

**TWENTY SECOND  
ANNUAL REPORT  
AND  
ACCOUNTS**

**2011-12**

**SANGHI CORPORATE SERVICE LTD**

12 Balmoral CHS Ltd., Ground Floor , Amritvan, Yashodham, Goregaon (E) Mumbai - 400063

## SANGHI CORPORATE SERVICE LTD

### BOARD OF DIRECTORS

Shri A.K.Sanghi  
Smt. Poonam Sanghi  
Shri M.K.Saboo  
Shri K. Udaykumar

### AUDITORS

Vivek R. Agarwal & Co.,  
Chartered Accountants  
Mumbai

### REGISTERED OFFICE

12 Balmoral CHS Ltd., Ground Floor,  
Amritvan, Yashodham,  
Goregaon (E)  
Mumbai: - 400063

### NOTICE OF MEETING

NOTICE is hereby given that Twenty Second Annual General Meeting of the Members of **SANGHI CORPORATE SERVICES LTD.** will be held at 12 Balmoral CHS Ltd., Ground Floor , Amritvan, Yashodham Goregaon (E) Mumabi :- 400063, on Saturday, 22<sup>nd</sup> September, 2012 at 4.00 pm to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2012 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri M. K. Saboo, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

Date: 21st July 2012

(A.K Sanghi)  
Director

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#### Notes:

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. The instrument of proxy should however be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012 (both days inclusive)
- c) Members desiring any information with respect to the accounts for the year ended 31<sup>st</sup> March 2012 are requested to write to the Company at its Registered office at least seven days before the date of the General Meeting so as to enable the Management to keep the information ready.
- d) Members are requested to notify to the company immediately about change in their address. if any.
- e) Members are requested to bring their copy of Annual Report to the meeting.

## DIRECTORS REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS

The financial results of the Company for the year ended 31<sup>st</sup> March 2012 are as follows:-

	31 <sup>st</sup> March 2012 (Rs)	31 <sup>st</sup> March 2011 (Rs)
Turnover	8,333,419	21,925,055
Profit/(Loss) After Tax	(1,490,861)	(1,118,800)
Less/Add: Balance brought forward	(22,547,523)	(21,428,722)
Balance carried to the Balance Sheet	(24,038,384)	(22,547,522)

### DIVIDEND

In view of earlier losses, no dividend is recommended for the year under review.

### OPERATIONS & FUTURE PROSPECTS

As mentioned under Notes on Accounts, your company is facing substantial Income Tax Liabilities which are being contested at appeal level. Management thought it prudent to undertake fresh substantial business activities once the Income Tax matter is settled and required working capital organized.

### FIXED DEPOSITIS

The Company is not having any deposit

### PARTICULARS OF EMPLOYEES

There are no employees in respect of whom particulars as required under Section 217(2A) of the Companies Act, 1956 need to be disclosed in the Directors' Report.

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

Particulars required to be disclosed in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

### DIRECTORES RESPONSIBILITY

Yours Directors confirm the following Directors' Responsibility statement pursuant to provisions of section 217(2AA) of the companies Act, 1956:

- a) in the preparation of Annual accounts for the year ended 31<sup>st</sup> March 2012 the company has followed the applicable accounting standards with proper explanations relating to material departures, if any:

- b) Appropriate accounting policies have been selected and applied consistently and judgment and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2012 and of the profit of the company for that year.
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Annual accounts have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

The Report on Managements Discussion and Analysis and Report on Corporate Governance are forming part of Directors Report and are annexed as Annexure "A"

As required by the Listing Agreement an Auditors Report on Corporate Governance is also attached to the said Report

## **CASH FLOW STATEMENT**

As required under Clause 32 of the Listing Agreement with the stock Exchanges, a Cash Flow Statements is attached to the Balance Sheet, along with Auditors Certificate.

## **DEMATERIALISATION OF EQUITY SHARES**

During the year the Company's shares were admitted by NSDL to be transacted in dematerialized form since 11.01.2012.

## **DIRECTORS**

In accordance with the Companies Act, 1956 and the Articles of Association, Shri M. K. Saboo retires by rotation and being eligible offers himself for reappointment.

## **AUDITORS REPORT**

The Auditors in their Report have referred to notes forming parts of accounts. The said notes are self explanatory.

## **AUDITORS**

M/s Vivek R. Agarwal & Co., Chartered Accountants, Mumbai, who retire at the ensuing Annual General Meeting, being eligible, have given their consent for reappointment. The Directors recommend for their reappointment.

For and on behalf of Board

Place: Mumbai  
Date: 21-07-2012

A K SANGHI  
(Director)



**ANNEXURE-A****CORPORATE GOVERNANCE REPORT**

1. We state herein below the requisite information, to the extent applicable, relating to corporate functioning of your Company for the purposes of due transparency on this aspect

2. **BOARD OF DIRECTORS**

a) **Composition of Board**

The Board of Directors of the Company consists of 4 members The Board of Directors of the Company as at 31<sup>st</sup> March 2012 is as under:

Name	Designation	No. of other Directorships and Committee Memberships / Chairmanship (excluding Pvt. Cos.)		
Shri A.K.Sanghi	Non Executive	NIL	NIL	NIL
Smt. Poonam Sanghi	Non Executive	NIL	NIL	NIL
Shri M.K.Saboo	Non Executive	NIL	NIL	NIL
Shri K. Udaykumar	Non Executive	NIL	NIL	NIL

b) **Attendance records of each Director**

5 Board Meetings were held during the year 2011-12. These meeting were held on 09-04-2011, 09-07-2011, 15-10-2011, 18-12-2011 and 21-01-2012. The attendance record of all the Directorships at the Board Meeting and the last Annual General Meeting between 01-04-2011 to 31-03-2012 is as under:

Name	No. of BOD Meeting held	No of BOD Meetings attended	Attended last AGM
Shri A.K. Sanghi	5	5	Yes
Smt. Poonam Sanghi	5	5	Yes
Shri M.K.Saboo	5	3	No
Shri K. Uday Kumar	5	3	No

3. **COMMITTEES OF THE BOARD OF DIRECTORS**

Taking into consideration the volume of business operations of the Company, the company has constituted Audit Committee and Investor Grievance Committee. However there is no Remuneration Committee of the board.

4. **SHAREHOLDER'S INVESTORS GRIEVANCE COMMITTEE**

**Listing on BSE :**

Quarterly results for each of the quarter are taken on record by the Company and submitted to the BSE in terms of the requirements of clause 41 of the listing agreement.

5. **SHARE TRANSFER COMMITTEE**

The share transfer committee has been constituted consisting of three directors namely Shri A.K. Sanghi, Shri M.K.Saboo and Smt. Poonam Sanghi. Number of pending share transfers as at 31-03-2012 were Nil.

6. **GENERAL BODY MEETING**

Location and time where last three Annual General Meeting held ;

<b>No. of AGM</b>	<b>Venue</b>	<b>Date</b>	<b>Time</b>
21 <sup>st</sup>	12, Balmoral CHS Ltd., Ground Floor, Amritvan Yashodham, Goregaon[E], Mumbai- 63	27.08.2011	4.00p.m.
20 <sup>th</sup>	12, Balmoral CHS Ltd., Ground Floor, Amritvan Yashodham, Goregaon[E], Mumbai- 63	28.08.2010	4.00p.m.
19 <sup>th</sup>	12, Balmoral CHS Ltd., Ground Floor, Amritvan Yashodham, Goregaon[E], Mumbai- 63	12.09.2009	4.00p.m.

All the resolutions were passed.

7. **DISCLOSURES**

1. There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large.
2. A list of transactions with related parties as per Accounting Standard AS 18 is mentioned in Note No. 17 to the Audited Accounts.
3. No penalty/ stricture was imposed on the Company by Stock Exchange[s]. SEBI or any other authority, on any matter related to capital markets, during the last three years.

8. **GENERAL SHAREHOLDER INFORMATION**

a) Annual General Meeting

Date: 22<sup>nd</sup> September, 2012

Time: 4.00pm

Venue: 12 Balmoral CHS Ltd., Gr. Floor,  
Amritvan, Yashodham,  
Goregaon [E], Mumbai- 63

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- b) Financial Year : April to March
- c) Date of Book Closure : 17<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012
- d) Dividend Payment Date : N.A.
- e) The equity shares of the Company are listed on The Stock Exchange, MUMBAI
- f) Stock Code : 511640
- g) ISIN : INE998M01012
- h) Market Price Data : During the year under review, company's shares were traded between Rs. 2.29 to Rs. 2.64 per share

#### 9. REGISTRAR / SHARE TRANSFER AGENTS

The Company's share transfer and dematerialization work is handled by the Registrar & Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400072

#### 10. SHARE TRANSFER SYSTEM

The share transfers are registered and returned within a period of 30 days from the date of receipt if documents are in order. The share transfers are approved by the share Transfer Committee.

#### 11. DISTRIBUTION OF SHAREHOLDING [as on 31.3.2012]

<u>Shareholding of Nominal Value [Rs.]</u>	<u>Number of Holders</u>	<u>[%] of Holders</u>	<u>Total Amount</u>	<u>[%] of Amount</u>
UPTO - 5000	2544	91.67	3703600	12.35
5001 - 10000	97	3.50	877000	2.92
10001 - 50000	105	3.78	2621000	8.74
50001 - 100000	08	0.29	528000	1.76
100001 and ABOVE	21	0.76	22270400	74.23
	----- 2775 -----	----- 100.00 -----	----- 30000000 -----	----- 100.00 -----

#### 12. DEMATERIALISATION OF SHARES

During the year, the Company's shares were admitted for dematerialization by NSDL under ISIN: INE998M01012

# **VIVEK R. AGARWAL & CO.**

**CHARTERED ACCOUNTANTS**

1, New Rajendra Park Bldg No. IV, Station Road, Goregaon (West), Mumbai – 400062  
Tel: 2871 2585 / 2875 6553

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## **AUDITORS' REPORT**

To,  
The Members,  
**SANGHI CORPORATE SERVICES LIMITED,**

1. We have audited the attached Balance Sheet of M/s. **SANGHI CORPORATE LIMITED** as at 31<sup>st</sup> March 2012, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered and according to the information and explanations given to us. We set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *The Income Tax authorities conducted search and seizure operations at the premises of the Company on 18<sup>th</sup> June 1998 and the Management confirmed that certain documents were furnished to the Income Tax Department. We were further informed that certain person without Management's knowledge and proper authority opened and operated upon certain Bank Accounts in the name of the company under forged signatures and unauthorised resolutions to cover up certain unauthorised and illegal business transactions through false and forged invoices. The company has taken further action by filing complaints with the concerned Authorities. Pending complaint of enquiries and investigation, the extent of impact on the Company of the aforesaid fraudulent transactions could not be ascertained in absolute terms.*

*The Books of account, records and other relevant documents/papers pertaining to the aforesaid transactions routed through the said unauthorised bank accounts have not been produced to us and hence not examined by us.*

*However the Income Tax authorities have completed the Block Assessment up to the period of search and ascertained the liabilities to the extent of Rs. 3,60,47,377/- which has been disputed by the company before the higher authorities and the same has not been provided in the accounts.*

5. Further to our comments as referred to in paragraph 4 above.
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.





- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors of the Company, none of the Directors are disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the accounts read together with the following notes as referred to in Note 17 of the Accounting Policies:-

*2: Regarding the debtors*

*3: Regarding Company Secretary*

*4: Regarding Confirmation of Balance*

and other Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2012.
- ii) In the case of Profit and Loss Account of the Loss of the Company for the year ended on that date and.
- iii) In the case of Cash Flow statement, of the Cash Flows for the year ended on the date.

**For VIVEK R. AGARWAL & CO.  
Chartered Accountants**

VIVEK AGARWAL  
(Proprietor)

PLACE: MUMBAI  
DATED: 21-07-2012

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**Annexure referred to in paragraph 3 of the Auditor's Report on the Accounts of Sanghi Corporate Services Limited**

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1. In respect of its Fixed Assets:-
  - a. There is no Fixed Assets during the year.
  - b. This clause is not applicable in view of clause a above.
  - c. This clause is not applicable in view of clause a above.
2. In respect of its inventories:-
  - a. As explained to us, inventories have been physically verified by the Management at regular intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory.
3. a. During the year, the Company has not granted any loans to parties listed in the register maintained under Section 301 of the Companies Act, 1956. However the Company has taken loans from its directors, the details of which are as follows:

No. of persons	Maximum Amount	Balance as on 31.3.2012
2	6476000	3475000

- b) In our opinion, the rate of interest and other terms on which the said loan have been taken are not, prima facie, prejudicial to the interest of the Company;
  - c) The terms of loan taken have not specified the repayment mode. Hence the question of regularity in payment of principal amount and interest as per the terms does not arise;
  - d) As per the information and explanation given to us the amount of loan taken is not overdue;
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory. During the course of our audit, we have not observed any major weakness in internal controls.
  5. Based on the audit procedure applied by us and according to the information and the explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
  6. The Company has not accepted deposit's from the public.
  7. As explained to us Company has an internal audit system commensurate with its size and nature of its business.
  8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act 1956.
  9. In respect of statutory dues:
    - a) According to the information and explanations given to us and as per the records examined by us there were no undisputed dues including Provident Fund, Investor

Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Cess which were in arrears as at 31<sup>st</sup> March 2012, for a period of more than six months from the date of becoming payable.

- b) According to the information and explanations given to us, there are no dues of Sales Tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any disputes except dues on account of Income Tax aggregating to Rs 3,60,47,377 (dispute whereof is pending before Income Tax Appellant Tribunal, Mumbai for the block assessment A Y 1988-1998)
10. The Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth. The company has incurred cash loss during the financial year covered by our audit and has also incurred cash loss in the immediately preceding financial year.
  11. The company does not have any outstanding dues payable to any financial institution and debenture holders
  12. Based on our examination and according to the information and explanation given to us, the Company has not granted loans and advance on the basis of security by way of pledge of shares, debenture and other securities.
  13. The company is not a chit/nidhi/mutual benefit fund/society and hence clause 4(xiii) of the order is not applicable.
  14. Based on our examination and according to the information and explanation given to us proper records have been maintained of the transactions relating to trading in shares, securities and other instruments and timely entries have been made therein.
  15. On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions;
  16. On the basis of the information and explanations given to us the Company has not taken any term loan.
  17. On the basis of the information and explanations given to us the Company has not raised funds on short term basis.
  18. During the year, the Company has not allotted shares to parties covered in the Register maintained under Section 301 of the Act.
  19. The Company does not have any outstanding debenture during the year.
  20. The Company has not raised any money by public issues during year.
  21. Based on the audit procedure performed and information and explanations given to us by the management, we report that fraud on or by the Company has not been noticed or reported during the course of our audit.

**For VIVEK R. AGARWAL & CO.**  
**Chartered Accountants**

VIVEK AGARWAL  
(Proprietor)

PLACE: MUMBAI  
DATED: 21-07-2012

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**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE**

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To the Members of Sanghi Corporate Services Limited.

We have examined the compliance of conditions of Corporate Governance by Sanghi Corporate Services Limited for the year ended on 31.03.2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement for the year ended 31.03.2012.

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

**For VIVEK R. AGARWAL & CO.  
Chartered Accountants**

VIVEK AGARWAL  
(Proprietor)

PLACE: MUMBAI  
DATED: 21-07-2012

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**SANGHI CORPORATE SERVICES LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars		Note No.	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<u>Shareholder's funds</u>			
	(a) Share Capital	1	30,000,000	30,000,000
	(b) Reserves & Surplus	2	(24,038,384)	(22,547,523)
			5,961,616	7,452,477
(2)	<u>Non Current Liabilities</u>			
	(a) Long - term borrowings		-	-
	(b) Trade payables	4	661,778	661,778
	(b) Deferred tax liabilities (net)		-	-
			661,778	661,778
(3)	<u>Current liabilities</u>			
	(a) Short term borrowings	3	3,475,000	6,476,000
	(b) Trade payables		-	-
	(c) Current liabilities	5	90,508	26,752
	(d) Short - term provisions	6	-	38,240
			3,565,508	6,540,992
	<b>TOTAL</b>		<b>10,188,902</b>	<b>29,310,493</b>
<b>II</b>	<b>ASSETS</b>			
(1)	<u>Non - Current Assets</u>			
	(a) Fixed assets		-	-
	(b) Non current investments	7	-	1,750,000
	(c) Long - term loans and advances		-	-
			-	1,750,000
(2)	<u>Current Assets</u>			
	(a) Inventories	8	1,725,489	4,141,595
	(b) Trade receivables	9	6,747,933	6,963,324
	(c) Cash & cash equivalents	10	7,142	34,731
	(d) Short term - loans and advances		-	-
	(e) Other current assets	11	1,708,338	1,765,597
			10,188,902	12,905,247
	<b>TOTAL</b>		<b>10,188,902</b>	<b>29,310,494</b>

Summary of Significant accounting policies 17

*The accompanying notes are an integral part of Financial Statements*

*This is the Balance Sheet referred to in our Report of even date.*

**FOR VIVEK R. AGARWAL & CO.**  
CHARTERED ACCOUNTANTS

**FOR SANGHI CORPORATE SERVICES LTD.**

**VIVEK R. AGARWAL**  
Proprietor

**A.K.SANGHI**  
Director

**P. SANGHI**  
Director

**M.K.SABOO**  
Director

Place : Mumbai

Dated : 21-07-2012

**SANGHI CORPORATE SERVICES LIMITED**

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2012**

	Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
			₹	₹
<b>I</b>	<b><u>INCOME :</u></b>			
	Revenue from operation	12	8,333,419	21,925,055
	Other income	13	(557,918)	(318,000)
	<b>Total Revenue</b>		<b>7,775,501</b>	<b>21,607,055</b>
<b>II</b>	<b><u>Expenses:</u></b>			
	Purchases of Stock - in - Trade	14	6,620,941	22,739,755
	Changes in inventories of Finished goods,	15	2,416,107	(240,168)
	Other Expenses	16	229,314	226,269
	<b>Total Expenses</b>		<b>9,266,362</b>	<b>22,725,856</b>
<b>III</b>	<b>Profit before Tax (III-IV)</b>		<b>(1,490,861)</b>	<b>(1,118,801)</b>
<b>IV</b>	<b>Exceptional Items</b>		<b>-</b>	<b>-</b>
<b>V</b>	<b>Profit before tax (V -VI)</b>		<b>(1,490,861)</b>	<b>(1,118,801)</b>
<b>VI</b>	<b><u>Tax expense:</u></b>			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
	(3) Current Tax expenses relating to prior period		-	-
	(4)(Less) MAT credit		-	-
<b>VII</b>	<b>Profit / (Loss) for the period from continuing operations (VII - VIII)</b>		<b>(1,490,861)</b>	<b>(1,118,801)</b>
<b>VIII</b>	<b>Earning per equity share:</b>			
	Basic & Diluted		Nil	Nil

Summary of Significant accounting policies 17

*This is the Profit & Loss Statement referred to in our Report of even date.*

FOR VIVEK R. AGARWAL & CO.  
CHARTERED ACCOUNTANTS

FOR SANGHI CORPORATE SERVICES LTD.

VIVEK R. AGARWAL  
Proprietor

A.K.SANGHI  
Director

P. SANGHI  
Director

M.K.SABOO  
Director

Place : Mumbai  
Dated : 21-07-2012

**SANGHI CORPORATE SERVICES LIMITED**  
**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>1 SHARE CAPITAL</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
<b>Authorized</b>				
70,00,000 Equity shares of Rs. 10/- par value	70,00,000		70,00,000	
<b>Issued, Subscribed and Paid Up</b>				
30,00,000 Equity shares, Rs. 10/- each fully paid up.	30,00,000		30,00,000	
<b>TOTAL</b>	<b>30,00,000</b>		<b>30,00,000</b>	
a) The details of share holder holding more than 5% is set out below				
Name of the shareholders	No. of shares held at March,31,2012	%	No. of shares held at March,31,2011	%
a) Ashok Kumar Sanghi	427,910	14.26%	307,100	10.24%
b) Poonam Sanghi	364,110	12.14%	299,410	9.98%
c) Nishma Sanghi	345,870	11.53%	290,770	9.69%
d) Swati Sanghi	359,630	11.99%	299,730	9.99%
e) Gaurav Sanghi	-	-	299,700	9.99%
b) The reconciliation of the number of shares outstanding is set out below :				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Number of shares at the beginning of the year	3,000,000		3,000,000	
Add: Shares issued during the year	-		-	
Number of shares at the year end	<b>3,000,000</b>		<b>3,000,000</b>	

<b>2 Reserves And Surplus</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Opening Balance	(22,547,523)		(21,428,722)	
Add: Net profit after tax transferred from statement of profit & loss	(1,490,861)		(1,118,801)	
Closing Balance	<b>(24,038,384)</b>		<b>(22,547,523)</b>	

<b>3 SHORT TERM BORROWINGS</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Loan from Director	3,475,000		6,476,000	
<b>TOTAL</b>	<b>3,475,000</b>		<b>6,476,000</b>	

<b>4 TRADE PAYBLES</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Creditors For Goods & Services	661,778		661,778	
<b>TOTAL</b>	<b>661,778</b>		<b>661,778</b>	

**SANGHI CORPORATE SERVICES LIMITED**  
**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**

5 CURRENT LIABILITIES			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
(a) Trade payables	66,225		-
(b) Other payables			
(i) Audit Fees	17,500		15,000
(ii) Professional Fees	5,000		2,500
(iii) Provision for RTA	1,783		9,252
<b>TOTAL</b>	<b>90,508</b>		<b>26,752</b>

6 SHORT TERM PROVISIONS			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
a) Other Provisions	-		-
b) Provision For Income Tax	-		38,240
<b>TOTAL</b>	<b>-</b>		<b>38,240</b>

7 Non Current Investments			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
<b>Investments in Mutual Funds</b>			
a) Canara Rabaco Balance Fund	-		230,000
b) DSP BR (Balance Fund)	-		240,000
c) DSP BR (Equity Fund)	-		260,000
d) HDFC Top200	-		250,000
e) IDFC Premier Equity Fund	-		280,000
f) Reliance Regular Saving Fund	-		220,000
g) Sundaram Select Midcap Fund	-		270,000
<b>TOTAL</b>	<b>-</b>		<b>1,750,000</b>

8 INVENTORIES				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
	Quantity	Value	Quantity	Value
Agroducth	-	-	4,800	45,120
Balrampur Chini	1,200	68,700	4,800	336,240
Bharti Airtel	-	-	100	35,508
Canfin Homes	-	-	1,300	139,295
Century Enka	450	49,568	800	144,840
DLF	700	141,050	1,600	427,520
Elecon Engineering	400	23,639	5,000	339,500
Finolex Industries	1,500	75,375	-	-
HEG	450	96,413	1,100	234,685
Idea	-	-	2,000	131,380
J P Associates	8,600	650,623	10,600	980,500
Jyoti Structures	4,750	184,300	5,900	493,240
Mundra Port	-	-	500	65,104
Reliance Industries	300	224,475	-	-
REL Comm.	100	8,405	800	86,160
REL Power	2,000	202,941	3,100	402,070
Satyam Computer	-	-	3,600	236,520
Sterlite Technology	-	-	750	43,913
<b>TOTAL</b>	<b>20,450</b>	<b>1,725,489</b>	<b>46,750</b>	<b>4,141,595</b>



**SANGHI CORPORATE SERVICES LIMITED**  
**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>9 TRADE RECEIVABLES (Unsecured)</b>			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
(a) Outstanding For More Than Six Months			
1) Considered good	6,747,933		6,747,933
2) Doubtful	-		-
(b) Others			
1) Considered good	-		215,391
2) Doubtful	-		-
<b>TOTAL</b>	<b>6,747,933</b>		<b>6,963,324</b>

<b>10 Cash and Cash Equivalents</b>			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
Cash and cash equivalents shall be classified as:			
a) Balances with banks	6,162		8,882
b) Cash on hand	980		25,849
<b>TOTAL</b>	<b>7,142</b>		<b>34,731</b>

<b>11 OTHER CURRENT ASSETS</b>			
Particulars	As at		As at
	March 31, 2012		March 31, 2011
a) Advance Recoverable in cash or in kind	-		19,019
b) Deposit with stock exchange (OTCIL)	875,000		875,000
c) Advance Income Tax (Net of Provision)			
1) Advance Tax	388,644		388,644
2) Income Tax Block Assessment	404,800		404,800
3) MAT	38,130		76,370
4) TDS Receivable	1,764		1,764
<b>TOTAL</b>	<b>1,708,338</b>		<b>1,765,597</b>

**SANGHI CORPORATE SERVICES LIMITED**  
**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>12 Revenue from Operations</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Sales	8,333,419		21,925,055	
Gross Sales	8,333,419		21,925,055	

<b>13 Other Income</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Dividend	59,759		13,249	
Brokerage Reversal	40,541		105,106	
Profit/(Loss) from Trading in F & O	(485,561)		(513,322)	
S.T Reversed	4,176		-	
Net of gain/(loss) on Sale of Investments	(176,833)		76,967	
<b>TOTAL</b>	<b>(557,918)</b>		<b>(318,000)</b>	

<b>14 Purchase of Stock in Trade</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Purchases of shares	6,612,327		22,739,755	
S.T	8,614		-	
<b>TOTAL</b>	<b>6,620,941</b>		<b>22,739,755</b>	

<b>15 Change in Inventory</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Opening Stock	4,141,595		3,901,427	
Closing Stock	1,725,488		4,141,595	
<b>Difference</b>	<b>2,416,107</b>		<b>(240,168)</b>	

<b>16 Other Expenses</b>				
Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
Audit Fees	17,500		15,000	
Bank Charges	474		221	
Listing Fee	23,163		11,030	
Communications	22,168		21,736	
DP Charges	7,471		14,409	
Filing Fees	2,500		1,500	
Delayed Payment Charges	69,805		64,313	
Legal & Professional Charges	5,000		2,500	
RTA Expenses	1,292		9,000	
Printing and Stationery	43,200		39,900	
STT Charges	17,722		46,560	
Misc. Expenses	19,019		100	
<b>TOTAL</b>	<b>229,314</b>		<b>226,269</b>	

## SANGHI CORPORATE SERVICES LIMITED

### NOTE 17: ACCOUNTING POLICIES

(i)

1) BASIS OF ACCOUNTING

- (a) The Company prepares its accounts on accrual basis, otherwise stated, in accordance with the normal accepted accounting policies as well as the requirements of the Companies Act, 1956.
- (b) Dividend income on investments is accounted when the right to receive the payment is established.

2) INVENTORIES

Inventory of Shares is valued at lower of cost or market value.

3) TAXES ON INCOME

Provision for current tax is estimated on the tax payable in accordance with the Income Tax Act, 1961. Deferred tax for the timing differences between the taxable income and the accounting income for the year is accounted for using the tax rates, laws that are substantively enacted as of the Balance Sheet date and deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.

(ii)

- 1) No provision has been made in respect of income tax liability of Rs.3,60,47,377/- determined on account of Block assessment up to 18<sup>th</sup> June, 1998 pursuant to search operation carried out by the Income Tax Authorities as the same has been disputed by the company before the higher authorities.
- 2) Sundry Debtors exceeding six months include Rs.67,47,933/- due for recovery for a period of thirty six months and above and have become time barred under Limitations Act, 1963 for recovery thereof, no action, legal or otherwise, has been initiated by the Management. However, in the opinion of the Board all the debtors are good for recovery.
- 3) The Company did not have a Secretary during the year as required pursuant to the provisions of section 383-A of the Companies Act 1956.
- 4) The balance of Sundry debtors, Sundry creditors, Loans & Advances and other accounts appearing in Current Liabilities remain unrecognized and are subject to such rectification as deem fit on reconciliation/ confirmation.
- 5) During the year under review the Company has carried out business transaction in shares only, and hence there is no separate business segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accounts of India.

6) Earning per Share:

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	Rs.	Rs.
Profit/(Loss) after tax as per Profit & Loss Account (A)	(1,490,861)	(1,118,800)
Number of Equity Shares (B)	3,000,000	3,000,000
Earnings per Share (A/B)	NIL	NIL

7) Related parties disclosure

- (A) 1. Other related parties where control exists: NIL  
2. Key management personnel and their relatives:  
Shri A.K Sanghi  
Smt. Poonam Sanghi  
Shri M.K.Saboo  
Shri K.Udaykumar

Note: Related parties relationships as identified by the Company and relied upon by the Auditors.

(B) Transactions carried out with related parties referred above:

Sr. No.	Name of related Parties	Nature of relationship with the company	Nature of transaction with related party	Value of transaction
1.	Ashok Kumar Sanghi	Director	Loan to Company	46,76,000
2.	M.K Saboo	Director	Loan to Company	18,00,000

8) Quantitative information with regards to trading activities:-

(Value Rs.in Lacs)

Particular	Opening Stock		Purchase		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Shares (C.Y.)	46750	41.42	63694	66.12	89994	83.33	20450	17.25
Shares (P.Y.)	26850	39.01	152052	227.40	132152	219.25	46750	41.42

9) Information pursuant to Paragraph 4A and 4D of Part II of Schedule VI of the Companies Act, 1956 is not applicable to the Company.

10) Previous year's figures have been rearranged/ regrouped wherever necessary.

11) Based on the information / documents available with the company sundry creditors includes total outstanding due to Micro & Small Enterprises of which:

- i) Amounts overdue on accounts of principal and / or Interest: **NIL**  
ii) Name of the parties to whom the company owe any sum outstanding for more than 30 days but not overdue: **NIL**

As per our report of Even Date  
For Vivek R. Agarwal & Co.  
Chartered Accountants

(Vivek Agarwal)  
(Proprietor)

(A. K. Sanghi)  
(Director)

(P. Sanghi)  
(Director)

(M.K. Saboo)  
(Director)

Mumbai  
Dated: 21-07-2012

**SANGHI CORPORATE SERVICES LIMITED**  
**CASH FLOW STATEMENT**

	31 ST MARCH 2012	31 ST MARCH 2011
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax & Extra-ordinary Items		
Adjustment for		
I) Depreciation	(1,490,861)	(1,118,801)
II) Other Income (considered separately)	(557,918)	(318,000)
Operating Profit/(Loss) before working Capital chages	(932,943)	(800,801)
Add: Working Capital Changes:-		
i) (Increase)/Decrease in Inventories	2,416,106	(240,168)
ii) Miscellaneous Expenses Written off	-	-
iii) (Increase)/ Decrease in Debtors/ Loan & Advances	272,650	(161,887)
iv) Increase/(Decrease) in Trade Payable/Loans	(2,975,484)	3,188,251
	(286,728)	2,786,196
Net Cash Flow from Operating Activites	(1,219,671)	1,985,395
<b>B) CASH FLOW FROM INVESTMENT /OTHER ACTIVITIES</b>		
(Increase)/Decrease in Investment	1,750,000	(1,750,000)
Other Income	(557,918)	(318,000)
Net Cash Flow From Investment Activities	1,192,082	(2,068,000)
<b>c) INCREASE IN CASH OR CASH EQUIVALENTS</b>		
Opening Cash & Cash Equivalent	34,730	117,335
Closing Cash & Cash Equivalent	7,142	34,730
	(27,589)	(82,605)

**A.K.SANGHI**  
Director

**P. SANGHI**  
Director

**M.K. SABOO**  
Director

**AUDITOR'S CERTIFICATE**

We have examined the attached Cash Flow Statement of Sanghi Corporate Services Ltd. for the year ended 31.3.2012. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the listing agreement with the stock Exchange and is based on and in agreement with the Corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our report dated 21 July 2012 to the members of the Company.

**For Vivek R. Agarwal & CO.**  
Chartered Accountants

Place : Mumbai  
Dated : 21-07-2012

(Vivek Agarwal)  
Proprietor