10 - Deferred Tax Liability/Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Deferred Tax Assets (A)	5,56,017	3,95,386
Add: Depreciation	-	76,652
Add: Gratuity provision & Leave Encashment	-	2,37,283
Closing Deferred tax assets (B)	5,56,017	5,56,017
Less: Reversal of DTA	(5,56,017)	-
Closing Deferred tax assets	-	5,56,017

24. SIGNIFICANT ACCOUNTING POLICIES:
a) Company overview

Sanghvi Brands Limited (formerly known as Sanghvi Brands Private Limited) is a public Company, domiciled in India. It was incorporated on 16th February 2010 under the provisions of Companies Act, 1956. The Company is in the business of branding of national and international brands, dealing in goods and services of such brands and providing spa services. The Company has its registered office at Shivajinagar, Pune. The Company was listed with BSE Limited on SME platform from November 22, 2017.

b) Basis of preparation of financial statements

The condensed financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and the provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or to a revision an existing accounting standard requires a change in the accounting policy hitherto in use. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule II to the Companies Act, 2013. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the

reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Service income is recognized net of duties and taxes, as and when services are rendered. Revenue in respect of Technical fees is recognised as the related services are performed.

As per agreement entered by the Company with certain Franchisees, the Company is obliged to refund technical fees received in in case of termination of its licensing arrangement with the licensors of the brand within a specified period which ranges from 1 to 2 years. As per management, refund of technical fees is not likely.

e) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation until the date of the balance sheet and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such costs include taxes, duties, freight and incidental expenses relating to the acquisition and installation of fixed assets. Cost also includes the interest paid/ payable during the period of construction in respect of borrowed funds pertaining to construction/ acquisition of qualifying fixed assets.

f) Depredation and Amortization

Depreciation on tangible assets is provided on the Straight line Method (SLM) over the useful lives of assets as prescribed in Schedule -11 of the Companies Act 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized on SLM basis over their estimated useful life.

- g) Current Assets, loans & advances
Current Assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- h) Impairment
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- i) Income Tax
Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized 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.

- j) Provisions
A provision is recognized when an enterprise has a present obligation as a result of past event and it probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- k) Earnings per Share
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

25. Auditor's Remuneration

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory Audit Fees*	2,35,000	1,20,000
Tax Audit Fees*	30,000	30,000
Total	2,65,000	1,50,000

*Excluding Taxes

26. Earnings per Share

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
a.	Profit for the year	(1,64,61,128)	81,74,170
b.	Weighted Average no. of equity shares	86,39,179	76,67,880
c.	Basic EPS (a/b)	(1.91)	1.07
d.	Diluted EPS	(1.91)	1.07

27. Based on the information available, the Company has no outstanding as at 31st March 2018 that are required to be furnished u/ s 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

28. Deferred Tax

Particulars	As at March 31, 2018	As at March 31, 2017
Opening Deferred Tax Assets (A)	5,56,017	3,95,386
Add: Depreciation		(76,652)
Add: Gratuity provision & Leave Encashment		2,37,283
Closing Deferred tax Assets (B)	5,56,017	5,56,017
Less: Reversal of DTA	(5,56,017)	-
Closing Deferred Tax Assets	-	5,56,017

29. Retirement Benefits

A. GRATUITY

I. Assumptions:

Particulars	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.70%	7.40%
Rate of Increase in Compensation Level	5%	5%
Expected Average remaining working lives of employees (years)	13.75%	14.07%

II. Table Showing Changes in Present Value of Obligations

Particulars	As at March 31, 2018	As at March 31, 2017
Present Value of Obligation as at the beginning of the year	10,83,943	5,70,991
Acquisition adjustment	-	-
Interest Cost	8,0,212	45,679
Past Service Cost	-	-
Current Service Cost	3,59,789	2,34,087
Curtailement Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Benefits paid	-	-
Actuarial (gain)/ loss on obligations	(8,54,119)	2,33,186
Present Value of Obligation as at the end of the year	6,69,825	10,83,943

III. Actuarial Gain/ (Loss) Recognized

Particulars	As on 31st March, 2018	As on 31 st March, 2017
Actuarial (gain)/loss for the year – Obligation	(8,54,119)	2,33,186
Actuarial (gain)/loss for the year - Plan Assets	-	-
Total (gain) / loss for the year	(8,54,119)	2,33,186
Actuarial (gain) / loss recognized in the year	-	-
Unrecognized actuarial (gains) / losses at the end of year	(8,54,119)	2,33,186

IV. The Amounts to be recognized in Balance Sheet

Particulars	As on 31st March, 2018	As on 31 st March, 2017
-------------	------------------------	------------------------------------

Present Value of Obligation as at the end of the year	6,69,825	10,83,943
Fair Value of Plan Assets as at the end of the year		
Funded Status as at the end of the period	(6,69,825)	(10,83,943)
Unrecognized Actuarial (gain)/loss at the end of the period		
Net Asset / (Liability) Recognized in Balance Sheet	(6,69,825)	(10,83,943)

V. The Amounts to be recognized in Profit and Loss Account

Particulars	As on 31st March, 2018	As on 31 st March, 2017
Current Service Cost	3,59,789	2,34,084
Acquisition (Gain)/Loss		
Interest cost	80212	45,679
Expected return on plan Asset		
Actuarial (Gain)/Loss recognized in the period	(8,54,119)	2,33,186
Expenses recognized in P&L	(4,14,118)	5,12,952

VI Reconciliation of Net Assets/(Liability) Recognized

Particulars	As on 31st March, 2018	As on 31 st March, 2017
Net Assets/(Liability) recognized at the beginning of the period	10,83,943	5,70,991
Benefits paid by Company		
Expenses recognized at the end of period	4,14,118	(5,12,952)
Net Asset/(Liability) recognized at the end of the period	(6,69,825)	(10,83,943)

30. RELATED PARTY DISCLOSURE:

Names of related party and nature of relationship

Relationship	Name of the Party
Key Managerial Personnel	Mr. Darpan Sanghvi
Relative of Key Managerial Personnel	Mr. Narendra R Sanghvi
Subsidiary	Sanghvi Beauty & Salon Pvt. Ltd.
	Sanghvi Fitness Pvt. Ltd.
	Sanghvi Hospitality Pvt Ltd
	Samghvi Brands SL Pvt Ltd, Sri Lanka
	Sanghvi Brands US Holdings INC, USA
Enterprises over which Key Managerial Personnel are able to exercise significant influence	Sanghvi Beauty & Technologies Pvt Ltd
	Sanghvi Lifestyle Products Pvt Ltd
Joint Venture	Sanghvi International Beauty & Spa, UAE

Transaction with related parties

Particulars	Nature of Transaction	31-03-2018 (Rs.)	31-03-2017 (Rs.)
1. Mr. Darpan Sanghvi	Remuneration	66,00,000	63,12,450

	Amount paid as Reimbursement of expenses	2,00,000	2,04,600
2. Mr. Narendra R Sanghvi	Rent paid	3,86,100	1,88,850
3. Sanghvi Fitness Pvt. Ltd	Loan/Advance given	8,34,091	5,73,334
4. Sanghvi Beauty & Salon Pvt. Ltd.	Loan/Advance given	7,21,41,865	5,72,55,357
	Repayment of Loan/Advances	(6,04,17,498)	(4,28,58,205)
4. Sanghvi Beauty & Technologies Pvt Ltd	Management Fees Income	25,65,970	13,88,887
	Value of products Sold	16,40,949	-
	Receipt for sales/Mang Fees	(64,76,029)	-
5. Sanghvi Brands US Holdings INC, USA	Advances given	-	1,55,36,868
6. Sanghvi Brands SL Pvt Ltd, Sri Lanka	Advances given	46,67,975	1,48,408
7. Love of Spa RC SFO, USA	Advances given	6,71,680	10,56,553
8. Sanghvi Lifestyle Products Pvt Ltd	Sale of Goods	21,11,694	11,85,868
	Receipt against sales	(18,27,328)	(9,26,972)
9. Sanghvi Hospitality Pvt Ltd	Advances given	-	990
10. Sanghvi International Beauty & Spa (Entity under formation UAE JV)	Advances given	14,31,286	-

Closing Balances with related parties [Receivable/(Payable)]

Particulars	Relationship	31-03-2018 (Rs.)	31-03-2017 (Rs.)
1. Mr. Darpan Sanghvi	Key Managerial Person	(2,00,000)	(5,76,973)
2. Sanghvi Beauty & Salon Pvt. Ltd.	Subsidiary	4,16,73,963	2,99,49,596
3. Sanghvi Fitness Pvt. Ltd	Subsidiary	13,34,307	5,00,216
4. Sanghvi Hospitality Pvt Ltd	Subsidiary	-	990
5. Love of Spa RC SFO	Step subsidiary	17,28,233	10,56,553
6. Sanghvi Brands US Holding INC	Subsidiary	1,55,36,868	1,55,36,868
7. Sanghvi Brands SL Pvt Ltd	Subsidiary	48,16,383	1,48,408
8. Sanghvi Beauty & Technologies Pvt Ltd	Enterprises over which Key Managerial Personnel are able to exercise significant influence	(8,80,223)	13,88,887
9. Sanghvi Lifestyle Products Pvt Ltd		12,29,494	9,45,128
10. Sanghvi International Beauty & Spa (Entity under formation-UAE JV)	Joint Venture	14,31,286	-

31. Sundry Debtors, Creditors and Loans & Advances are subject to confirmation of balances and consequential adjustments, if any. However, management does not expect any material adjustment to arise out of such confirmations/reconciliations.

32. Expenses in Foreign Currency (on accrual basis)

Particulars	31.03.2018 (Rs)	31.03.2017 (Rs)
Foreign Travel	13,60,232	7,34,439
Royalty Expense	29,00,078	17,19,973
Professional Fees	16,19,866	-

33. Utilization of IPO Proceeds

Amount (Rs. in Lakhs)

Particulars	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2018	Pending for utilization as on 31st March, 2018
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	77,170,000	13,845,352	63,032,648
b. Acquisitions and development of new brands		292,000	
Marketing and sales promotion of the brands in our portfolio	50,000,000	3,338,567	46,661,433
Strategic Investments for business growth	10,000,000	-	10,000,000
General Corporate Purpose	28,442,000	-	28,442,000
*Issue Expenses	24,000,000	22,271,726	1,728,274
Total	189,612,000	39,747,644	149,864,356

34. Previous year figures are rearranged/ regrouped wherever necessary.

As per our attached report on even date

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

INDEPENDENT AUDITOR'S REPORT (CONSOLIDATED)

To the Members of Sanghvi Brands Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Sanghvi Brands Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at March 31, 2018, and the consolidated statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been use for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
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 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 9 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at March 31, 2018, and its consolidated loss and consolidated cash flows for the period from April 1, 2017 to March 31, 2018.

Other Matters

9. We did not audit the financial statements of one foreign subsidiary whose financial statements reflect total assets of Rs. 36.40 lakhs as at March 31, 2018, total revenues of Rs. 20.26 lakhs, respectively for the year then ended 31st March 2018 and one associate Company whose share of income of Rs (1.54) lakhs for the year ended 31st March 2018 as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, is based solely on report of such other auditor and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate and our report in terms of section (3) and (11) of section 143 of the Act, is so far as it relates to the aforesaid subsidiaries, is based solely on the reports of other auditors.

Report on Other Legal and Regulatory Requirements

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 purposes of our audit of the consolidated financial statements;
 - b. in our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Holding Company so far as it appears from our examination of those books;
 - c. the consolidated balance sheet, the consolidated statement of profit and loss, and

the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to provisions adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer to our separate report in the "Annexure I"
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Group does not have any pending litigations which would impact its financial position.
 - II. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For B. K. Khare and Co.

Chartered Accountants

Firm Registration Number: 105102W

S/d-

Shirish Rahalkar

Partner

Membership No.111212

Mumbai, May 30, 2018

Annexure I to the Audit Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Sanghvi Brands Limited on the consolidated financial statements 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 Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Sanghvi Brands Limited as of and for the ended March 31, 2018, we have audited the internal financial controls over financial reporting of Sanghvi Brands Limited as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its Indian subsidiaries are 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 operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of

Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, Sanghvi Brands Limited has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company, Subsidiary Companies in India 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.

Section 143(3)(i) mandates the auditor to comment on whether the Company has an adequate internal financial control over financial reporting of the Company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). Two Indian Subsidiaries of the Company meet the relevant criteria specified in the said notification for the financial year ended as on 31st March 2018, the requirement of Section 143(3)(i) is not applicable to those two subsidiaries and accordingly no report has been made under the said clause.

For B. K. Khare and Co.
Chartered Accountants

Firm Registration Number: 105102W

S/d-

Shirish Rahalkar

Partner

Membership No.111212

Mumbai, May 30, 2018

BALANCE SHEET (CONSOLIDATED)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	10,41,58,800	69,70,800
(b) Reserves and surplus	2	12,27,54,123	7,52,07,888
(c) Minority Interest		-	20,653
2 Non-current liabilities			
(a) Deferred tax liabilities (Net)		-	-
(b) Other Long-term liabilities	3	2,54,296	2,54,296
(c) Long-term provisions	4	15,53,056	25,53,469
3 Current liabilities			
(a) Short-term borrowings	5	-	-
(b) Trade payables	6		
- Micro Enterprises & Small Enterprises		-	-
- Other than Micro Enterprises & Small Enterprises		1,36,57,704	1,09,10,169
(c) Other current liabilities	7	2,58,04,609	2,33,18,408
(d) Short-term provisions	8	7,33,551	7,19,928
TOTAL		26,89,16,139	11,99,55,612
II. ASSETS			
Non-current assets			
1	9		
(a) Fixed assets			
(i) Property, Plant and Equipment		1,50,78,950	1,21,92,481
(i) Intangible assets		8,01,573	2,06,465
(b) Non-current investments	10	11,65,335	70,000
(c) Deferred tax assets (net)	11	-	12,40,565
(d) Long-term loans and advances	12	93,05,886	60,43,128
(e) Other non current Assets	13	35,86,978	28,93,216
2 Current assets			
(a) Inventories	14	3,15,58,583	2,15,38,884
(b) Trade receivables	15	2,70,20,494	3,70,77,030
(c) Cash and Cash equivalents	16	16,54,24,212	2,89,85,141
(d) Short-term loans and advances	17	1,15,72,796	93,35,233
(e) Other current assets	18	34,01,333	3,73,468
TOTAL		26,89,16,139	11,99,55,612
See accompanying Notes to The Financial Statements	25-34		
The accompanying notes form an integral part of The Financial Statements.			

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018 (CONSOLIDATED)

Particulars		Note no.	For the year ended Mar 31, 2018	For the year ended Mar 31, 2017
1	Revenue from operations	19	26,45,56,511	26,40,84,889
2	Other income	20	91,48,106	29,28,286
3	Total Revenue		27,37,04,617	26,70,13,175
4	Expenses:			
	Cost of materials consumed	21	1,70,70,943	1,58,79,877
	Employee benefits expense	22	15,43,47,387	14,97,38,364
	Finance costs	23	25,45,339	25,12,193
	Depreciation and amortization expense	9	26,60,257	23,83,099
	Other expenses	24	11,83,65,254	9,37,46,591
5	Total expenses		29,49,89,180	26,42,60,125
6	Profit / (Loss) before Tax		(2,12,84,564)	27,53,050
7	Tax expense:			
	(1) Current tax		1,30,080	19,78,121
	(2) Deferred tax	28	12,40,565	(4,05,780)
8	Profit / (Loss) after tax		(2,26,55,209)	11,80,708
	Less: - Minority Interest		(18,153)	18,153
9	Profit (Loss) for the period		(2,26,37,056)	11,62,554
	Proportionate Profit (Loss) of Associate Company		(1,54,665)	-
	Net Profit (Loss) after Tax		(2,27,91,721)	11,62,554
10	Earnings per equity share:			
	(1) Basic		(2.64)	0.15
	(2) Diluted		(2.64)	0.15
See accompanying Notes to The Financial Statements		25-34		

For B K Khare and Co. Chartered Accountants	For and on behalf of Board of Directors Sanghvi Brands Limited.		
S/d-	S/d-	S/d-	S/d-
Firm Registration Number - 105102W	Kruti H. Shah	Darpan N Sanghvi	Narendra R Sanghvi
Shirish Rahalkar	Company Secretary	Managing Director	Director
Partner M.No. 111212		DIN: 02912102	DIN: 02912085
Place Mumbai	Place: Mumbai	Place: Mumbai	Place: Mumbai
Date: 30th May, 2018	Date: 30th May, 2018	Date: 30th May, 2018	Date: 30th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (CONSOLIDATED)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from Operating Activities		
Profit/Loss before Tax	(212,84,564)	27,53,050
Adjustments for:		
Depreciation & Amortisation Expenses	26,60,257	23,83,099
Unrealized Foreign exchange Gain	19,805	2,52,138
Sundry Credit Balances Appropriated	(19,25,879)	-
Interest income	(47,85,223)	23,97,517
Interest Expenses	-	-
Operating profit before working capital changes	(2,53,15,605)	77,85,804
Changes in:		
Trade and Other Receivables	1,00,56,537	(1,50,14,637)
Inventories	(1,00,19,698)	(1,64,76,882)
Loans and Advances- short term	(2,15,98,773)	(2,83,84,658)
Long term loans and advances	(20,65,258)	(2,65,926)
Other Current Assets	(38,21,627)	(52,346)
Trade and Other Payables	63,02,897	23,76,960
Cash generated from operations	(4,64,61,528)	(5,00,31,684)
Less: Taxes paid net of refund	(14,04,890)	14,33,428
Net Cash from Operating Activities (A)	(4,78,66,418)	(4,85,98,256)
B. Cash flow from Investing Activities		
Purchase of Fixed Assets/Capital Expenditure	(61,41,834)	(72,29,932)
Increase in Investment	(11,50,000)	-
Interest Received	47,85,223	(23,97,517)
Increase in Fixed Deposits	(10,12,86,890)	-
Net Cash used in Investing Activities (B)	(10,37,93,501)	(96,27,449)
C. Cash flow from Financing Activities		
Change in Borrowings	1,94,71,834	2,64,40,388
Interest Paid	-	-
Share issue expenses	(2,22,71,726)	-
Share issued	2,74,80,000	-
Premium on shares issued	16,21,32,000	-
Net Cash used in Financing Activities (C)	18,68,12,108	2,64,40,388
D Net increase/decrease in cash and cash equivalents(A+B+C)	3,51,52,189	(3,17,85,317)
E Opening Balance of Cash and Cash Equivalents	68,95,549	6,07,70,458
F Closing Balance of Cash and Cash Equivalents (D+E)	4,20,47,738	2,89,85,141
Components of cash and cash equivalents		
cash in hand	10,85,936	9,69,109
With Banks:	-	-
on Current A/c	4,09,61,801	59,26,447
on Deposit Accounts	-	2,20,89,584
The accompanying notes form an integral part of the Financial Statements		

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner Place Mumbai Date: 30th May, 2018	For and on behalf of Board of Directors Sanghvi Brands Limited.		
M.No. 111212	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note: 1 Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
a) Authorised				
1,30,00,000 Equity shares of 10 each	130,00,000	13,00,00,000	7,00,000	70,00,000
Compulsory Convertible 28,000 (28,000) Preference Shares of 1000 each	-	-	28,000	280,00,000
Total	130,00,000	13,00,00,000	7,28,000	350,00,000
b) Issued, Subscribed & Fully Paid up				
5,00,000 (5,00,000) Equity shares of 10 each	5,00,000	50,00,000	5,00,000	50,00,000
151,553 (151,553) Equity shares of 10 each issued at Rs 461.89 each	1,51,553	15,15,530	1,51,553	15,15,530
45,527 Equity shares of 10 each issued at Rs 615.02 each	45,527	4,55,270	45,527	4,55,270
6970800 Equity shares of Rs.10 each Bonus shares issued	69,70,800	697,08,000	-	-
2748000 Equity shares of Rs.10 each IPO for equity shares	27,48,000	274,80,000	-	-
Minority Share capital of 250 shares of Rs 10each	250	2500	250	2500
Total	104,16,130	1041,61,300	6,97,330	69,73,300
c) Reconciliation of the number of shares outstanding				
Equity Shares				
- at the beginning of the year	6,97,080	69,70,800	6,51,553	65,15,530
- allotted During the year	97,18,800	971,88,000	45,527	4,55,270
- at the end of the year	104,15,880	1041,58,800	6,97,080	69,70,800
Compulsory Convertible Preference Shares				
- at the beginning of the year	-	-	28,000	280,00,000
- Converted into Equity Shares during the year	-	-	(28,000)	(280,00,000)
- at the end of the year	-	-	-	-
d) Rights attached to shares				
i. Rights attached to shares: The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
ii. On 29th June 2017 vide shareholder approval the Company was converted from Private to Public Company in order to fulfil the requirement to raise funds by further issue of equity shares by way of IPO on SME Platform which was subsequently approved by the Registrar of Companies, Pune vide its letter dated 21st July 2017.				
iii. On 10th August 2017 vide shareholder approval the Company classified the existing Authorised Share Capital to Rs. 3,50,00,000 (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty-five lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each and also subsequently Increase the Authorised Share Capital to Rs. 13,00,00,000 (Rupees thirteen crores) divided into 1,30,00,000 (One crore thirty lakhs) Equity Shares of Rs. 10/- (Rupees ten only) each.				
iv. On 18th August 2017, the Company has allotted 69,70,800 equity shares of Rs. 10/- each full-paid up "Bonus Shares" in the proportion of ten (10) such new equity shares for every one (1) existing equity share, held by such members on 14th August, 2017 as per Register of members.				
v. On 17th November 2017, the Company has allotted 27,48,000 Equity Shares of face value Rs. 10/- each fully paid -up at issue price of Rs. 69/- per share including a premium of Rs. 59/- per share aggregating to Rs. 1896.12 lakhs through the initial public offer (IPO). Subsequently, the entire equity share capital consisting 1,04,15,880 equity shares of Rs. 10/- each of the Company post-IPO listing and trading approval from BSE Limited Stock Exchange - SME platform vide their letter dated 22nd November 2017.				
e) Shareholders exceeding 5% of capital				
The Company does not have any holding or ultimate holding Company.				
Particulars	As at 31 March 2018		As at 31 March 2017	
Darpan Sanghvi	54,99,945	52.80%	5,00,000	71.73%
Tano India Private Equity Fund II	21,67,880	20.81%	1,97,080	28.27%

Note: 2 Reserves and surplus		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Securities Premium Account		
Balance at the beginning of the year	9,08,35,189	6,32,90,459
Premium on shares issued/converted during the year	16,21,32,000	2,75,44,730
Less: Issue of bonus shares during the period	6,97,08,000	-
Less: IPO Expenditure	2,22,71,726	-
Balance at the end of the year	16,09,87,463	9,08,35,189
Profit & Loss account		
Opening balance	(1,47,49,894)	(1,63,37,388)
Add: Transferred from deficit in Statement of Profit and Loss*	(2,27,91,721)	7,76,149
Closing balance of Profit & Loss account	(3,75,41,614)	(1,55,61,239)
Foreign Currency Translation Reserve	(6,91,726)	(66,061)
Total	12,27,54,123	7,52,07,888
*Note: This Includes proportionate loss of Anayan Software Consultancy Pvt Ltd (The Company) for the Investment in 20% shareholding of equity share capital of the Company.		

Note: 3 Other Long-Term Liabilities		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Deposits from customers	2,54,296	2,54,296
Total	2,54,296	2,54,296

Note: 4 Long Term Provisions		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Provision for employee benefits		
Gratuity (Funded)	8,43,443	13,86,684
Leave Encashment	7,09,613	11,66,785
Total	15,53,056	25,53,469

Note: 5 Short Term Borrowings		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Total	-	-

Note: 6 Trade Payable		
Trade Payables	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
(a) Total outstanding dues of Micro, Small and Medium Enterprises	-	-
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	1,36,57,704	1,09,10,169
Total	1,36,57,704	1,09,10,169

Note: 7 Other Current Liabilities		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Statutory remittances	47,78,989	34,79,158
Advance from Others	1,54,231	16,49,306
Advance from Related party	8,80,223	-
Advance from Customer	15,32,702	31,59,093
Income received in advance	61,94,697	64,26,874
Employee Payables	40,29,857	-

Other liabilities	82,33,910	86,03,977
Total	2,58,04,609	2,33,18,408

Note: 8 Short Term Provisions		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
(a) Provision for employee benefits		
Gratuity	5,93,573	5,97,357
Leave Encashment	1,39,978	1,22,571
Total	7,33,551	7,19,928

Note: 10 Non-Current Investments		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Investments		
National Savings certificate	70,000	70,000
Investment in Anayan Software Consultancy Pvt Ltd	10,95,335	-
Total	11,65,335	70,000

Note: 11 Deferred tax		
Particulars	As at March 31, 2018	As at March 31, 2017
Timing differences under Income Tax Act	-	12,40,565
Total	-	12,40,565

Note: 12 Long Term Loans and Advances		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
a. Security Deposits		
Unsecured, considered good	24,29,120	4,73,000
b. Other loans and advances		
Tax Deducted at Source (net of provisions)	68,76,766	55,70,128
	68,76,766	55,70,128
Total	93,05,886	60,43,128

Note: 13 Other Non-current Assets		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Fixed Deposit with original maturity of more than 12 months	35,86,978	28,93,216
Total	35,86,978	28,93,216

Note: 14 Inventories		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Materials/Consumables	3,15,58,583	2,15,38,884
Total	3,15,58,583	2,15,38,884

Note: 15 Trade Receivables		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
(a) Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	197,45,583	364,82,715
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		

Unsecured, considered good	72,74,911	5,94,315
Total	2,70,20,494	3,70,77,030

Note: 16 Cash and Cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Cash and bank balances		
(a) Cash on hand	10,85,936	9,69,109
(b) Bank Balances	4,09,61,801	59,26,447
(c) Fixed Deposits with Original Maturities lower than 3 months	-	-
	4,20,47,738	68,95,557
Other bank balances		
Fixed Deposits with Original Maturities lower than 12 months but greater than 3 months	12,33,76,474	2,20,89,584
Total	16,54,24,212	2,89,85,141

Note:17 Short-term loans and advances

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
a. Loans and advances to related Parties		
Recoverable from Joint Venture (UAE)	14,31,286	9,436
Sanghvi Beauty& Technologies Pvt. Ltd.	9,28,630	-
b. Other loans and advances		
Expense Re-imbursement Recoverable	-	13,88,888
Deposit	11,00,379	4,33,200
Advance to Suppliers	32,34,958	61,59,779
Employee advances and others	15,74,475	990
Balances with Government Authorities	33,03,068	13,42,941
Total	1,15,72,796	93,35,233

Note 18 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest accrued	91,583	91,583
Prepaid Expenses	16,83,750	1,81,885
Others	16,26,000	1,00,000
Total	34,01,333	3,73,468

Note 19 Revenue from operations

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Services	2287,90,820	1731,64,404
Technical Fees	170,71,444	496,23,118
Reimbursement from Expenses & Salaries	85,19,316	252,68,281
Management Fees	11,02,709	40,43,487
Sale of services (A)	25,54,84,289	25,20,99,289
Sale of products* (B)	90,72,222	1,19,85,600
Total (A +B)	26,45,56,511	26,40,84,889
*Sale of products comprises of Spa and Salon Products.		

Note 20 Other Income		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest on Income tax refund	-	16,350
Interest income on Fixed Deposits	47,85,223	23,97,517
Sundry Credit Balances Appropriated	43,44,358	5,01,888
Foreign Exchange gain / (loss), (net)	10,522	12,531
Other Income	8,004	-
Total	91,48,106	29,28,286

Note 21 Cost of materials consumed		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Opening Inventory	2,15,38,884	50,62,003
Add - Purchases		
Purchases of materials	1,37,05,445	1,28,56,065
Consumables	1,33,85,196	1,95,00,694
	2,70,90,641	3,23,56,759
Less - Closing Inventory	3,15,58,583	2,15,38,884
Total	1,70,70,943	1,58,79,877

Note 22 Employee Costs		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Salaries and incentives	13,32,72,781	13,18,29,508
Directors remuneration	66,00,000	63,12,450
Contributions to Provident fund	24,48,297	23,33,078
Staff welfare expenses	1,20,26,310	92,63,328
Total	15,43,47,387	14,97,38,364

Note 23 Finance Costs		
Particulars	As at March 31, 2018	As at March 31, 2017
	Amount	Amount
Interest Expense	4,67,542	6,84,934
Bank Charges	20,77,797	18,27,260
Total	25,45,339	25,12,193

Note 24 Other Expenses			
SR No	Particulars	As at March 31, 2018	As at March 31, 2017
		Amount	Amount
1	Electricity charges	40,81,277	54,79,027
2	Repairs:		
3	- Plant & Machinery	6,10,173	8,83,262
4	- Others	32,16,588	26,71,446
5	Insurance (Including Keyman Insurance)	37,08,623	39,21,726
6	Rent expenses	97,00,176	110,80,953
7	Rates & Taxes	22,05,905	1,68,650
8	Auditors remuneration (Refer Note 26)	3,75,000	3,25,387
9	Business Development Sales Promotion	103,39,523	91,65,400
10	License Fees	463,80,908	319,77,605
11	Royalty	158,06,245	97,31,967
12	Legal & professional Fees	46,89,690	44,75,402

13	Advertisement	1,74,040	75,000
14	Housekeeping expenses	23,74,877	26,14,703
15	Postage & Courier	3,012	11,56,603
16	Telephone Expenses	9,29,543	12,41,752
17	Travelling and conveyance	48,84,743	46,33,788
18	Advances W/off	39,76,349	-
19	Miscellaneous Expenses	44,30,475	34,41,480
20	Information Technology Cost	4,78,106	7,02,436
Total		11,83,65,254	9,37,46,591

Note 9 Consolidated Fixed Assets Schedule for year ended March 31, 2018

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
	Balance as on March 31, 2017	Additions / (Disposals)	Balance as on March 31, 2018	Balance as on March 31, 2017	Depreciation charge for the year 2017-2018	On disposals	Balance as on March 31, 2018	Net Balance as on March 31, 2018	Net Balance as on March 31, 2017
Property, Plant and Equipment									
Computers & Accessories	26,51,385	1,38,124	27,89,509	19,05,177	7,62,284	-	26,67,462	1,22,047	7,46,208
Furniture's & Fittings	93,70,135	6,45,721	100,15,856	14,88,884	9,57,974	-	24,46,858	75,68,999	78,81,251
Office equipment's	38,10,444	3,21,599	41,32,043	9,39,465	5,33,674	-	14,73,140	26,58,903	28,70,978
Vehicle	28,66,957	-	28,66,957	21,72,914	2,59,357	-	24,32,271	4,34,686	6,94,043
CWIP	-	42,94,315	42,94,315	-	-	-	-	42,94,315	-
Total	186,98,921	53,99,759	240,98,680	65,06,440	25,13,289	-	90,19,731	150,78,950	121,92,481
Intangible Assets									
Intangible Assets- Software	3,73,003	7,42,075	11,15,078	1,66,538	1,46,967	-	3,13,505	8,01,573	2,06,465
Total	3,73,003	7,42,075	11,15,078	1,66,538	1,46,967	-	3,13,505	8,01,573	2,06,465
Grand Total	190,71,924	61,41,834	252,13,758	66,72,978	26,60,257	-	93,33,236	158,80,523	123,98,946

25. SIGNIFICANT ACCOUNTING POLICIES:
a) Company Overview

Sanghvi Brands Limited (formerly known as Sanghvi Brands Private Limited) is a public Company, domiciled in India. It was incorporated on 16th February 2010 under the provisions of Companies Act, 1956. The Company is in the business of branding of national and international brands, dealing in goods and services of such brands and providing spa services. The Company has its registered office at Shivajinagar, Pune. The Company was listed with BSE Limited on SME platform from November 22, 2017.

b) Basis of preparation of financial statements

The Consolidated financial statements of Sanghvi Brands Promoters Private Limited (the Parent Company) and its subsidiaries (collectively referred to as 'the Group') have been prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, (as amended). These consolidated financial statements have been prepared by the Company in compliance with requirement of Accounting standard 2, Consolidated Financial Statements.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon

Management's best knowledge of current events and actions, actual results could differ from these estimates.

d) Basis of Consolidation

These Consolidated financial statements include the financial statements of Sanghvi Brands Private Ltd subsidiaries and an associate Company. The entities considered in the Consolidated Financial Statements are summarized below:

Name	Country of Incorporation	Percentage (%) of Shareholding	
		31 st March, 2018	31 st March, 2017
Sanghvi Beauty & Salon Private Limited	India	99.99%	99.99%
Sanghvi Fitness Private Limited	India	97.50%	97.50%
Sanghvi Brand US Holdings Inc. (consolidated financials including step subsidiary)	US	100.00%	100.00%
Sanghvi Brands SL Private Limited	Sri Lanka	100.00%	-
Anayan Software Consultancy Private Limited	India	20.00%	-

The shares in Sanghvi Fitness Pvt Ltd (2.5% of the Share Capital) minority are held by a third party, Shed Design Ltd (U.K). Sanghvi Brands US Holdings Inc was incorporated on 23rd April 2015 and is in the business of branding of national and international lifestyle and wellness brands and dealing in goods and services of such brands. Sanghvi Brands S L Private Limited was incorporated on 13rd September 2016 and is in the business of branding of national and international lifestyle and wellness brands and dealing in goods and services of such brands.

The Consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard 21-" Consolidated Financial Statements". The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealized profits in full.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

The Minority share of the net losses of consolidated subsidiary for the period ended 31st March 2018 is identified. The losses applicable to minority have been adjusted to the extent of their share in the equity, remaining losses have been adjusted against the majority interest. Minority share of net assets of consolidated subsidiary is identified in the Balance Sheet separate from liabilities and the equity of the shareholders of the Company

e) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Service income is recognized net of duties & taxes. Revenue in respect of Management & Technical fees and Royalty is

recognised as and when the related services are performed.

Interest income is accounted on an accrual / time proportionate basis at contractual rates.

price and any attributable cost of bringing the asset to its working condition for its intended use. Such costs include taxes, duties, freight and incidental expenses relating to the acquisition and installation of fixed assets. Cost also includes the interest paid/ payable

f) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation until the date of the balance sheet and impairment losses if any. Cost comprises the purchase

during the period of construction in respect of borrowed funds pertaining to construction/ acquisition of qualifying fixed assets.

g) Depreciation and Amortization

Depreciation on tangible assets is provided on the Straight-line Method (SLM) over the useful lives of assets as prescribed in Schedule –II of the Companies Act 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized on SLM basis over their estimated useful life.

h) Employee benefit

- i. Contribution to Provident fund- Company's contribution paid/payable during the year to provident fund is recognized in the statement of profit and loss.
- ii. Gratuity – The Company accounts for liability of future gratuity benefits based on an independent actuarial valuation on projected unit credit method carried out for assessing liability as at the year end. For interim periods the liability is accounted for on proportionate basis considering previous financial year as a base. Actuarial gains /losses are immediately taken in the statement of Profit and loss and are not deferred.
- iii. Leave Encashment- The provision for compensated absences is accounted for based on actuarial valuation at the year end. For interim periods the liability is accounted for on proportionate basis considering previous financial year as a base.

i) Current Assets, loans & advances

Current Assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.

j) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of

impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

k) Income Tax

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized 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.

l) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

26. Auditor's Remuneration

Particulars	31.03.2018 (Rs.)	31.03.2017 (Rs.)
Statutory Audit Fees	3,45,000	2,65,387
Tax Audit Fees	30,000	60,000
Total	3,75,000	3,25,387

27. Earnings per Share

Sr. No.	Particulars	31.03.2018 (Rs.)	31.03.2017 (Rs.)
a.	Profit /(Loss) for the year	(2,27,91,721)	11,62,555
b.	Weighted Average no. of Equity Shares	86,39,179	76,67,880
c.	Basic EPS (a/b)	(2.64)	0.15
d.	Diluted EPS	(2.64)	0.15

28. Deferred Tax

Deferred Tax Assets	31.03.2018 (Rs.)	31.03.2017 (Rs.)
Opening Deferred Tax Assets/(Liability)	12,40,566	8,34,785
Add: Depreciation	-	(34,221)
Add: Gratuity and Leave Encashment Provision	-	4,40,000
Closing Deferred Tax Asset/(Liability)	12,40,566	12,40,566
Less: Reversal of DTA	(12,40,566)	-
Closing Deferred Tax Asset/(Liability)	-	12,40,566

29. Sundry Debtors, Creditors and Loans & Advances are subject to confirmation of balances and consequential adjustments, if any. However, management does not expect any material adjustment to arise out of such confirmations/reconciliations.

30. Expenditure in foreign currency

Particulars	31.03.2018	31.03.2017
Royalty payments	1,19,64,270	89,39,935
Foreign Travelling	24,69,464	22,13,201
Professional Fees	16,19,866	-
Total	1,60,53,600	1,11,53,136

31. RELATED PARTY DISCLOSURE: -

Names of related party and nature of relationship

Relationship	Name of the Party
Key Managerial Personnel	Mr. Darpan Sanghvi
Relative of Key Managerial Personnel	Mr. Narendra R Sanghvi
Enterprises over which Key Managerial Personnel/Directors are able to exercise significant influence	Sanghvi Beauty & Technologies Pvt Ltd. Sanghvi Life Style Products Pvt Ltd.

Transaction with related parties

Particulars	Nature of Transaction	31.03.2018 (Rs.)	31.03.2017 (Rs.)
1. Mr. Darpan Sanghvi	Reimbursements	2,00,000	2,16,600
	Remuneration	66,00,000	63,12,450
2. Mr. Narendra R Sanghvi	Rent of Pune Office	3,86,100	3,77,000
3. Sanghvi Beauty & Technologies Pvt Ltd	Management Fees Income	25,65,970	34,34,705
	Products sold	16,40,949	-
	Receipt for sales/Management Fees	(64,76,029)	-

4. Sanghvi Lifestyle Products Pvt Ltd	Sale of Goods	21,11,694	39,80,734
	Receipt against Sales	(18,27,328)	(9,26,972)

Closing Balances with Related Parties [Receivable/ (Payable)]

Particulars	31.03.2018 (Rs.)	31.03.2017 (Rs.)
1. Mr. Darpan Sanghvi	(2,00,000)	(5,86,409)
2.Sanghvi Beauty & Technologies Pvt Ltd (Net)	(8,80,223)	13,88,887
3.Sanghvi Lifestyle Products Pvt Ltd	12,29,494	55,02,742

32. Statement of Net Assets and Profit or Loss Attributable to Owners and Minority Interest

	Share in Profit or Loss		Net Assets	
	Amounts	As a % of consolidated Profit	Amounts	As % of consolidated net assets
Parent	(1,64,61,128)	(72) %	25,09,57,052	111 %
<u>Subsidiaries</u>				
Sanghvi Beauty & Salon Pvt Ltd	(1,21,87,023)	(53) %	(1,66,88,189)	(7) %
Sanghvi Fitness Pvt Ltd	(26,32,727)	(12) %	(12,87,784)	(1) %
Sanghvi Brands US Holdings INC, USA	1,02,46,541	45 %	38,19,692	2 %
Sanghvi Brands S L Private limited, Sri Lanka	(16,20,871)	(7)%	(17,63,842)	(1) %
Associate	(1,54,665)	(1)%	-	-
Less:- Minority Interest	(18,153)	0%	-	-
Less: - inter-Company Elimination	-	-	(81,24,006)	(4) %
Total	(2,27,91,721)	100%	22,69,12,923	100%

33. Utilization of IPO Proceeds

Statement of Utilization of funds raised through Initial Public Offering (IPO) as on March 31,2018 is as follows:

Particulars	Amount Funded from the Gross Proceeds	Actual Utilization up to year ended 31st March 2018	Pending for utilization as on 31st March, 2018
Business Expansion			
a. Expanding outlets/ distribution of current brand portfolio in India and overseas	77,170,000	13,845,352	63,032,648
b. Acquisitions and development of new brands		292,000	
Marketing and sales promotion of the brands in our portfolio	50,000,000	3,338,567	46,661,433
Strategic Investments for business growth	10,000,000	-	10,000,000
General Corporate Purpose	28,442,000	-	28,442,000
*Issue Expenses	24,000,000	22,271,726	1,728,274
Total	189,612,000	39,747,644	149,864,356

34. Previous year figures are regrouped/reclassified wherever necessary to make them those comparable.

As per our attached report on even date

For B K Khare and Co. Chartered Accountants S/d- Firm Registration Number - 105102W Shirish Rahalkar Partner M.No. 111212 Place Mumbai Date: 30th May, 2018	<i>For and on behalf of Board of Directors</i> Sanghvi Brands Limited.		
	S/d- Kruti H. Shah Company Secretary Place: Mumbai Date: 30th May, 2018	S/d- Darpan N Sanghvi Managing Director DIN: 02912102 Place: Mumbai Date: 30th May, 2018	S/d- Narendra R Sanghvi Director DIN: 02912085 Place: Mumbai Date: 30th May, 2018



SANGHVI BRANDS LIMITED

"Sanghvi House", 105/2, Shivajinagar, Pune: 411005
CIN: U74999PN2010PTC135586

ATTENDANCE SLIP

8TH ANNUAL GENERAL MEETING HELD ON MONDAY, 24TH SEPTEMBER 2018
(To be handed over at the registration counter situated near the entrance of the meeting venue)

1.	Full name and Registered address of the member attending (in BLOCK LETTERS)	
2	Folio No. / DP ID – Client ID*	
3	Full Name of Proxy (To be filled in if Proxy Form has been duly deposited with the Company) (in BLOCK LETTERS)	
4	Number of Share(s) held	

I / We being the registered shareholder / proxy for the registered shareholder of the Company, hereby record my / our presence at the 8th Annual General Meeting of the Company held on 24th September 2018 at 2:00 p.m. at Red Wall Banquet, Tarawade Clarks Inn, First Floor, 1205/2/5, Shirole Road, Off J.M. Road, Pune: 411005 and at any adjournment(s) thereof.

Member's / Proxy's Signature

* Applicable for members holding shares in electronic form. ** Strike-off whichever is not relevant

NOTES:

- Members are requested to bring their copy of the Annual Report and this Attendance Slip at the Annual General Meeting of the Company.



SANGHVI BRANDS LIMITED

"Sanghvi House", 105/2, Shivajinagar, Pune: 411005
CIN: U74999PN2010PTC135586

FORM NO. MGT-11

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

PROXY FORM

Name of member(s): _____

Registered address: _____

Email ID: _____

Folio Number/ DP ID- Client ID: _____

I / We, being the Member(s) holding _____ shares of Sanghvi Brands Limited, hereby appoint:

1. Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him / her

2. Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him / her as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 8th Annual General Meeting of Sanghvi Brands Limited to be held on 24th September 2018 at 2:00 p.m. at Red Wall Banquet, Tarawade Clarks Inn, First Floor, 1205/2/5, Shirole Road, Off J.M. Road, Pune: 411005 and at any adjournment(s) thereof, in respect of such resolutions as are indicated below:

ORDINARY BUSINESS	For	Against
1. Consider and Adopt Audited Financial Statements, the Reports of the Board of Directors and the Auditors for the financial year ended on 31st March 2018		
2. Appointment of a director in place of Mr. Narendra Sanghvi, who is liable to retire by rotation and being eligible, offers himself for re-appointment.		
3. Ratification of the Appointment of Statutory Auditor of the Company.		
SPECIAL BUSINESS		
4. Appointment of Mr. Gaurav Agarwal as a Director (Special Resolution)		

Signed this.....day of, 2018

Signature of Shareholder:

Signature of Proxy holder(s):

Note: 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.

www.sanghvibrands.com



Registered Office Add.: "Sanghvi House, "105/2, Shivaji Nagar, Pune: 411005

Contact: 020 67634800