



**SAT  
INDUSTRIES  
LIMITED**



# Global Business

**28<sup>TH</sup> Annual Report  
2012-2013**



## Board of Directors

**Ms. SHEHNAZ D. Ali** Wholetime Director

**Mr. H.K. TURGALIA** Wholetime Director

**Mr. R.C. SONI** Director

**Mr. VIRENDRA MAURYA** Director

**Mr. SUNIL JAIN** Director

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### Audit Committee :

- (i) Mr. Ramesh Chandra Soni - Chairman
- (ii) Mr. Virendra Maurya
- (iii) Mr. H. K. Turgaila

### Remuneration Committee :

- (i) Mr. Ramesh Chandra Soni - Chairman
- (ii) Mr. Virendra Maurya
- (iii) Mr. Sunil Jain

### Shareholders/Investors Grievance Committee:

- (i) Mr. Ramesh Chandra Soni - Chairman
- (ii) Mr. H. K. Turgaila
- (iii) Ms. Shehnaz D. Ali

### Bankers

ROYAL BANK OF SCOTLAND  
Sakhar Bhavan, Nariman Point,  
Mumbai 400 021. INDIA.

HDFC BANK LTD.  
Nanik Motwani Marg, Fort,  
Mumbai 400 023. INDIA

HSBC BANK MIDDLEEAST LTD.  
Deira Branch, U.A.E.

### Auditors

M/s. R. KABRA & CO.  
Chartered Accountants,  
515, Tulsiani Chambers,  
Nariman Point,  
Mumbai - 400 021. INDIA

### Registrar and Share Transfer Agent

M/s. LINK INTIME INDIA PVT. LTD.  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (W), Mumbai 400 078. INDIA  
Phone : 91-22-25963838  
Fax : 91-22-25946969

### Registered Office :

69-A, Rajgir Chambers, 8th Floor,  
12/14, Shahid Bhagat Singh Marg,  
Opp. Old Custom House, Fort,  
Mumbai - 400 023, (INDIA)  
Phone : 91-22-6610 7025  
Fax : 91-22-66107027  
E-mail : sil@mtnl.net.in  
Website www.satgroup.in

**SALIENT CONSOLIDATED FINANCIAL DATA**

(Figure in Rs.)

S.No.	Particulars	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
	<b>PROFIT AND LOSS ACCOUNT</b>					
1	Sales & other income	210,483,839	290,688,096	517,577,357	682,457,538	1,833,955,925
2	Profit before depreciation	(129,500,530)	(624,140,006)	19,141,907	664,286,395	79,717,056
3	Depreciation	168,701	704,750	948,815	892,511	4,237,356
4	Profit before tax	(165,177,951)	(624,844,756)	18,193,092	19,063,654	75,479,700
5	Taxation	(6,095,719)	52,274	(329,860)	(60,786)	2,747,594
6	Profit after tax	(159,082,232)	(624,897,030)	18,522,952	19,124,440	72,732,106
7	Excess Provision of income tax of previous years written back	-	-	74	-	-
8	Short Provision of Income Tax of previous years	-	-	-	(7,664)	-
9	Minority Interest	-	-	-	-	851,002
10	Net profit for the year	(159,082,232)	(624,897,030)	18,523,026	19,116,776	71,881,104
	<b>BALANCE SHEET</b>					
11	Total Assets					
	Gross Fixed Assets	597,570	5,547,572	120,108,102	120,147,119	160,548,930
	Net Fixed Assets	184,568	37,833,771	60,217,958	61,086,272	67,093,365
	Capital Work in Progress	-	-	-	-	-
	Investments	-	-	62,448,342	42,275,000	3,000
	Current Assets (Net)	219,116,849	334,129,613	844,863,040	880,719,868	1,062,160,356
	Miscellaneous Expenditure not written off	-	29,600	59,200	88,800	174,600
	Deferred Tax	7,308,271	1,212,552	1,220,826	760,966	-
	<b>Total Application</b>	<b>226,609,688</b>	<b>373,205,536</b>	<b>968,809,366</b>	<b>984,930,906</b>	<b>1,129,431,321</b>
12	Borrowings	300,000	1,164,163	25,649,356	117,716,307	201,353,096
13	Deferred Tax	-	-	-	-	5,819,378
14	Minority Interest	2,053,415	2,351,115	467,805	469,861	14,492,440
15	<b>Net Worth</b>					
	Share Capital	78,150,000	78,150,000	78,150,000	78,150,000	78,150,000
	Share Warrant	-	33,825,000	33,825,000	-	-
	Reserves & Surplus	146,106,273	257,715,258	830,717,205	788,594,738	829,616,407
		224,256,273	369,690,258	942,692,205	866,744,738	907,766,407
16	<b>Total Sources</b>	<b>226,609,688</b>	<b>373,205,536</b>	<b>968,809,366</b>	<b>984,930,906</b>	<b>1,129,431,321</b>
17	Profit/(Loss) before tax/Total Income	(78.48)%	(214.95)%	3.52%	2.79%	4.12%
18	Profit/(Loss) After Tax/Total Income	(75.58)%	(214.97)%	3.58%	2.80%	3.97%
19	Face value per share	Rs.2/-	Rs.2/-	Rs.2/-	Rs.2/-	Rs.2/-
20	Earning Per Share	(4.07)	(15.99)	0.47	0.49	1.86
21	Gross Block/Total Income	0.003 : 1	0.02 : 1	0.23 : 1	0.18 : 1	0.09 : 1
22	Net Block/Total Income	0.0009 : 1	0.13 : 1	0.12 : 1	0.09 : 1	0.04 : 1
23	Current Ratio	2.82 : 1	3.40 : 1	10.48 : 1	23.72 : 1	19.25 : 1
24	Book value per equity share	5.74	9.46	24.12	22.18	23.23
		(Face value Rs.2/-per share)	(Face value Rs.2/-per share)	(Face value Rs.2/-per share)	(Face value Rs.2/-per share)	(Face value Rs.2/-per share)
25	Debt / Equity Ratio	0.001: 1	0.003 : 1	0.03 : 1	0.14 : 1	0.23 : 1

## DIRECTORS' REPORT

To The Members of  
**SAT INDUSTRIES LIMITED**

The Directors of your Company have pleasure in presenting their Twenty Eight Annual Report and the Audited Accounts of the Company for the year ended 31.3.2013.

### FINANCIAL RESULTS

Your Company's performance during the year as compared with that during the Previous year is summarised below :

<b>Stand Alone</b> (Rs. in lakhs)		
Particulars	2012-2013	2011-2012
Turnover	1454.22	1856.18
Other Income	0.63	-
Profit/Loss(-) before Tax, Interest and Depreciation	(204.37)	11.16
Interest	1.41	1.95
Depreciation	1.69	7.05
Profit/(Loss) before Tax	(207.47)	2.16
Less: Provision for Taxation	(60.96)	0.52
Profit/(Loss) after Tax	(146.51)	1.64
Profit available for appropriation	(501.60)	1.64
Surplus carried from Previous year	615.76	614.09
Balance carried to Balance Sheet	114.16	615.76
<b>Consolidated</b> (₹ in lakhs)		
Particulars	2012-2013	2011-2012
Turnover	2104.20	2906.88
Other Income	0.63	-
Profit before Tax	(1651.79)	(6241.40)
Less: Provision for Taxation	(60.96)	0.52
Profit after Tax	(1590.83)	(6241.92)
Net Profit for the year	(1590.83)	(6241.92)
Balance carried from last year	1151.98	7582.71
Balance carried to Balance Sheet	(438.85)	1151.98

### DIVIDEND :

With a view to conserve resources for future expansions etc., your Directors are unable to recommend any dividend for the year 2012-2013.

### OPERATIONS :

During the year under review your Company has recorded a turnover of Rs.1454.85 lakhs (pr. yr.Rs.1856.18 lakhs) registering an decrease of 21.62% and earned a net loss of Rs. 501.60 Lakhs (Pr.yr. net profit Rs.1.64 lakhs) after providing for tax of Rs. (60.96) Lakhs (pr.yr. Rs.0.52 lakhs).

### DIRECTORATE :

Mr. Ramesh Chandra Soni and Mr. Sunil M. Jain to retire by rotation and being eligible have offered themselves for re-appointment.

Your Directors recommend the above appointment /re-appointment.

### FIXED DEPOSITS :

The Company has not accepted any deposit from public during the year ended 31st March, 2013 under section 58-A of the Companies Act,1956.

### LISTING OF SHARES :

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limite, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023 and the listing fees for the year 2012-2013, has

been paid.

### PARTICULARS OF EMPLOYEES :

During the year under review, no employee of the Company was in receipt of the remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act,1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

Pursuant to section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules,1988, as amended, the relevant information is given below:

#### A. CONSERVATION OF ENERGY :

The Company's operations are not power intensive. Nevertheless, your Company is taking every steps to conserve and minimise the use of energy wherever possible such as using energy efficient computer terminals, purchasing energy efficient equipments etc.

#### B. RESEARCH AND DEVELOPMENT :

The Company has no formal research and development department but the Company is continuously making efforts to strengthen research and development activities to improve quality and reduce cost.

#### C. TECHNOLOGY IMPORT AND ABSORPTION :

The Company has imported no technology. Indigenous technology available is continuously upgraded to improve overall performance.

#### D. FOREIGN EXCHANGE EARNINGS AND OUT GO :

The Company is making continuous efforts to explore new foreign markets and to enlarge its market of exports. The earning in foreign exchange of UAE Branch was Rs. 144809571/- (pr.Yr.Rs. 185618060/-). Outgo in foreign exchange on accrual basis was Rs. 159316205/- (pr. yr. Rs. 178662650/-).

### CORPROATE GOVERNANCE :

Pursuant to the Listing Agreement with the Bombay Stock Exchange Limited, Report on Corporate Governance is annexed herewith (Annexure "A").

### MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the Listing Agreement with the Bombay Stock Exchange Limited, Report on Management Discussion and Analysis Report is annexed herewith (Annexure "B").

### COMPANY SECRETARY :

To appoint a company secretary, the Company is continuously making efforts and looking for right person but the efforts have not been materialised.

### DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to section 217(2AA) of the Companies Act,1956, it is stated that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to the materials departures ;
- The directors had selected such accounting policies and applied them consistently and made judgement 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 or loss of the Company for that period;



- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The directors had prepared the annual accounts on a going concern basis.

#### **SUBSIDIARY COMPANIES :**

The Company as of March 31, 2013 had two subsidiaries among which Sat Middleeast Limited FZC is a wholly owned subsidiary and other one is Sat E-Com Limited (holding 62.30%).

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of subsidiaries of the Company, forms part of this Annual Report.

In view of the General Circular No. 02/2011 dated 08/02/2011 issued by the Ministry of Corporate Affairs, Government of India, the Audited statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary companies are not attached as required under Section 212(8) of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will also be available for inspection by any shareholder at the Registered Office of the Company and head office of the subsidiary companies concerned on any working day during business hours. As directed by the Central Government, the financial data of the subsidiaries has been furnished in a single sheet in the consolidated Balance sheet, which forms part of the Annual Report.

#### **CONSOLIDATION OF ACCOUNTS :**

As required under clause 32 of the Listing Agreements with the Bombay Stock Exchange Limited, audited consolidated financial statements form part of the Annual Report.

#### **AUDITORS :**

- (a) The Board of Directors of the Company have on the recommendation of the Audit Committee proposed that M/s R. Kabra & Co., Chartered Accountants, Mumbai be re-appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company. M/s R. Kabra & Co., Chartered Accountants, Mumbai have forwarded their certificates to the Company stating that their re-appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.
- (b) The Board of Directors of the Company on the recommendations of the Audit Committee decided to have the accounts of the Sharjah Branch (UAE) of the Company audited by a person other than the Statutory Auditors of the Company in accordance with the provisions of section 228 of the Companies Act, 1956.

Your Directors request you to appoint the auditors and fix their remuneration.

#### **AUDITORS' REPORT :**

Explanation under section 217(3) of the Companies Act, 1956 on the Auditors' observations :

- (a) Note No. 12.1 : the Company's position on sundry debtors of INR 38,162,623 out of which substantial amount of INR 34,550,705 (foreign currency AED 2,335,375 is outstanding of its foreign branch and the period of outstanding of debtors has been relied upon by us without any independent verification and also the foreign debtors have been written off to the extent of Rs. 10,814,544 (AED 731,528) which are subject to independent verification.

#### **Management response :**

The accounts of the foreign branch has been audited by an independent Auditors of the host country and the report of him has been given for consideration to the Statutory Auditors of the Company. The auditors of the foreign branch has not qualified on this issue in his audit report .

- (b) Note No. 25 : non- appointment of Company Secretary

#### **Management response :**

Please refer to the head "COMPANY SECRETARY" of this report.

- (c) Note No 28 : regarding particulars of traded goods including quantity details which are relating to foreign branch are subject to independent verification.

#### **Management response :**

The accounts of the foreign branch has been audited by an independent Auditors of the host country and the report of him has been given for consideration to the Statutory Auditors of the Company. The auditors of the foreign branch has not qualified on this issue in his audit report.

#### **ACKNOWLEDGEMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the banks, Central and State Government Authorities etc. during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, Staff and Workers of the Company for its success.

#### **ACKNOWLEDGEMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the banks, Central and State Government Authorities etc. during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, Staff and Workers of the Company for its success.

for and on behalf of the Board of Directors

Place : Mumbai

**H.K. Turgalia**

**Shehnaz D. Ali**

Dated : 29.05.2013

Wholtime Director

Wholtime Director

## **ANNEXURE 'A' TO THE DIRECTORS REPORT**

### **CORPORATE GOVERNANCE REPORT FOR THE PERIOD APRIL 1, 2012 TO MARCH 31, 2013**

#### **Introduction**

Your Company has complied in all material respects with the features of Corporate Governance Code as per the Clause 49 of the Listing Agreement with the Stock Exchange.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below.

#### **A. COMPANY'S PHILOSOPHY**

Your Company lays much emphasis on the transparent working and providing much of the information etc. to the stake holders such as shareholders , investors , bankers, institutions etc. so that the reader/user of the information is in a position to take considered decision.

#### **B. BOARD OF DIRECTORS :**

##### **i) Composition of Board**

The Board of Directors of the Company consists of Directors having varied experience in different areas. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement. The Company has no chairman either executive or non executive.

#### **The composition and other details are as under :**

The Company places before the Board the annual plans, performance of operations and other information, including those specified under Annexure I of the Listing Agreement from time to time.

##### **(ii) During the period from April, 2012 to March, 2013,**

total 7 meetings were held on 12.05.2012, 30.07.2012, 14.08.2012, 29.09.2012, 10.11.2012, 13.02.2013, and 21.02.2013. The gap between any two meetings is not more than four months.

(iii) During the year no sitting fees was paid to the directors for attending the meeting of the Board of Directors.

#### **(iv) AUDIT COMMITTEE :**

The Audit Committee comprises of the following persons :

- i. Mr. Ramesh Chandra Soni - Chairman
- ii. Mr. Virendra Maurya and
- iii. Mr. H.K. Turgalia

Two-third members of the Committee are independent and non-executive directors.

The terms of reference of the Audit Committee are as outlined in the Companies Act, 1956 and the Listing Agreement.

Minutes of each Audit Committee are placed before and discussed in the Board.

During the year 2012-13, Four meetings of Audit Committee were held on 12.05.2012, 14.08.2012, 10.11.2012 and 13.02.2013, one of which was before finalization of Accounts and other before adoption of the quarterly financial results by the Board.

<b>Name of Director</b>	<b>Category of Director</b>	<b>No. of the other directorship held</b>	<b>Membership in committee of other companies held</b>	<b>No. of Board meetings held</b>	<b>No. of Board meetings attended</b>	<b>Attendance in last AGM held Yes/No</b>
Mr. Ramesh Chandra Soni	Independent Non-Executive	1	NIL	7	4	Yes
Mr. H.K. Turgalia	Independent Executive	3	NIL	7	7	Yes
Mrs. Shehnaz D. Ali	Promoter Executive	3	NIL	7	7	No
Mr. Virendra Maurya	Independent Non-Executive	NIL	NIL	7	4	No
Mr. Sunil Jain	Independent Non-Executive	NIL	NIL	7	4	No

The necessary quorum was present at the meetings. The attendance of each member of the Committee is given below :

Name	No. of meeting held	No. of meeting attended
Mr. Ramesh Chandra Soni	4	4
Mr. H.K. Turgalia	4	4
Mr. Virendra Maurya	4	4

## **(V) REMUNERATION OF DIRECTORS**

### **(a) REMUNERATION COMMITTEE:**

#### **Brief description and terms of reference :**

- Frame Company's policies on Board and Directors with the approval of the Board.
- Make recommendation for the appointment on the Board and state management positions.
- Review and recommend compensation payable to the executive directors.
- Review re-election of the members of the Board.

The Remuneration Committee comprises of the following persons:

- Mr. Ramesh Chandra Soni - Chairman
- Mr. Virendra Maurya
- Mr. Sunil Jain

All the members of the remuneration committee are independent directors and non-executive.

During the year no remuneration was paid to non- executive director.

During the year one meeting of the Committee held on 12.05.2012.

No sitting fees was paid to the members for attending the meeting of the Committee.

Details of remuneration paid/payable to Directors for the year ended March 31, 2013 are as follows :

Name	Salary (Rs.)	Benefits (Rs.)	Bonus	Stock option	Performance linked incentives	Service contract / notice period / severance fee
Mrs. Shehnaz D.Ali	900000	Nil	Nil	Nil	Nil	***
Mr. H.K. Turgalia	612000	67250	Nil	Nil	Nil	***

\*\*\*

Service Contract : 5 years with effect from the date of appointment i.e. 01-01-2011  
 Notice Period : Three months either side  
 Severance fee : No severance fees

## **(vi) BOARD PROCEDURE :**

- During the period April 2012 to March, 2013, Seven Board meetings were held with atleast one meeting in every quarter with a time gap between two meetings not more than four months.
- There is no Director who is member in more than ten committees or acts as Chairman of more than five committees.

## **(vii) MANAGEMENT :**

- Management discussion and Analysis  
 Management Discussion and Analysis is part of this Annual Report.
- Disclosures :
  - Transactions with the related parties are disclosed in Note no. 23 of "Notes to Accounts" annexed to the Accounts in the Annual Report.
  - No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested, is placed before the Board regularly.
  - There has been no instances of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the stock exchange or any statutory authorities does not arise.
  - Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- In the preparation of financial

statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

- (vi) The details of the utilization of proceeds raised through preferential issue of equity shares /warrants are disclosed to the audit committee and in the balance sheet. The Company has not utilized these funds for purpose other than those stated in the notice convening the general meeting.
- (vii) A certificate from CEO and CFO was placed before the Board.
- (viii) The Company has periodic review and reporting to the Board of Directors of risk assessment by the senior executives with a view to minimize risk.

#### **(viii) SUBSIDIARIES :**

The Company has two subsidiaries. Out of two one is Indian subsidiary and one is foreign. As per Clause 49(III) of the Listing Agreement none of the Indian subsidiaries constitutes as Material non-listed Indian Subsidiary.

The minutes of the Board meetings of the subsidiaries are placed before the meetings of the Board of Directors of the Company alongwith a statement showing the significant transactions and arrangements entered into by the subsidiaries.

#### **(viii) SHAREHOLDERS :**

##### **(a) Shareholders /Investors Grievance committee :**

Shareholders/Investors Grievances committee to specifically look into redressing of shareholders and investors, complaints such as transfer of shares, non-receipt of shares, non- receipt of declared dividends and to ensure expeditious share transfer process. The Committee consists of the following persons:

- (i) Mr. Ramesh Chandra Soni Chairman
- (ii) Mr. H.K. Turgalia
- (iii) Mrs. Shehnaz D. Ali

The committee met four times on 12.05.2012, 14.08.2012, 10.11.2012 and 13.02.2013, The necessary quorum was present at all meetings. During the year under report no

complaints were received. Further there were no complaints outstanding at the beginning and end of the year.

##### **The attendance of each member of the Committee is given below :**

<b>Name</b>	<b>No. of meeting held</b>	<b>No. of meeting attended</b>
Mr. Ramesh Chandra Soni	4	4
Mrs. Shehnaz D. Ali	4	4
Mr. H.K. Turgalia	4	4

The Board has designated Mr. Wilfred D'mello who was appointed as Compliance Officer.

##### **(b) Share Transfer Committee :**

The Company's shares are traded in the dematerialized form on the Stock Exchange, Mumbai. To expedite the transfer in physical segments, the Company has constituted a share transfer committee comprising of Mr. Harikant Turgalia and Mrs. Shehnaz D. Ali on 10.06.2002. The Committee approves share transfer and transmission, issue of duplicate certificates and reviews all other matters connected with securities.

During the year no complaints were received from any of the directors, through SEBI/ROC, through stock exchanges and investors associations and there is no complaint outstanding. No shares are pending for transfer.

##### **(c) Directors seeking appointment/re-appointment:**

Disclosures about the particulars of the directors seeking appointment/ re-appointment at the ensuing annual general meeting have been furnished in the annexure to the notice convening the Annual General Meeting.

#### **(ix) GENERAL BODY MEETINGS :**

- (a) The Company held its last three Annual General



Meetings as under :

Annual General Meeting	Date	Time	Location	No. of Special resolution passed
25 <sup>th</sup>	21.09.2010	9.00AM	Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Mumbai – 400 020	1
26 <sup>th</sup>	27.09.2011	9.00AM	Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Mumbai – 400 020	3
27 <sup>th</sup>	29.09.2012	9.00AM	Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Mumbai – 400 020	Nil

**(x) POSTAL BALLOT SYSTEM :**

This year no special resolution through ballot paper is proposed nor special resolution was put through in the previous year..

- (ii) Financial Calendar : Financial Reporting for :  
Board meeting for  
consideration of : 29.05.2013  
Accounts for the year  
ended on 31.03.2013.

**C. CODE OF CONDUCT :**

The Board of Directors have laid down the Code of Conduct for all the Board Members and the members of the Senior Management of the Company. The Company is in the process of placing the same on the Company's website. Certificate from the Wholetime Director affirming compliance of the said Code by all the Board Members and Members of Senior Management of the Company, to whom the Code is applicable, is annexed separately to this Report

- Book Closure date : 27.08.2013 to 30.08.2013  
(both days inclusive)

**D. MEANS OF COMMUNICATION :**

The quaterly/half yearly/ annual unaudited / audited financial results of the Company are sent to the stock exchange where the shares of the Company are listed immediately after their approval by the Board.

The above results are generally published in English and Marathi languages news papers circulating in Maharashtra.

The results are not sent to the shareholders at their home.

The Company has placed its financials on the website [www.satgroup.in](http://www.satgroup.in)

During the year the Company has made neither any representation to any analyst nor has given any press release.

- Board Meeting for : within forty five days from  
consideration of Unaudited the end of the quarter as  
results for the first three stipulated under the listing  
quarters of the current agreement with the Stock  
financial year viz: April Exchange.  
01,2013 to March 31,2014

- Board Meeting for : within sixty days from the  
consideration of audited end of the last quarter as  
results for the current stipulated under the  
financial year ending March listing agreement with the  
31,2014 Stock Exchange.

- Dividend Payment : Not Applicable

**E. GENERAL SHAREHOLDERS INFORMATION :**

- (i) Annual General Meeting :

Date and Time : 30.08.2013 at 9.00 AM  
Venue : Umang Hall, Samrat Hotel,  
Prem Court, J. Tata Road,  
Churchgate,  
Mumbai – 400 020

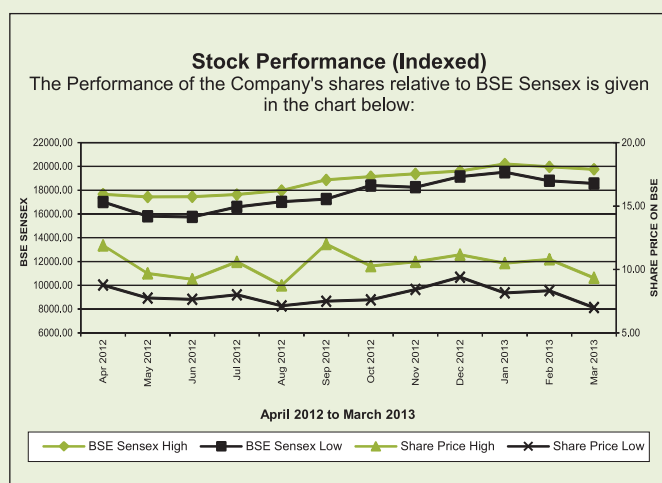
- (iii) Listing At Stock Exchange :

Name of Stock Exchange	Stock Code	Code on screen
Bombay Stock Exchange Ltd., Mumbai	511076	SatInd

## (iv) Market Price Data (Rs.)

Month	High	Low	Month	High	Low
April	11.90	8.77	October	10.27	7.61
May	9.69	7.75	November	10.60	8.42
June	9.23	7.65	December	11.16	9.40
July	10.60	8.00	January	10.50	8.15
August	8.75	7.13	February	10.80	8.33
September	12.00	7.50	March	9.35	7.00

## (v) Performance in comparison to broad based indices as BSE Sensex



## (vi) Registrar and Transfer Agent :

The Company has appointed Link Intime India Private Limited as its transfer agent. All the transfer etc. work – physical as well as dematerialized work are looked after by the agent :

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W)  
Mumbai –400 078, India.  
E-Mail : [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
Phone : 022-25963838  
Fax : 022-25946969

## (vii) Share Transfer System :

Share Transfer in physical form , if clear in all respect, are effected and returned within a period of 15 days from the date of receipt . Share Transfer Committee meets once in a week to approve transfer. Transfer Agent and the Company do comply with the requirements of clause 47 of the Listing agreement in time.

## (viii) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

Shareholding of nominal value Rs Rs.	No. of shareholders	% of Total	Share amount in Rs.	% of share capital
Upto 4000	1425	79.8767	1259580	1.6118
4001-6000	69	3.8677	356706	0.4564
6001-10000	72	4.0359	601252	0.7694
10001 - 20000	74	4.1480	1159296	1.4834
20001 & above	144	8.0717	74773166	95.6790
TOTAL	1784	100.00	78150000	100.00

## (ix) Shareholding Pattern as on 31.03.2013

Category	No. of shares	% of shareholding
Promoter – Indian	14510000	37.1337
NRI	NIL	NIL
Indian Public	8950752	22.9066
FIIIs/NRIs/OCBs	4625	00.0119
Bodies Corporate	15175451	38.8367
Financial institution	NIL	NIL
Banks	NIL	NIL
Mutual Funds	NIL	NIL
Clearing Members	434172	1.1111
TOTAL	39075000	100.00

## (x) Dematerialisation of shares and liquidity

Trading of the Company' shares is compulsory in dematerialised form for all investors since August, 2001. Equity shares representing 99.9999% have been dematerialised with the following depositories :

Description	ISIN	Depositories
Equity Shares	INE065D01027	NSDL and CDSL

The liquidity of shares is normal.

(xi) Outstanding GDR/ADR/warrants etc. : Nil

(xii) Location of plant : The Company does not have any plant.

(xiii) ADDRESS FOR COMMUNICATION :

SAT INDUSTRIES LIMITED  
69-A, Rajgir Chambers, 8th Floor,  
12/14, Shahid Bhagat Singh Marg,  
Opp. Old Custom House,  
Fort, Mumbai – 400 023

PHONE : 022- 6610 7025  
FAX NO. : 022- 6610 7027  
E-MAIL : [sil@mtnl.net.in](mailto:sil@mtnl.net.in)  
WEBSITE: [www.satgroup.in](http://www.satgroup.in)

E-Mail Address for investors complaints :  
investorsgrievances\_rediffmail.com

(xv) The Company has not obtained any public fund in the last three years.

(xvi) Adoption of non mandatory requirements: The Company has so far not implemented Non-Mandatory requirements of the Code of Corporate Governance.

#### ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

Place : Mumbai

Dated : 29.05.2013

**H.K. Turgalia**

Wholetime Director

## Annexure "B" to the Directors Report

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Sat Industries Limited is pleased to present its analysis report covering performance and outlook. The report contains certain forward looking statements which are subject to certain future events and uncertainties that could cause actual results to differ materially.

#### A. INDUSTRIAL STRUCTURE AND DEVELOPMENT

Your Company is engaged in the business of importing and exporting of goods with the head office at Mumbai and the branch office at Sharjah (UAE). The Company is engaged in the business of import and export of different merchandise.

#### B. OPPORTUNITIES AND THREATS

The Company see strong opportunities in the international marketing as the global market is revived in general and in the Middle East countries in particular. The Company deals in the commodities products such as galvanized steel, coils, sheets, leather products etc. In the Middle East countries, there is great spurt in the construction work and every State of the Middle East countries has chalked out long term plan for creation of the various infrastructure facilities such as bridges, roads, residential and commercial complexes, industrial estates etc. involving construction work of billions of dollars. In addition to this, the oil refineries operating in the Middle East countries are putting up more refineries and also carrying out modernization & expansion of their existing refineries. Following are the two significant threats to the Company's business:

##### (i) Competitive Business:

Since the company operates in world markets, competitive business can develop from any corner of the globe. The Company has to be on the lookout for tracking

the competition and maintaining its competitive edge in terms of quality and value proportion. the competition and maintaining its competitive edge in terms of quality and value proportion.

##### (ii) Talent retention:

The Company has to ensure that the people working for it who constitute its major competitive advantage continue to contribute productivity to its business.

#### C. OUTLOOK

The future outlook of our Company like that of all other in international marketing is dependent on Government policy. Government policy needs to be clearly spelt out more particularly in respect of importing and exporting products with regard to benefits at par with other countries and bilateral trade agreements with the countries in the world . It may lead to opening up of new export markets. Barring unforeseen circumstances, the prospects are more than satisfactory.

#### D. RISK AND CONCERNS

With regard to international marketing involving import and export, there is no risk or concern except when the goods are exported on credit.

Your Company continues to follow suitable strategies to positively modify its risk profile by eliminating and significantly reducing key business and developing and implementing strategies to achieve the maximum possible degree of insulation from broad macroeconomic risks.

#### E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The Company has adequate internal control procedure commensurate with its size and nature of the business. These business control procedure ensures efficient use and protection of the resources and compliances with the policies, procedures and statutes. The internal

control system provides for well-documented policies, guidelines, authorization and approval procedures. The Company is also planning to make a separate department for internal audit, which will carry out audit more extensively throughout the year. The prime objective of such audits is to test the adequacy and effectiveness of all internal controls laid down by the management and to suggest improvements.

#### **F. FINANCIAL PERFORMANCE**

The turnover during the year under report was Rs. 145485092/- and the loss incurred after providing for depreciation of Rs. 168701/- was Rs 20747117/- . To improve the performance the Company is taking all possible steps of cost control

and cost reduction. These efforts will result in improved bottom line.

#### **G. HUMAN RESOURCES/INDUSTRIAL RELATION:**

The Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain its substantial pool of technical and managerial resources through a work environment that encourages initiatives, provides challenges and opportunities and recognizes the performance and potential of its people.

In keeping with the time, the staff is imparted from time to time training in their respective fields to keep them updated with the changes in their respective fields.

#### **R. KABRA & CO.**

Chartered Accountants  
515, Tulsiani Chambers,  
Nariman Point,  
Mumbai – 400 021.

### **AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE**

**The Board of Directors,  
Sat Industries Ltd.**

We have examined the compliance of conditions of Corporate Governance by Sat Industries Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement applicable for the year ended 31st March, 2013, of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance referred to above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R.KABRA & CO.**  
Chartered Accountants

**(DEEPA RATHI)**

Partner

Membership No. 104808

Firm Registration No. 104502W

Place : Mumbai

Dated : 29-05-2013



**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956  
RELATING TO THE SUBSIDIARY COMPANIES**

**01. Name of subsidiary Company** : **Sat E-Com Ltd.** **Sat Middleeast Ltd.- FZC** **Sat Realty Ltd.\*\***  
**02. Financial year of subsidiary Company ended on** : **31st March, 2013** **31st March, 2013** **31st March, 2013**

**03. Shares of subsidiary company held on the above date and extent of holding**

(i) Equity Shares	: 3,11,480 equity shares of Rs.10/- each	100 shares of AED 94520 each (equivalent to Rs.139837614/- *)	100
(ii) Extent of holding (%)	: 62.30		
<b>04. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so far as they concern members of Sat Industries Ltd.</b>			
(i) Dealt with in the accounts	: NIL	NIL	
(ii) Not dealt with in the accounts	: (Rs. 7309)	(AED 7367322) (equivalent to Rs.108914805/-)	

**05. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary as far as it concern members of Sat Industries Ltd.**

(i) Dealt with in the accounts	: NIL	NIL	NIL
(ii) Not dealt with in the accounts	: (Rs.3309)	(AED 47501745) (equivalent to Rs.624999460/-)	(Rs.57782)

**Statement pursuant to section 212(5) of the Companies Act, 1956**

- 1) Change in the holding company's interest
- 2) Details of material change
  - i) Fixed assets of the subsidiary
  - ii) Its investments
  - iii) Money lent by it
  - iv) The money borrowed for any purpose other than that of meeting current liabilities

For and on behalf of the Board of Directors

**Shehnaz D. Ali** **H.K. Turgalia**  
 Wholetime Director Wholetime Director

Place : Mumbai

Dated : 29-05-2013

\* Conversion rate 1 AED = Rs. 14.7945 as on 31-3-2013

\*\* Sat Realty Ltd. Ceased to be subsidiary of the Company w.e.f. 21-11-2012 hence no particulars has been furnished for the year ended on 31-03-2013.



Information of subsidiary companies in terms of the exemption granted by the Ministry of Corporate Affairs, Government of India under section 212(8) of the Companies Act, 1956.

Sr. No.	Particulars	Sat Middle East Limited FZC *		Sat Realty Ltd. **	Sat E-Com Ltd.
1	Financial year ending on	31.03.2013		31.03.2013	31.03.2013
2	Currency	AED	INR	INR	INR
3	Share Capital	9452000	139837614	-	5000000
4	Reserves and Surplus	175173	2591597	-	446723
5	Total Assets	16210659	239828594	-	5756650
6	Total Liabilities	6583486	97399383	-	309927
7	Turnover (including other income)	4396709	64998747	-	-
8	Profit/(Loss) for the year before taxation	(7367322)	(108914805)	-	(7309)
9	Provision for taxation	-	-	-	-
10	Profit/(Loss) after taxation	(7367322)	(108914805)	-	(7309)
11	Proposed dividend	-	-	-	-

\* Sat Middle East Limited FZC - Unit of currency AED. Exchange Rate as at March 31, 2013 AED = Rs.14.7945 for assets and liabilities and Rs. 14.7835 for turnover and profit.

\*\* Sat Realty Ltd. Ceased to be subsidiary of the Company w.e.f. 21-11-2012 hence no particulars has been furnished.

## AUDITOR'S REPORT

### Independent Auditor's Report To the Members of SAT Industries Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of SAT Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required **subject to Note No. 12.1 regarding**

**Company's position on sundry debtors of INR 38,162,623 out of which substantial amount of INR 34,550,705 (foreign currency AED 2,335,375 is outstanding of its foreign branch and the period of outstanding of debtors has been relied upon by us without any independent verification and also the foreign debtors have been written off to the extent of Rs. 10,814,544 (AED 731,528) which are subject to independent verification, Note No. 25 regarding non appointment of Company Secretary, Note No. 28 regarding particulars of traded goods including quantity details which are relating to foreign branch are subject to independent verification, and other notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:**

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have 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 appears from our examination of those books
  - c) The Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For R.KABRA & CO.**  
**Chartered Accountants**

**(DEEPA RATHI)**  
**Partner**

**Place : Mumbai**

**Dated: May 29, 2013**

**Membership No. 104808**

**Firm Registration No. 104502W**

## ANNEXURE TO THE AUDITOR'S REPORTS

### (Referred to in our report of even date)

- (i) (a) The company has maintained fixed assets register showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were found at the time of physical verification
- (c) Major fixed assets have been sold during the year which mainly include vehicles but due to which the going concern concept has not been affected.
- (ii) (a) **There is no inventory held locally in India during the current year. The inventory is held at a foreign branch which is audited by other auditors and we are not able to comment on the same regarding reasonable intervals of physical verification.**
- (b) **Since the inventory is held at the foreign branch audited by the local branch auditor we are not able to comment on the reasonability of the procedures of physical verification followed by the management in relation to the size of the Company and nature of business.**
- (c) **We are also not able to comment on whether the company is maintaining proper records of inventory and the material discrepancies with physical verification.**
- (iii) (a) In our opinion and according to the information and explanation given to us, the Company has granted unsecured loans to companies, firms or other parties covered in the register maintained U/s 301 of the Act during the year. The number of parties are 3, maximum outstanding during the year is Rs. 40,534,470/- and the balance number of parties are 2 as on 31/03/2013 is Rs.18,193,464/-
- (b) **Except the interest free loan**, other terms and conditions of unsecured loans granted are prima facie not prejudicial to the interest of the Company.
- (c) Regular receipt of the interest free principle amount of unsecured loans is not applicable as it is receivable on demand
- (d) In our opinion and according to the information and explanation given to us, the company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Act. The number of parties are 3, maximum outstanding during the year is Rs.87,43,000/- and balance as on 31/03/13 is Nil.
- (e) The terms and conditions of unsecured loans taken are prima facie not prejudicial to the interest of the company.
- (f) Regular repayment of the interest free principal amount of unsecured loans are not applicable as it is repayable on demand.
- (iv) In our opinion and according to the information and explanation given to us, the company has an adequate internal control procedure commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) (a) In our opinion and according to the information and explanation given to us, the company is in the **process of updating the register for transactions** that need to be entered into a register in pursuance of section 301 of the Act;
- (b) As per information and explanation given to us, the transactions entered with the parties covered u/s 301 of The Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the clause (vi) of the order is not applicable to the Company, as the company has not accepted any public deposit.
- (vii) In our opinion, the Company has an internal audit system **through internal controls, the scope and coverage of which needs to be strengthened to make it commensurate with the size of the company and nature of its business.**
- (viii) As explained to us, maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the company.

- (ix) (a) As explained to us by the management, since the number of employees are falling below the limit, therefore provident fund, Investor Education and Protection Fund, Employees State Insurance are not applicable to the Company. The Company is regular in depositing undisputed statutory dues relating to Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess wherever applicable and other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, the dues of sales tax, income tax, customs, wealth tax, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are NIL.
- (x) The Company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses in current financial year and in the immediately preceding financial year.
- (xi) The company has not taken any loans from financial institution or bank or debenture holders, so the question of default in repayment does not arise.
- (xii) The clause (xii) of the order is not applicable to the company, as the company has not granted loans and advances on the basis of security.
- (xiii) The clause (xiii) of the order is not applicable to the Company, as the company is not a chit fund/nidhi company.
- (xiv) The Company has invested in subsidiary's/associates share capital, except this, the company does not have any other investment. Investments have been held by the Company in its own name.
- (xv) The Company has not received any term loan during the year, so the clause (xv) of the order is not applicable.
- (xvi) The Company has not given any guarantee for loans taken by others from banks or financial institutions, therefore clause (xvi) is not applicable.
- (xvii) As per information and explanation given to us and on the overall examination of balance sheet, we have found that the funds raised on short term basis have not been used for long term investment.
- (xviii) As per information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year.
- (xix) Since the Company has not issued any debentures during the year, the question of security or charge created does not arise.
- (xx) The Company has not raised money through public issue and therefore clause xx of the order is not applicable to the company.
- (xxi) 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 explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor we have been informed of such case by the management.

**For R.KABRA & CO.  
Chartered Accountants**

**(DEEPA RATHI)  
Partner**

**Place : Mumbai**

**Dated: May 29, 2013**

**Membership No. 104808**

**Firm Registration No. 104502W**

**BALANCE SHEET AS AT 31st MARCH, 2013**

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
a. Share Capital	1	78,150,000	78,150,000
b. Reserves and Surplus	2	120,422,757	134,515,771
c. Money received against share warrants	3	-	33,825,000
<b>(2) Non-Current Liabilities</b>			
a. Long-term borrowings	4	-	2,488,163
<b>(3) Current Liabilities</b>			
a. Short-term borrowings	5	760,000	5,032,852
b. Other current liabilities	6	1,403,803	792,347
c. Short-term provisions	7	-	44,000
<b>Total</b>		<b>200,736,560</b>	<b>254,848,133</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
a. Fixed assets			
(i) Tangible assets	8	184,568	2,013,771
b. Non-current investments	9	120,139,003	165,158,523
c. Deferred tax assets (net)	10	7,308,271	1,212,552
d. Long term loans and advances	11	160,925	158,520
<b>(2) Current assets</b>			
a. Trade receivables	12	38,162,623	47,957,683
b. Cash and cash equivalents	13	159,364	3,382,257
c. Short-term loans and advances	14	34,621,806	34,964,827
Significant Accounting Policies & Notes to Accounts	1 to 28		
<b>Total</b>		<b>200,736,560</b>	<b>254,848,133</b>

As per our report of even date

For R. Kabra &amp; Co.

Chartered Accountants

FRN: 104502W

For and on behalf of the Board

Deepa Rathi

Partner

M No.: 104808

Place : Mumbai

Date : 29-05-2013

Shehnaz D. Ali

Wholetime Director

H.K Turgalia

Wholetime Director



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
I. Revenue from operations	15	144,809,571	185,618,060
Other Income	16	675,521	-
<b>II. Total Revenue</b>		<b>145,485,092</b>	<b>185,618,060</b>
III. Expenses:			
Purchase of Stock-in-Trade		145,866,947	175,923,727
Employee benefit expense	17	3,017,039	2,836,297
Financial costs	18	141,331	194,625
Depreciation and amortization expense		168,701	704,750
Other expenses	19	17,038,191	5,742,283
<b>IV. Total Expenses</b>		<b>166,232,209</b>	<b>185,401,682</b>
V. Profit before exceptional and extraordinary items and tax	(II - IV)	(20,747,117)	216,378
VI. Exceptional Items			
Less: Diminution in Value of Investments		35,508,720	-
VII. Profit before extraordinary items and tax (V - VI)		(56,255,837)	216,378
VIII. Tax expense:			
(1) Current tax		-	44,000
(2) Deferred tax Liability / (Asset)		(6,095,719)	8,274
IX. Profit/(Loss) for the period (V-VI)		(50,160,118)	164,103
X. Earning per equity share:			
(1) Basic		-1.284	0.004
(2) Diluted		-	
Significant Accounting Policies & Notes to Accounts	1 to 28		

As per our report of even date

For R. Kabra &amp; Co.

Chartered Accountants

FRN: 104502W

For and on behalf of the Board

Deepa Rathi

Partner

M No.: 104808

Place : Mumbai

Date : 29-05-2013

Shehnaz D. Ali

Wholetime Director

H.K Turgalia

Wholetime Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2013**

Particulars	Year ended 31-03-2013	(Amount in ₹) Year ended 31-03-2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	(56,255,837)	216,378
Adjustments for :		
Depreciation	168,701	704,750
Profit on sale of Fixed Assets	(63,276)	
<b>Diminution in Value of Investments</b>	<b>35,508,720</b>	
interest exp	139,597	
<b>Operating Profit before working capital changes</b>	<b>(20,502,095)</b>	<b>921,128</b>
<b>Adjustments for :</b>		
Trade & Other Receivables	(9,442,199)	(10,103,577)
Trade & Other Payables	611,456	237,660
<b>Cash Generated from Operations</b>	<b>(29,332,838)</b>	<b>(65,953,053)</b>
Gratuity payment		
Direct Taxes Paid	(12,245)	(126,578)
<b>Net Cash Flow from Operating Activities</b>	<b>(29,345,083)</b>	<b>(66,079,631)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(112,300)	
Sale of Fixed Assets	1,958,321	
Acquisition of Companies		
Purchase of Investments		
Share Application Money		
Sale of Investments	9,510,800	62,640,000
<b>Net inflow/(outflow) in Investing Activities</b>	<b>11,356,821</b>	<b>62,640,000</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Secured Loan	(1,469,714)	(648,554)
Repayment of Unsecured Loan	(5,291,301)	(20,838,787)
Proceeds against Share Warrants	-	(34,519,470)
interest expense	(139,597)	
amount received on loan and advance		
<b>Net inflow/(outflow) in Financing Activities</b>	<b>(6,900,612)</b>	<b>(56,006,811)</b>
<b>D) Foreign Exchange Translation Reserve Adjustment</b>	<b>2,075,861</b>	<b>5,492,356</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C+D)</b>	<b>(22,813,013)</b>	<b>(53,954,086)</b>
<b>Cash and Cash equivalents at the beginning</b>	<b>3,382,257</b>	<b>328,079</b>
<b>Cash and Cash equivalents at the close</b>	<b>159,364</b>	<b>3,382,257</b>

Note: 1) Previous years figures have been regrouped, rearranged to make them comparable.  
2) Cash Flow Statement has been prepared on 'Indirect Method'

**As per our report of even date**

**For R. Kabra & Co.**

**Chartered Accountants**

**FRN: 104502W**

**For and on behalf of the Board**

**Deepa Rathi**

**Partner**

**M No.: 104808**

**Place : Mumbai**

**Date : 29-05-2013**

**Shehnaz D. Ali**

**Wholetime Director**

**H.K Turgalia**

**Wholetime Director**

## Notes To Accounts

### NOTE 1: SHARE CAPITAL

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity Shares of 2/- each	50,000,000	100,000,000	50,000,000	100,000,000
	50,000,000	100,000,000	50,000,000	100,000,000
<b>Issued</b>				
Equity Shares of 2/- each fully paid up	39,075,000	78,150,000	39,075,000	78,150,000
<b>Total</b>	<b>39,075,000</b>	<b>78,150,000</b>	<b>39,075,000</b>	<b>78,150,000</b>

#### Note 1.1

##### Reconciliation for No. of shares outstanding during the year

Particulars	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	Amt	No. of Shares	Amt
Shares outstanding at the beginning of the year	39,075,000	78,150,000	39,075,000	78,150,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>39,075,000</b>	<b>78,150,000</b>	<b>39,075,000</b>	<b>78,150,000</b>

#### Note 1.2

##### Details of shareholders holding more than 5%

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Sat Invest Private Limited	14,150,000	37.13%	14,150,000	37.13%
2. Dawood Investment Private Limited	7,209,350	18.41%	7,700,000	19.71%
3. Space Age Polymers Private Limited	4,069,455	10.41%	4,649,600	11.90%

### Note 2 : RESERVES AND SURPLUS

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. General Reserves</b>		
Opening Balance	4,800,254	4,800,254
(+) Current Year Transfer	Nil	Nil
<b>Closing Balance</b>	<b>4,800,254</b>	<b>4,800,254</b>
<b>b. Securities Premium Account</b>		
Opening Balance	59,400,000	59,400,000
Add : Securities premium credited on Share issue	Nil	Nil
<b>Closing Balance</b>	<b>59,400,000</b>	<b>59,400,000</b>
<b>c. Foreign Currency Translation Reserve</b>		
Opening Balance	8,739,819	3,246,900

## Notes To Accounts (Contd.)

### Note 2 : RESERVES AND SURPLUS

Particulars	As at 31 March 2013	As at 31 March 2012
(-) Written Back in Current Year	(8,739,819)	(3,246,900)
(+) Current Year Transfer	10,983,226	8,739,819
<b>Closing Balance</b>	<b>10,983,226</b>	<b>8,739,819</b>
<b>d. Capital Reserve (Reserve created on forfeiture of share warrants)</b>		
Opening balance	-	NIL
(+) Current Year Transfer	33,825,000	
<b>Closing Balance</b>	<b>33,825,000</b>	
<b>e. Surplus</b>		
Opening balance	61,575,698	61,408,173
(+) Net Profit/(Net Loss) For the current year	(50,160,118)	164,103
(+) Short/Excess Provision for Income Tax	(1,303)	3,422
<b>Closing Balance</b>	<b>11,414,277</b>	<b>61,575,698</b>
<b>Total</b>	<b>120,403,204</b>	<b>134,515,771</b>

### NOTE : 3

The Company has allotted 3300000 warrants on 13-11-2010 to M/s Sat Invest Pvt. Ltd. convertible into equity share of Rs.2/- each at a premium of Rs.39/- each within 18 months from the date of allotment. The Company has received Rs.3,38,25,000/- being 25% of the amount of share warrants within the stipulated time and same is shown in shareholders fund after the capital of the Company. During the current year, the share warrant money has been forfeited since the company did not receive the balance money being 75% of the amount within the stipulated time period. This amount has been treated as a capital receipt and is shown as "Forfeiture of money received against share warrants" under the heading "Reserves & Surplus"

Particulars	As at 31 March 2013	As at 31 March 2012
Money received against share warrants	33,825,000	33,825,000
Less: Forfeited during the year and transferred to capital reserve	(33,825,000)	-
<b>Total</b>	<b>-</b>	<b>33,825,000</b>

### NOTE 4 : LONG TERM BORROWINGS

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Secured Loan</b>		
(a) Kotak Mahindra Prime Ltd (Car Loan)	-	846,862
<b>Unsecured Loan</b>		
(a) Intercompany Loans	-	1,641,301
<b>Total</b>	<b>-</b>	<b>2,488,163</b>

## Notes To Accounts (Contd.)

### NOTE 4.1:

The two cars were sold during the year and hence the entire loan was paid off immediately as per Note 4 and note 5

### NOTE 5 : SHORT TERM BORROWINGS

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Secured loan</b>		
a. Kotak Mahindra Prime Ltd (Car Loan)	-	622,852
<b>Unsecured Loan</b>		
a. Loans from related parties	760,000	4,410,000
<b>Total</b>	<b>760,000</b>	<b>5,032,852</b>

### NOTE 6 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2013	As at 31 March 2012
a. Salary Payable	131,497	181,399
b. Other Liabilities	1,272,306	610,948
<b>Total</b>	<b>1,403,803</b>	<b>792,347</b>

### NOTE 7 : SHORT TERM PROVISIONS

Particulars	As at 31 March 2013	As at 31 March 2012
a. Provision for Tax (A.Y. 2012-13)	-	44,000
<b>Total</b>	<b>-</b>	<b>44,000</b>



**Notes To Accounts (Contd.)**

<b>NOTE : 8 FIXED ASSETS</b>									
<b>Fixed Assets</b>	<b>Gross Block</b>			<b>Accumulated Depreciation</b>			<b>Net Block</b>		
	Balance as at 1st April 2012	Balance as at 31st March 2013	Balance as at 1st April 2012	Depreciation charge for the year	Deduction	Balance as at 31st March 2013	Balance as at 1st April 2012	Balance as at 31st March 2013	
Tangible Assets									
Computers	293,214	405,514	246,427	36,383	-	282,810	46,787	122,704	
Furniture and Fixtures	1,322	1,322	1,308	3	-	1,311	14	11	
Vehicles	5,062,302	-	3,167,257	122,321	3,289,578	-	1,895,045	-	
Office equipment	190,734	190,734	118,887	9,994	-	128,881	71,847	61,853	
<b>Current Year Total</b>	<b>5,547,572</b>	<b>597,570</b>	<b>3,533,879</b>	<b>168,701</b>	<b>-</b>	<b>413,002</b>	<b>2,013,692</b>	<b>184,568</b>	
<b>Previous Year Total</b>	<b>5,547,572</b>	<b>-</b>	<b>2,829,050</b>	<b>704,750</b>	<b>-</b>	<b>3,533,800</b>	<b>2,717,958</b>	<b>2,013,771</b>	

(a) In the opinion of management, there is no impairment of fixed assets as prescribed in the accounting standard (AS-28) on impairment of assets.

(b) The vehicles have been sold during the year to a group company

## Notes To Accounts (Contd.)

### Note 9: NON CURRENT INVESTMENTS

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. Investment in Equity instruments</b>	120,139,003	165,158,523
<b>Total</b>	<b>120,139,003</b>	<b>165,158,523</b>
Value of unquoted investment	120,139,003	165,158,523

Details of Other Investments							
Name of the Body Corporate	Subsidiary / Associate	No. of Shares / Units		Extent of Holding (%)		Amount	
		March 2013	March 2012	March 2013	March 2012	March 2013	March 2012
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Investment in Equity Instruments</b>							
Shares of Sat E-Com Ltd. of Rs.10/- each	Subsidiary	311,480	311,480	62.3	62.3	3,426,280	38,935,000
Shares of Sat Middleeast Ltd. of AED 94520/- each	Subsidiary	100	100	100	100	116,712,723	116,712,723
Shares of Sat Realty Ltd. of Rs.10/- each	Subsidiary	-	951,080	-	95.11	-	9,510,800
<b>Total</b>						120,139,003	165,158,523

**Note 9.1** During the current year the Company has diminished the value of shares of the subsidiary company SAT Ecom Limited from Rs 125/- to Rs. 11/- and thus per share is diminished by Rs. 114/- and total is diminished by Rs. 35,508,720/-. The diminished value is calculated based on the revised value of share i.e. Rs. 11 which is taken based on the certificate given by a local auditor of the subsidiary company.

**Note 9.2** During the current year the shares of M/s SAT Realty have been sold off at par to related parties. Hence it is no longer the subsidiary company w.e.f. 21/11/2012.

### NOTE 10 : DEFERRED TAX ASSETS

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax Asset Related to Fixed assets	17,770	300,005
Deferred Tax Related to Losses	7,290,501	912,547
<b>Total</b>	<b>7,308,271</b>	<b>1,212,552</b>

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred Tax Asset at the beginning of the year	1,212,552	1,220,826
Add: Current year Deferred Tax Asset	6,095,719	-
Less: Current year Deferred Tax Liability		(8,274)
<b>Total</b>	<b>7,308,271</b>	<b>1,212,552</b>

Deferred tax asset is recognised only when there is a virtual certainty of earning profits in the future periods. We have not recognised Deferred Tax Asset on long term capital losses on sale of subsidiary M/s Sat Realty Ltd as there is no certainty of earning future capital gains

## Notes To Accounts (Contd.)

### NOTE 11 :LONG TERM LOANS & ADVANCES

Particulars	As at 31 March 2013	As at 31 March 2012
a. Security Deposits	160,925	158,520
<b>Total</b>	<b>160,925</b>	<b>158,520</b>

### NOTE 12 :TRADE RECEIVABLES

Particulars	As at 31 March 2013	As at 31 March 2012
Trade receivables outstanding for a period less than six months Unsecured, considered good (Refer Note 12.1)	-	44,345,765
	-	44,345,765
Trade receivables outstanding for a period exceeding six months Unsecured, considered good	38,162,623	3,611,918
	38,162,623	3,611,918
<b>Total</b>	<b>38,162,623</b>	<b>47,957,683</b>

#### NOTE 12.1

The total outstanding of sundry debtors as on year end is Rs. 38,162,623/- (P.Y. Rs. 47,957,683) out of which substantial amount of debtors of Rs. 34,550,705/- (P.Y. Rs. 44,345,765) (foreign currency AED 2,335,375/- (P.Y. AED 3,141,881) is outstanding of its foreign branch for which confirmations are awaited.

During the current year the company has written off the debtors as bad debts which were outstanding of the foreign branch to the extent of Rs. 10,814,544 (AED 731,528) which are subjected to independent verification.

### NOTE 13 :CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2013	As at 31 March 2012
a. Balances with banks		
With Schedule banks	149,894	438,969
HSBC Bank Middleeast	488	2,464,078
b. Cash on hand (As been Certified by Managment)	8,982	479,210
<b>Total</b>	<b>159,364</b>	<b>3,382,257</b>

## Notes To Accounts (Contd.)

### NOTE 14 :SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2013	As at 31 March 2012
a. Loans and Advances		
Related Parties	34,041,164	34,544,430
b. Advances to Employees	386,000	238,000
c. Prepaid expenses	-	-
d. FBT receivable		
A.Y. 2005-06	3,000	3,000
A.Y. 2007-08	15,989	15,989
e. TDS Advance payment - A.Y. 2010-11	152,250	152,250
TDS Advance payment - A.Y. 2013-14	12,245	-
f. Other Advances	11,158	11,158
<b>Total</b>	<b>34,621,806</b>	<b>34,964,827</b>

### NOTE 15 :REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Overseas Branch Sales	144,809,571	185,618,060
<b>Total</b>	<b>144,809,571</b>	<b>185,618,060</b>

### NOTE 16 : OTHER INCOME

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Income from Content Development	612,245	-
Profit on sale of Assets	63,276	-
<b>Total</b>	<b>675,521</b>	<b>-</b>

### NOTE 17 : EMPLOYEE BENEFITS

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salary & Bonus	2,951,760	2,736,801
Gratuity fund contributions	65,279	99,496
<b>Total</b>	<b>3,017,039</b>	<b>2,836,297</b>

### NOTE 18 : FINANCE COST

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest expense	139,597	193,478
Bank Charges and Commission	1,734	1,147
<b>Total</b>	<b>141,331</b>	<b>194,625</b>

## Notes To Accounts (Contd.)

### NOTE 19 : OTHER EXPENSES

Particulars	As at 31 March 2013	As at 31 March 2012
Payment to Auditor as:		
a. Statutory auditor	84,270	84,270
b. Branch auditors	110,876	98,680
c. for taxation matter	28,090	138,390
d. for management & other services	-	9,376
Advertisement and Publicity	80,229	49,595
Bad Debts Written Off	10,814,544	-
Business Promotion Exp.	537,869	419,788
Content Development Charges	104,000	-
Conveyance Expenses	92,055	91,961
Other Direct Expenses		415,879
Depository Charges	61,798	60,665
Diminution in Value of Investments	35,508,720	-
Electricity Expenses	136,457	102,278
Filing Fees	1,000	12,500
Hospitality Expenses	228,669	289,019
Keyman Insurance	167,673	167,673
Loss on sale of Investments	-	30
Membership and subscriptions	23,411	33,132
Office Expenses	1,416,956	951,653
Printing/Stationery Expenses	198,966	264,517
Professional Charges	309,311	80,913
Rent	344,000	322,000
Selling & Distribution expenses	564,744	740,998
Staff Welfare	19,378	19,023
Telephone & Communication Expenses	742,335	615,773
Travelling Expenses	790,849	615,206
Vehicle Running & Maintenance	180,711	158,964
<b>Total</b>	<b>52,546,911</b>	<b>5,742,283</b>

### NOTE 20

- a. The outstanding balances of Debtors, Creditors, Loans and advances either debit or credit are subject to confirmation by the parties.



## Notes To Accounts (Contd.)

### NOTE 21

As per the opinion of the Management, the creditors outstanding in the balance sheet except creditors for foreign branch to whom the Company owes dues on account of principal amount together with interest do not fall in the category of Micro, Small & Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, and accordingly no additional disclosures have been made by the management. In the absence of confirmation from the creditors and based on the management explanation as above the facts are relied upon by us.

No comments are offered on the creditors outstanding in the balance sheet of foreign branch of the company as the audit of foreign branch is done by local auditors.

### NOTE 22

In the opinion of the management and to the best of their knowledge and belief the value on realisation of loans, advances and other current assets in the ordinary course of the business shall not be less than the amount at which they are stated in Balance Sheet. Further provisions have been made for all known and accrued liabilities.

### NOTE 23 : Related Party Transactions

Disclosure of the relationship and transactions in accordance with Accounting Standard 18- Related Party Disclosures issued by the Institute of Chartered Accountants of India :

Name of the Related Parties	Relationship	Transaction Types
Mr. H.K. Turgalia	Wholetime Director	Salary
Mrs. Shehnaz D. Ali	Wholetime Director	i) Salary ii) Keyman Insurance Premium paid iii) Unsecured Loan Taken iv) Unsecured Loan Repayment v) Sale of Investments
Sat Invest Pvt. Ltd.	Promoter Company & Major Shareholder	Advance given
Park Continental Ltd.	Shareholder of the Company	i) Unsecured loan given ii) TDS paid on behalf iii) Sale of vehicle
Sat Middleeast Ltd.	Wholly Owned Subsidiary Company	No transactions during the year
Space Age Polymers Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Repaid
Lion Houseware Pvt. Ltd.	Group Company	Advance given
Italica Lifestyle Limited	Group Company	i) Unsecured Loan Taken ii) Unsecured Loan Repayment
Italica Furniture Pvt Ltd	Group Company	i) Sale of investments ii) Sale of vehicles
Sat E-Com Ltd.	Subsidiary Company	Unsecured Loan Taken
Dawood Investments Pvt. Ltd.	Shareholder of the Company	Nil

## Notes To Accounts (Contd.)

### Volume of Transaction

NATURE	31st March, 2013	31st March, 2012
Remuneration	1,579,250	1,519,000
Keyman Insurance Premium	1,67,673	1,67,673
Unsecured Loan Taken	7,745,708	7,488,126
Unsecured Loan Repaid	10,507,248	361,530
Liability transferred	859,000	-
Sale of Share	-	29,566,250
Sale of Car	5,062,302	-
Loan Repayment received	7,881,630	-
Purchases done on behalf	24,630	174,625
Advance given	5,000	34,520,470
Travel advance given to Director	-	24,960
Fees/TDS/ S.A Tax/ Service tax paid on behalf	269,806	19,258

### Outstanding Balances at year end

PARTY	31st March, 2013	31st March, 2012
Park Continental Ltd.	1497444 (Dr.)	1995750 (Dr.)
Shehnaz D. Ali	Nil	4,24,960 (Cr.)
Sat E - com	760000 (Cr.)	1624000 (Cr.)
Space Age Polymers Pvt. Ltd.	Nil	355000 (Cr.)
Lion Houseware Pvt. Ltd.	18043720(Dr.)	34519470(Dr.)
Sat Realty Ltd.	-	2031000 (Cr.)

### NOTE 23 : SEGMENT INFORMATION

The Company is principally engaged in the business of international trading in UAE and there are negligible operations in India and therefore disclosure as per AS 17 segment reporting is not applicable to the company.

### NOTE 24

The Company's foreign branch situated at U.A.E. is audited by the local auditor for the financial year ended on 31<sup>st</sup> March, 2013.

### NOTE 25

The company has not appointed whole-time company secretary as required by the provisions of section 383A of the Companies Act, 1956. The company may face penalty for contravention of the section. However, to appoint a Company Secretary, Company is continuously making efforts and looking for right person but the effort has not been materialized

## Notes To Accounts (Contd.)

### NOTE 26 : Earning Per Share

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Earning Attributable to Equity Shareholders for basic EPS	(50,160,118)	(3,382,049)
Adjusted for the purpose of diluted EPS	NA	NA
Earning Attributable to Equity Shareholders for Diluted EPS		
Weighted Average Equity Shareholders for Basic EPS	39,075,000	39,075,000
Add: Weighted Average Potential Equity Shares on Conversion of Share Warrant	Nil	Nil
Weighted Average Equity Shareholders for Diluted EPS	39,075,000	39,075,000
Basic Earning Per Share (a) / (d)	(1.284)	(0.087)
Diluted Earning Per Share (c) / (f)	-	-

### NOTE 27:

Information pursuant to Para 5(viii) of the General Information to the Statement of Profit & Loss :

a) Value of imports of C.I.F. basis :-

NIL

b) Expenditure on foreign currency (UAE Branch) :-

C.Y. (in Rs.)	P.Y. (in Rs.)
159,316,205	178,662,650
159,316,205	178,662,650

c) Earnings in foreign currency (UAE Branch)

C.Y. (in Rs.)	P.Y. (in Rs.)
144,809,571	185,618,060
144,809,571	185,618,060

d) FOB Value of exports

NIL

### NOTE 28:

Information pursuant to Para 5(ii) and Para 5(iii) of the General Information to Statement of Profit & Loss:

Particulars of traded goods purchased, sold and inventory position is not available for the UAE Branch and are subject to independent verification as audited by other auditors

As per our report of even date

For R. Kabra & Co.

Chartered Accountants

FRN: 104502W

For and on behalf of the Board

Deepa Rathi

Partner

M No.: 104808

Place : Mumbai

Date : 29-05-2013

Shehnaz D. Ali

Wholetime Director

H.K Turgalia

Wholetime Director

## SIGNIFICANT ACCOUNTING POLICIES

### 1) Method of Accounting

- The financial statements are prepared on the historical cost convention and in accordance with the generally accepted accounting principles in India.
- The Company follows accrual system of accounting in the preparation of accounts.
- The UAE Branch financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the same is merged in the Company.
- Accounting policies not specifically referred to otherwise, have been followed consistently, and are in consonance with generally accepted accounting principle in India.

### 2) Fixed Assets

Fixed Assets are stated at cost inclusive of incidental expenses less accumulated depreciation.

### 3) Depreciation

Depreciation is charged on a pro-rata basis on written down value as per the rates and in the manners prescribed under the Schedule XIV of the Companies Act, 1956. For office equipment acquired at foreign branch which is written off in equal installments, depreciation is charged @ 20% p.a. on S.L.M. Basis, which is higher than the rate prescribed in Schedule XIV of the Companies Act, 1956.

### 4) Impairment of Assets

Factors giving rise any indication of any impairment of the carrying amount of the Company's assets are appraised at each Balance Sheet date to determine and provide/revert an impairment loss following Accounting standard 28 for impairment of assets.

### 5) Investments

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### 6) Revenue Recognition

Sales are recognized on dispatch of goods to customers.

### 7) Foreign Currency Transactions

- The reporting currency of the Company is Indian Rupee.
- The financial statement of foreign branch, which is considered as non-integral foreign operation, are converted in Indian Rupees at the following exchange rates:

Sr. No.	Particulars	Rate
i)	Revenue and Expenses	Average Exchange Rate prevailing during the year
ii)	Current Assets & Current Liabilities	Exchange rate prevailing at the end of the year.
iii)	Fixed Assets	Exchange rate prevailing at the end of the year
iv)	Remittance to branch at the time of its inception	At the original rate when the remittance was done

- The resultant exchange differences on translation of foreign branch are accumulated in the Foreign Currency Translation Reserve.

### 8) Retirement Benefits

- As per the management of the Company, the provision of The Payment of Gratuity Act, 1972 is not applicable to the Company since the number of Indian employees is within the limit as prescribed by the Act however the Company has voluntarily taken policy of Gratuity with Life Insurance Corporation of India for future payment of gratuity to employees.

- b) The company does not have the policy of leave encashment and the annual leave entitled to the employees is required to be availed in the year itself, otherwise the same lapses.
- c) As per the management of the Company, the provision of The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 is not applicable to the Company since the numbers of employees are within the limit as prescribed by the respective act.

**9) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**10) Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**11) Taxation**

- a) Current tax has been provided as per the provision of Income Tax Act 1961.
- b) Tax expenses comprise of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax reflects the impact of current year timing differences between book profit and taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book profit and taxable income for the year is accounted for using the tax rates and laws that have been substantially enacted as of 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. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

**12) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

**13) Inventories**

Stock in Trade, if any, is valued at lower of cost or NRV after providing for damages and obsolesces.

## AUDITOR'S REPORT

### Independent Auditor's Report on Consolidated Financial Statements

To the Members of  
M/s Sat Industries Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sat Industries Limited (the "company"), and its subsidiaries (collectively referred to as "the Group") which comprises the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- In the case of the Statement of Consolidated Profit and Loss, of the loss for the year ended on that date; and
- In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Matters

- We did not audit the financial statements of Indian subsidiary, namely Sat E-Com Limited whose financial statements reflect total assets of Rs. 5,756,650/- as at 31st March 2013 and total revenues is NIL for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
- We did not audit the financial statements of Foreign Subsidiary i.e. Sat Middle East Ltd whose financial statements reflect total assets of Rs. 240,420,389 /- as at 31st March 2013 and total revenues of Rs 64,998,747/- respectively for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
- We did not audit the financial statements of UAE branch whose financial statements reflect total assets of Rs. 34,595,311/- as at 31st March 2013 and total revenues of Rs 144,809,571/- respectively for the year then ended. These financial statements are audited by other auditors.



4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS-21), Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sat Industries Limited and its subsidiaries included in the consolidated financial statements and on the basis of assumption as narrated in the notes to consolidated accounts.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sat Industries Limited and its aforesaid subsidiaries and **Subject to assumptions and the basis of consolidation as disclosed in notes to accounts and subject to qualification as mentioned below:**

Note No. as per Notes to Accounts and Significant Accounting Policies relating to the Holding Company	Matter
Note No. 9	Loans & Advances given of Rs. 37,517,269 (foreign currency AED 2,535,893) to business associates of Sat Middle East Ltd. a subsidiary and outstanding since long and no provision is made for the same.
Accounting Policy No. C(ii)	Accounting policy regarding "Foreign Currency Translation Reserve" shown under head "Reserve & Surplus Schedule" which is being reconciled and is not as per the Accounting Standard 11 "Effect of Changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India.
Note No. 10	We are unable to comment on the period since when the receivables are outstanding for the UAE branch of the company and the foreign subsidiary of the company and the disclosure in the balance sheet for more than six months have been relied upon the management certificate.
Note No. 10.2	Bad Debts amounting to Rs. 68,028,315/- have been written off in the current year of which Rs. 57,213,771 (AED 3,870,110) and Rs. 10,814,544 (AED 731,528) is related to its foreign subsidiary SAT Middle East Limited and its foreign branch respectively and they are subject to independent verification.
Note No. 24	The Company has not appointed a Company Secretary
Note No. 27	Particulars of traded goods including quantity details which are relating to foreign branch and foreign subsidiary are subject to independent verification.

Further qualifications as per the standalone balance sheet of Sat Middle East Ltd, the subsidiary of the Company are mentioned below:

Sr. No.	Matter
(a)	Absence of direct confirmation from the bankers for bank balances due to banks we are unable to confirm the existence and accuracy of those balances or any other balances or commitments which may exist with/ towards the bankers
(b)	As at the end of the financial year, a sum of Rs 202,636,346/- (AED 13,696,735) was due from customers in respect of trade receivables. The Management of the Company has given us a written assurance that the amounts are recoverable and therefore no allowance for doubtful debt is required to be made in respect of this amount. However, in the absence of documentary evidence of the recoverability, we are unable to perform other audit procedures to satisfy ourselves on the ability of the customers to repay the dues. Accordingly we were unable to satisfy ourselves as to the recoverability of this Rs. 202,636,346/- (AED 13,696,735) receivable by the Company.

For R. KABRA & Co.  
Chartered Accountants  
(Registration No.104502W)

(Deepa Rathi)  
Partner

Place: Mumbai  
Dated: May 29, 2013

Membership No. 104808  
Firm Registration No. 104502W

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013**

PARTICULARS	NOTE NO	(Figure in ₹)	
		CURRENT YEAR AS AT 31ST MARCH 2013	PREVIOUS YEAR AS AT 31ST MARCH 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds :-</b>			
(a) Share Capital	1	78,150,000	78,150,000
(b) Reserves and Surplus	2	146,106,273	257,715,258
(c) Money received against share warrants		-	33,825,000
<b>(2) Non Controlling Interest</b>		2,053,415	2,351,115
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	300,000	1,164,163
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	4	97,991,178	98,519,383
(b) Other current liabilities	5	1,413,730	1,061,586
(c) Short-term provisions	6	-	44,000
<b>Total</b>		<b>326,014,596</b>	<b>472,830,505</b>
<b>II. Assets</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	7	184,568	37,833,771
(b) Deferred tax assets (net)	8	7,308,271	1,212,552
(c) Long term loans and advances	9	37,932,659	94,912,477
<b>2 Current assets</b>			
(a) Trade receivables	10	240,798,969	296,237,502
(b) Cash and cash equivalents	11	205,455	3,535,908
(c) Short-term loans and advances	12	39,584,674	39,068,695
(d) Other current assets	13	-	29,600
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1 to 28		
<b>Total</b>		<b>326,014,596</b>	<b>472,830,505</b>

As per our report of even date

For R. Kabra &amp; Co.

Chartered Accountants

FRN: 104502W

For and on behalf of the Board

Deepa Rathi

Partner

M No.: 104808

Place : Mumbai

Date : 29.05.2013

Shehnaz D. Ali

Wholetime Director

H.K Turgalia

Wholetime Director

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	NOTE NO	(Figure in ₹)	
		CURRENT YEAR AS AT 31ST MARCH 2013	PREVIOUS YEAR AS AT 31ST MARCH 2012
I. Revenue from operations	14	209,808,318	290,688,096
II. Other Income	15	675,521	-
<b>II. Total Revenue</b>		<b>210,483,839</b>	<b>290,688,096</b>
III. Expenses:			
Purchase of Stock-in-Trade		207,610,782	279,440,716
Employee benefit expense	16	3,566,985	3,783,630
Financial costs	17	141,331	202,953
Depreciation and amortization expense		168,701	704,750
Other expenses	18	128,665,271	631,400,803
<b>IV. Total Expenses</b>		<b>340,153,070</b>	<b>915,532,852</b>
V. Profit before exceptional and extraordinary items and tax	(II - IV)	(129,669,231)	(624,844,756)
VI. Exceptional Items Diminution in Value of Investments		35,508,720	
VII. Profit before extraordinary items and tax	(V - VI)	(165,177,951)	
VIII. Tax expense:			
(1) Current tax		-	44,000
(2) Deferred tax		6,095,719	8,274
IX. Profit/(Loss) for the period	(V-VI)	(159,082,232)	(624,897,030)
X. Earning per equity share:			
(1) Basic		-4.07	-15.99
(2) Diluted		-	-
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1 to 28		

As per our report of even date  
For R. Kabra & Co.  
Chartered Accountants  
FRN: 104502W

For and on behalf of the Board

Deepa Rath  
Partner  
M No.: 104808  
Place : Mumbai  
Date : 29.05.2013

Shehnaz D. Ali  
Wholtime Director

H.K Turgalia  
Wholtime Director

**CASH FLOW STATEMENT For the Year 31ST MARCH 2013**

	Year ended 2011-13	(Amunt in ₹) Year ended 2010-12
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	(165,177,951)	(624,844,756)
Adjustments for:		
Depreciation	168,701	704,750
Financial Charges costs	1,734	202,953
Preliminary Expenses w/off	-	29,600
Loss/(profit) on sale of assets	(63,276)	-
Loss on sale of investments	-	30
<b>Dimunation of value of investment</b>	<b>35,508,720</b>	<b>-</b>
Operating Profit before working capital changes	(129,562,072)	(623,907,423)
Adjustment for Changes in Working Capital:		
Decrease/(Increase) in Trade Receivables	55,438,533	425,113,825
Decrease/(Increase) in Other Current & Non-Current Assets	-	29,600
Decrease/(Increase) in Long Term & Short Term Loans & Advances	56,476,084	80,287,913
Increase/(Decrease) in Trade Payables & Other Current Liabilities	352,144	336,947
Cash Generated from Operations	(17,295,311)	(118,139,138)
Income Taxes Refund / (Paid)	(12,245)	(126,578)
<b>Net Cash Inflow /(Out Flow) from Operation (A)</b>	<b>(17,307,556)</b>	<b>(118,265,716)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale of Investments	9,510,800	62,448,312
Share Application Money Refund Received	-	-
Purchase of fixed assets	(112,300)	-
Sale of fixed assets	1,958,321	-
Net Cash Inflow/(Outflow) from investing Activities (B)	11,356,821	62,448,312
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (net)	(864,163)	(2,246,849)
Proceeds from Short- term Borrowings	(528,205)	(15,602,934)
Interest Paid	(1,734)	(202,953)
Net Cash Inflow /(Out Flow) from Financing Activities (C)	(1,394,102)	(18,052,736)
<b>D CHANGE IN FOREIGN CURRENCY TRANSLATION RESERVE ARISING ON CONSOLIDATION</b>	<b>4,014,384</b>	<b>75,424,808</b>
<b>Net Increase/Decrease in cash &amp; Cash equivalents (A+B+C+D)</b>	<b>(3,330,453)</b>	<b>1,554,668</b>
<b>Cash and Cash equivalents as at 31.03.2011</b>	<b>3,535,908</b>	<b>1,981,240</b>
<b>Cash and Cash equivalents as at 31.03.2012</b>	<b>205,455</b>	<b>3,535,908</b>

As per our report of even date

For R. Kabra &amp; Co.

Chartered Accountants

FRN: 104502W

For and on behalf of the Board

Deepa Rathi

Partner

M No.: 104808

Place : Mumbai

Date : 29.05.2013

Shehnaz D. Ali

Wholetime Director

H.K Turgalia

Wholetime Director

## NOTES TO ACCOUNTS Contd.

### NOTE 1: SHARE CAPITAL

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity Shares of 2/- each	50,000,000	100,000,000	50,000,000	100,000,000
	50,000,000	100,000,000	50,000,000	100,000,000
<b>Issued</b>				
Equity Shares of 2/- each fully paid up	39,075,000	78,150,000	39,075,000	78,150,000
<b>Total</b>	<b>39,075,000</b>	<b>78,150,000</b>	<b>39,075,000</b>	<b>78,150,000</b>

#### Note 1.1

##### Reconciliation for No. of shares outstanding during the year

Particulars	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	Amt	No. of Shares	Amt
Shares outstanding at the beginning of the year	39,075,000	78,150,000	39,075,000	78,150,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>39,075,000</b>	<b>78,150,000</b>	<b>39,075,000</b>	<b>78,150,000</b>

#### Note 1.2

##### Details of shareholders holding more than 5%

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Sat Invest Private Limited	14,150,000	37.13%	14,150,000	37.13%
2. Dawood Investment Private Limited	7,209,350	18.41%	7,700,000	19.71%
3. Space Age Polymers Private Limited	4,069,455	10.41%	4,649,600	11.90%

#### Note 1.1

The Company has allotted 3300000 warrants on 13-11-2010 to M/s Sat Invest Pvt. Ltd. convertible into equity share of Rs.2/- each at a premium of Rs.39/- each within 18 months from the date of allotment. The Company has received Rs.3,38,25,000/- being 25% of the amount of share warrants within the stipulated time and same is shown in shareholders fund after the capital of the Company. During the current year, the share warrant money has been forfeited since the company did not receive the balance money being 75% of the amount within the stipulated time period. This amount has been treated as a capital receipt and is shown as "Forfeiture of money received against share warrants" under the heading "Reserves & Surplus"

**NOTES TO ACCOUNTS** Contd.

**Note 2 : RESERVES AND SURPLUS**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. General Reserves</b>		
Opening Balance	4,800,254	4,800,254
(+) Current Year Transfer	Nil	Nil
<b>Closing Balance</b>	<b>4,800,254</b>	<b>4,800,254</b>
<b>b. Securities Premium Account</b>		
Opening Balance	59,400,000	59,400,000
Add : Securities premium credited on Share issue	Nil	Nil
<b>Closing Balance</b>	<b>59,400,000</b>	<b>59,400,000</b>
<b>c. Foreign Currency Translation Reserve</b>		
Opening Balance	78,342,941	3,058,597
(-) Written Back in Current Year	(78,342,941)	(3,058,597)
(+) Current Year Transfer	92,160,906	78,342,941
<b>Closing Balance</b>	<b>92,160,906</b>	<b>78,342,941</b>
<b>d. Capital Reserve (Reserve created on forfeiture of share warrants)</b>		
Opening balance	-	-
(+) Current Year Transfer	33,825,000	-
<b>Closing Balance</b>	<b>33,825,000</b>	-
<b>e. Surplus</b>		
Opening balance	115,172,063	740,065,671
(+) Net Profit/(Net Loss) For the current year	(159,082,232)	(624,897,030)
(+) Short/Excess Provision for Income Tax	(1,303)	3,422
(-) Share of Minority Interest	(168,415)	-
<b>Closing Balance</b>	<b>(44,079,887)</b>	<b>115,172,063</b>
<b>Total</b>	<b>146,106,273</b>	<b>257,715,258</b>

**NOTE 3: LONG TERM BORROWINGS**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Secured Loan</b>		
(a) Kotak Mahindra Prime Ltd (Car Loan)	-	846,862
<b>Unsecured Loan</b>		
(a) Loans from others	300,000	317,301
<b>Total</b>	<b>300,000</b>	<b>1,164,163</b>



**NOTES TO ACCOUNTS** Contd.

**NOTE 3.1:**

The two cars were sold during the year and hence the entire loan was paid off immediately as per Note 4 and note 5

**NOTE 4 : SHORT TERM BORROWINGS**

Particulars	As at 31 March 2013	As at 31 March 2012
Secured loan		
a. Kotak Mahindra Prime Ltd (Car Loan)	-	622,852
Unsecured Loan		
a. Loans from related parties	-	-
b. Loans from others	97,399,383	4,410,000
c. Bank Overdraft	591,795	93,486,531
<b>Total</b>	<b>97,991,178</b>	<b>98,519,383</b>

**Note 4.1:**

In the absence of direct information from bankers relating to bank overdraft the auditors of the foreign company are unable to confirm the existence and the accuracy of the same.

**NOTE 5 : OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Salary payable	131,497	181,399
(b) Other Liabilities	1,282,233	880,187
<b>Total</b>	<b>1,413,730</b>	<b>1,061,586</b>

**NOTE 6 : SHORT TERM PROVISIONS**

Particulars	As at 31 March 2013	As at 31 March 2012
a. Provision for Tax	-	44,000
<b>Total</b>	<b>-</b>	<b>44,000</b>

**NOTES TO ACCOUNTS** Contd.

**NOTE : 7 FIXED ASSETS**

Fixed Assets	Gross Block		Accumulated Depreciation			Net Block	
	Balance as at 1st April 2012	Additions/ (Disposals)	Balance as at 31st March 2013	Balance as at 1st April 2012	Depreciation charge for the year	Deduction	Balance as at 31st March 2013
Tangible Assets							
Computers	293,214	112,300	405,514	246,427	36,383	-	122,704
Furniture and Fixtures	1,322		1,322	1,308	3	-	11
Vehicles	5,062,302	(5,062,302)	-	3,167,257	122,321	3,289,578	-
Office equipment	190,734		190,734	118,887	9,994	-	61,853
<b>Current Year Total</b>	<b>5,547,572</b>	<b>(4,950,002)</b>	<b>597,570</b>	<b>3,533,879</b>	<b>168,701</b>	<b>-</b>	<b>184,568</b>
<b>Previous Year Total</b>	<b>5,547,572</b>	<b>-</b>	<b>5,547,572</b>	<b>2,829,050</b>	<b>704,750</b>	<b>-</b>	<b>37,833,772</b>

- (a) In the opinion of management, there is no impairment of fixed assets as prescribed in the accounting standard (AS-28) on impairment of assets.
- (b) The vehicles have been sold during the year to a group company

## NOTES TO ACCOUNTS

### NOTE 8 : DEFERRED TAX ASSETS

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax Asset Related to Fixed assets	17,770	300,005
Deferred Tax Related to Losses	7,290,501	912,547
<b>Total</b>	<b>7,308,271</b>	<b>1,212,552</b>

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred Tax Asset at the beginning of the year	1,212,552	1,220,826
Add: Current year Deferred Tax Asset	6,095,719	-
Less: Current year Deferred Tax Liability	-	(8,274)
<b>Total</b>	<b>7,308,271</b>	<b>1,212,552</b>

Deferred tax asset is recognised only when there is a virtual certainty of earning profits in the future periods. We have not recognised Deferred Tax Asset on long term capital losses on sale of subsidiary M/s Sat Realty Ltd as there is no certainty of earning future capital gains

### NOTE 9 :LONG TERM LOANS & ADVANCES

Particulars	As at 31 March 2013	As at 31 March 2012
a. Other loans and advances Unsecured, considered good	37,517,269	94,912,477
b. Security Deposits	415,390	-
<b>Total</b>	<b>37,932,659</b>	<b>94,912,477</b>

Loans and advances given of Rs. 37,517,269 which includes an outstanding amount of Rs. 37,517,269/- (foreign currency AED 2,535,893/-) to business associates of Sat Middleeast Ltd. a subsidiary and outstanding since long and no provision has been made for the same.

### NOTE 10 :TRADE RECEIVABLES

Particulars	As at 31 March 2013	As at 31 March 2012
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	-	292,625,584
	-	292,625,584
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	240,798,969	3,611,918
	240,798,969	3,611,918
<b>Total</b>	<b>240,798,969</b>	<b>296,237,502</b>

## NOTES TO ACCOUNTS Contd.

### Note 10.1

The total outstanding of sundry debtors as on year end is Rs. 38,162,623/- (P.Y. Rs. 47,957,683) out of which substantial amount of debtors of Rs. 34,550,705/- (P.Y. Rs. 44,345,765) (foreign currency AED 2,335,375/- (P.Y AED 3,141,881) is outstanding from its foreign branch for which confirmations are awaited.

### Note 10.2

Bad Debts amounting to Rs. 68,028,315/- have been written off in the current year of which Rs. 57,213,771 (AED 3,870,110) is related to its foreign subsidiary SAT Middle East Limited and Rs. 10,814,544 (AED 731,528) is related to its foreign branch

### NOTE 11 :CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2013	As at 31 March 2012
a. Balances with banks	177,354	2,933,109
b. Cash on hand (As been Certified by Managment)	28,101	602,799
<b>Total</b>	<b>205,455</b>	<b>3,535,908</b>

In the absence of direct information from bankers relating to bank balances the auditors of the foreign company are unable to confirm the existence and the accuracy of the same.

### NOTE 12 :SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2013	As at 31 March 2012
a. Loans & advances to related parties	34,041,164	34,519,470
a. Loans & advances to others	-	4,103,868
b. Loans & advances to Employees	386,000	238,000
c. Prepaid expenses	-	-
d. TDS Advance payments	164,495	152,250
e. FBT Receivable	18,989	18,989
f. Others	4,974,026	36,118
<b>Total</b>	<b>39,584,674</b>	<b>39,068,695</b>

**NOTES TO ACCOUNTS** Contd.

**NOTE 13 :OTHER CURRENT ASSETS**

Particulars	As at 31 March 2013	As at 31 March 2012
a. Preliminary Expenses to the extent not written off	-	29,600
<b>Total</b>	-	29,600

**NOTE 14 :REVENUE FROM OPERATIONS**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Sale of products	209,808,318	290,688,096
<b>Total</b>	209,808,318	290,688,096

**NOTE 15 :OTHER INCOME**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Income from Content Development	612,245	-
Profit on sale of Assets	63,276	-
<b>Total</b>	675,521	290,688,096

**NOTE 16 :EMPLOYEE BENEFITS**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salary & Wages	3,501,706	3,684,134
Gratuity fund contributions	65,279	99,496
<b>Total</b>	3,566,985	3,783,630

**NOTE 17 :FINANCE COST**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest expense	139,597	193,478
Bank Charges and Commission	1,734	9,475
<b>Total</b>	141,331	202,953

**NOTES TO ACCOUNTS** Contd.

**NOTE 18 :OTHER EXPENSES**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Payment to Auditor as:		
a. Statutory auditor	198,455	194,687
b. Branch auditors	110,876	98,680
c. for taxation matter	28,090	138,390
d. for management & other services	-	9,376
Advertisement and Publicity	80,229	49,595
Business Promotion Exp.	537,869	419,788
Conveyance Expenses	92,055	91,961
Content Development charges	104,000	-
Direct Expenses	183,907	415,879
Diminution of value in investments	35,508,720	-
Depository Charges	61,798	60,665
Electricity Expenses	136,457	102,278
Filing Fees	3,500	15,500
Bad debts	68,028,315	386,898,334
Discounts	1,365,108	172,850,198
Loss on advances	51,751,120	64,570,072
Hospitality Expenses	228,669	289,019
Keyman Insurance	167,673	167,673
Loss on sale of Investments	-	30
Membership and subscriptions	23,411	33,132
Miscellaneous Expenses		29,600
Office Expenses	1,579,619	1,263,737
Printing/Stationery Expenses	226,315	264,517
Professional Charges	310,811	89,340
Rent	344,000	322,000
Selling & Distribution expenses	1,063,318	1,617,386
Staff Welfare	19,378	19,023
Telephone & Communication Expenses	864,535	615,773
Travelling Expenses	975,052	615,206
Vehicle Running & Maintenance	180,711	158,964
<b>Total</b>	<b>164,173,991</b>	<b>631,400,803</b>

**Note 19:**

The outstanding balances of Debtors, Creditors, Loans and advances either debit or credit are subject to confirmation by the parties.

**Note 20 :**

In the opinion of the management and to the best of their knowledge and belief the value on realisation of loans, advances and other current assets in the ordinary course of the business shall not be less than the amount at which they are stated in Balance Sheet. Further provisions have been made for all known and accrued liabilities.

**Note 21: Related Party Transactions**

Disclosure of the relationship and transactions in accordance with Accounting Standard 18- Related Party Disclosures issued by the Institute of Chartered Accountants of India :



**NOTES TO ACCOUNTS** Contd.

Name of the Related Parties	Relationship	Transaction Types
Mr. H.K. Turgalia	Wholetime Director	Salary
Mrs. Shehnaz D. Ali	Wholetime Director	i) Salary
		ii) Keyman Insurance Premium paid
		iii) Unsecured Loan Taken
		iv) Unsecured Loan Repayment
Sat Invest Pvt. Ltd.	Promoter Company & Major Shareholder	i) TDS paid on behalf
		ii) Unsecured Loan Taken
		iii) Purchases done on behalf
		iv) Fees paid on behalf
Park Continental Ltd.	Shareholder of the Company	i) Unsecured Loan Taken
		ii) Fees paid on behalf
		iii) Sale of Share
Sat Realty Ltd.	Subsidiary Company	Fees paid on behalf
Sat Middleeast Ltd.	Wholly Owned Subsidiary Company	No transactions during the year
Space Age Polymers Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken
Dawood Investments Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken
Lion Houseware Pvt Ltd	Group Company	Advance given
Sat E-Com Ltd.	Subsidiary Company	Advance given

**Volume of Transcation**

NATURE	31st March, 2013	31st March, 2012
Remuneration	1,519,000	1,519,000
Keyman Insurance Premium	1,67,673	1,67,673
Unsecured Loan Taken	7,488,126	7,488,126
Unsecured Loan Repaid	361,530	361,530
Sale of Share	29,566,250	29,566,250
Advance against Share Warrant	Nil	Nil
Purchases done on behalf	174,625	174,625
Travel advance given	24,960	24,960
Advance given	34,520,470	34,520,470
Fees/TDS paid on behalf	19,258	19,258

**Outstanding Balances at year end**

PARTY	31st March, 2013	31st March, 2012
Park Continental Ltd.	1497444 (Dr.)	1995750 (Dr.)
Shehnaz D. Ali	NIL	424960 (Cr.)
Sat E - com	760000 (Cr.)	1624000 (Cr.)
Space Age Polymers Pvt. Ltd.	NIL	355000 (Cr.)
Lion Houseware Pvt Ltd	18043720(Dr.)	34519470(Dr.)
Sat Realty Ltd.	NIL	2031000 (Cr.)

**Note 22: SEGMENT INFORMATION**

The Company is principally engaged in the business of international trading in Dubai and there are negligible operations in India and therefore discloser as per AS 17 segment reporting is not applicable to the company.

**NOTES TO ACCOUNTS Contd.**
**Note 23:**

The Company's foreign branch and foreign subsidiary situated at U.A.E. is audited by the local auditor for the financial year ended on 31st March, 2013.

**Note 24:**

The company has not appointed whole-time company secretary as required by the provisions of section 383A of the Companies Act, 1956. The company may face penalty for contravention of the section. However, to appoint a Company Secretary, Company is continuously making efforts and looking for right person but the effort has not been materialized

**Note 25: Earnings Per Share**

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Earning Attributable to Equity Shareholders for Basic EPS	(159,082,232)	(624,897,030)
Adjusted for the purpose of diluted EPS	NA	NA
Earning Attributable to Equity Shareholders for Diluted EPS		
Weighted Average Equity Shareholders for Basic EPS	39,075,000	39,075,000
Add: Weighted Average Potential Equity Shares on Conversion of Share Warrant	Nil	Nil
Weighted Average Equity Shareholders for Diluted EPS	39,075,000	39,075,000
Basic Earning Per Share (a) /(d)	(4.07)	(15.99)
Diluted Earning Per Share (c) /(f)		

**Note 26:**

The balance sheet has been prepared as per Revised Schedule VI. Hence the figures have been regrouped, reclassified and rearranged wherever necessary.

**NOTE 27:**

Information pursuant to Para 5(ii) and Para 5(iii) of the General Information to Statement of Profit & Loss:

Particulars of traded goods purchased, sold and inventory position is not available for the UAE Branch as well as the subsidiary company in UAE and also further the quantity details are not available and they are subject to further verification and relied upon as per the independent verification done by the foreign branch auditors and foreign subsidiary auditors.

**NOTE 28:**

As per the opinion of the Management, the creditors outstanding in the balance sheet except creditors for foreign branch to whom the Company owes dues on account of principal amount together with interest do not fall in the category of Micro, Small & Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, and accordingly no additional disclosures have been made by the management. In the absence of confirmation from the creditors and based on the management explanation as above the facts are relied upon by us.

No comments are offered on the creditors outstanding in the balance sheet of foreign branch and foreign subsidiary of the company as the audit of foreign branch is done by local auditors.

**As per our report of even date**

**For R. Kabra & Co.**

**Chartered Accountants**

**FRN: 104502W**

**For and on behalf of the Board**

**Deepa Rath**

**Partner**

**M No.: 104808**

**Place : Mumbai**

**Date : 29.05.2013**

**Shehnaz D. Ali**

**Wholetime Director**

**H.K Turgalia**

**Wholetime Director**

## SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENT

### SIGNIFICANT ACCOUNTING POLICIES

- (A) The consolidated financial statements are prepared in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India.

### (B) PRINCIPLES OF CONSOLIDATION

- a. The Consolidated financial statements comprise the financial statement of Sat Industries Limited (The Holding Company) and its subsidiaries. The financial statements of all the Companies are in line with generally accepted accounting principles in India.

Companies Included In Consolidation	Country of Incorporation	Proportion of Ownership	Reporting Period	Consolidated Period with Parent	Relationship
1. Sat E-Com Limited	India	62.30%	12 months	12 months	Subsidiary
2. Sat Middle East Limited	UAE	100%	12 months	12 months	Subsidiary

- b. The financial statements of the holding company and its subsidiaries have been consolidated as per AS 21 Consolidated Financial Statement by eliminating in full the intra-group balances and intra-group transactions including sales and expenses. The unrealised profits resulting from intra-group transactions that are included in the carrying amount of fixed assets, inventory are also eliminated in full and assets are shown net of unrealised profits.

#### c. Consolidation of Foreign Subsidiary

Foreign Subsidiary accounts viz. Sat Middle East Ltd. have been audited by local auditor by adopting international GAAP for the year ended as on 31-03-2013. The consolidation of the accounts of foreign subsidiary in the books of accounts are considered as non- integral operations

#### d. Consolidation of foreign Branch

The holding company's foreign branch situated at U.A.E. is audited by the local auditor for the financial year ended on 31-03-2013. The consolidation of the accounts of foreign branch in the books of accounts are considered as non- integral operations.

- (C) i) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statement as goodwill or capital reserve, as the case may be.
- ii) The holding company has during the year credited amount of Rs 33,796,837/- to Foreign Currency Translation Reserve. In case of foreign subsidiary, "Sat Middle East Limited" and the foreign branch of the holding company the operations are non-integral and their financial statements are converted in Indian Rupees at the following exchange rates:

Sr. No.	Particulars	Rate
i)	Revenue and Expenses	Average Exchange Rate prevailing during the year
ii)	Current Assets & Current Liabilities	Exchange rate prevailing at the end of the year.
iii)	Fixed Assets	Exchange rate prevailing at the end of the year
iv)	Remittance to branch at the time of its inception	At the original rate when the remittance was done

- (D) **Amortisation:** Intangible assets are written off over a period of five year.

- (E) Minority interest's share hereafter referred to as Non Controlling Interest, is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

### (F) OTHER SIGNIFICANT ACCOUNTING POLICIES

Most of the accounting policies of the holding Company and that of the subsidiaries are similar except depreciation in the subsidiary companies



If undelivered please return to :  
**SAT INDUSTRIES LIMITED**

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Phone : 91-22-6610 7025

Fax : 91-22-6610 7027

E-mail : [sil@mtnl.net.in](mailto:sil@mtnl.net.in)


Web : [www.satgroup.in](http://www.satgroup.in)

## FORM B

1.	Name of the Company	Sat Industries Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit qualification	Subject to independent verification of Sundry Debtors and traded goods including quantity details of Foreign Branch and non appointment of Company Secretary.
4.	Frequency of qualification	Note No 12.1 since 2009  Note No. 25 since 2002  Note No. 28 since 2010
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p>Note No. 12.1 ( page no. 24 of annual Report ) →  The Company's position on sundry debtors of INR 38,162,623 out of which substantial amount of INR 34,550,705 (foreign currency AED 2,335,375 is outstanding of its foreign branch and the period of outstanding of debtors has been relied upon by us without any independent verification and also the foreign debtors have been written off to the extent of Rs. 10,814,544 (AED 731,528) which are subject to independent verification.</p> <p>Management Response :  The accounts of the foreign branch has been audited by an independent Auditors of the host country and the report of him has been given for consideration to the Statutory Auditors of the Company. The auditors of the foreign branch has not qualified on this issue in his audit report .</p> <p>Note No. 25 ( page no. 28 of Annual Report ) →  Non appointment of Company Secretary.</p> <p>Management Response :  It has been responded at page no. 2 of the Annual Report in Directors' Report under head "Company Secretary". The Company is taking steps to resolve the same at the earliest.</p>





		<p>Note No 28( page no. 29 of Annual Report ) → Regarding particulars of traded goods including quantity details which are relating to foreign branch are subject to independent verification.</p> <p>Management Response :</p> <p>The accounts of the foreign branch has been audited by an independent Auditors of the host country and the report of him has been given for consideration to the Statutory Auditors of the Company. The auditors of the foreign branch has not qualified on this issue in his audit report .</p>
6.	Additional comments from the board/audit committee chair	There is no additional comment to offer from the Board / audit committee chairman.
7.	<p>Signed by –</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director*</li> <li>• CFO**</li> <li>• Auditor of the Company</li> <li>• Audit committee Chairman</li> </ul>	<p>For SAT INDUSTRIES LIMITED</p> <p><i>Harikant Turgalia</i> (HARIKANT TURGALIA) WHOLETIME DIRECTOR</p> <p>For R. KABRA &amp; CO.</p> <p><i>Jeer</i> PARTNER</p> <p><i>Roni</i></p> 

Note : \* Since there is no CEO/Managing Director in the Company signed by Wholetime Director of the Company.

\*\* There is no CFO in the Company.