



**SARTHAK INDUSTRIES LIMITED**

***28<sup>th</sup> Annual Report***  
**2011-12**

<b>BOARD OF DIRECTORS</b>	: Mr. Virendra Kumar Gupta Executive Director  Mr. Udesb Dassani Director  Mr. Vijay Rathi Director  Mr. Sartajsing Chhabra Additional Director
<b>COMPANY SECRETARY</b>	: Mr. Amit Jain
<b>BANKERS</b>	: Punjab National Bank IDBI Bank Ltd.
<b>REGISTERED OFFICE</b>	: 302, Devkrupa Building, 28, Raichur Street, MUMBAI-400009
<b>CORPORATE OFFICE</b>	: 10/1, South Tukoganj, Aiumina Tower, INDORE-452001
<b>WORKS</b>	: LPG Cylinder Unit Pithampur Industrial Area, Village Akoiya, District Dhar, (M.P.)
<b>AUDITORS</b>	: M/s Ashok Khasgiwala & Co., Chartered Accountants 317, Chetak Centre Annex, INDORE-452001
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	: M/s Sarthak Global Limited 170/10, Film Colony, R.N.T. Marg, INDORE-452001 (M.P.)
<b>STOCK EXCHANGE LISTING</b>	: The Bombay Stock Exchange Ltd. The Madhya Pradesh Stock Exchange Ltd.

### NOTICE

NOTICE is hereby given that the 28<sup>th</sup> Annual General Meeting of the members of **Sarthak Industries Limited** will be held at Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai- 400 018 on Saturday, the 29<sup>th</sup> September, 2012 at 2.30 p.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of 9 months as at 31<sup>st</sup> March, 2012 and the Profit & Loss Account for the 9 months 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 Mr. Udesb Dassani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

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

**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof, Mr. Sartajsing Chhabra, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By order of the Board of Directors

Place: Indore  
Dated: 04<sup>th</sup> September, 2012

**(V.K. GUPTA)**  
Executive Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and Share Transfer Books of the Company will remain closed from 27<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012 (both days inclusive).
3. Members are requested to:
  - a. complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
  - b. bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - c. send their questions at least 10 days in advance of the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

**Regd. Office:**  
Office No. 302,  
Devkrupa Building,  
28, Raichur Street,  
Mumbai-400009

By order of the Board of Directors

Place: Indore  
Dated: 04<sup>th</sup> September, 2012

**(V.K. GUPTA)**  
Executive Director

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4:**

Mr. Sartajsing Chhabra was appointed as an Additional Director by the Board of the Company with effect from 30<sup>th</sup> August, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Sartajsing Chhabra holds office upto the date of this Annual General Meeting.

The Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Sartajsing Chhabra for the office of Director of the Company.

The Board of Directors accordingly recommends the resolution set out in Item No. 4 for your approval.

None of the Directors of the Company other than Mr. Sartajsing Chhabra is concerned or interested in the said resolution.

By order of the Board of Directors

Place: Indore

Dated: 04<sup>th</sup> September, 2012

**(V.K.GUPTA)**

Executive Director

## DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 28<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March, 2012 (01.07.11-31.03.12)	30 <sup>th</sup> June, 2011 (01.04.10-30.06.11)
Sales and other Income	12,571.14	8,085.42
Gross Profit	133.32	187.63
Depreciation	48.19	78.83
Profit before tax	85.13	108.80
Provision for Taxation for the year	32.51	44.08
Profit after Taxation	52.62	64.72
Balance brought forward from previous year	740.58	675.86
Amount available for appropriation	793.20	740.58
<b>APPROPRIATION</b>		
Amount Carried to Balance sheet	793.20	740.58

### DURATION OF FINANCIAL YEAR

Since the Board had extended the last Financial Year of the Company by three months i.e. from '1<sup>st</sup> April, 2010 – 31<sup>st</sup> March, 2011' to '1<sup>st</sup> April 2010 – 30<sup>th</sup> June 2011' to facilitate the scheme of Amalgamation of Gloryshine Property Developers Pvt. Ltd. with Sarthak Industries Ltd. Now the current financial year which commenced on 1<sup>st</sup> July, 2011 have duration of 9 months and it ended on 31<sup>st</sup> March, 2012.

### DIVIDEND

Your Directors have decided to plough back the profits to the operational fund requirement of the Company. Hence, no Dividend has been recommended for the year under review.

### OPERATIONS

Sales and other income of the Company stood at Rs. 12,571.14 Lacs showing an increasing trend over the previous year. Profit before tax was Rs. 85.13 Lacs as compared to previous year figure of Rs. 108.80 Lacs. Profit after tax decreased to Rs. 52.62 Lacs from previous year figure of Rs. 64.72 Lacs. Your Directors are hopeful that in the coming years, the profitability of the Company will increase.

**PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public during the year under review.

**INSURANCE**

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

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

Information as per section 217(1)(e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the annexure forming part of this report.

**PARTICULARS OF EMPLOYEES**

During the year under review, there was no employee covered under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**HUMAN RESOURCE & INDUSTRIAL RELATIONS**

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the listing agreements with the stock exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of corporate governance are made a part of the annual report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the

company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge and ability;

(iv) the annual accounts have been prepared on a “going concern basis”.

## **DIRECTORS**

Shri Udesh Dassani, Director of the Company retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible offer himself for re-appointment.

Mr. Sanjay Sharma has resigned from the Directorship of the Company w.e.f. 30.08.2012. The Board appreciates the valuable services rendered by him during their association with your Company.

Mr. Sartajsing Chhabra was appointed as additional director of the company w.e.f. 30.08.2012 and holds office upto the ensuing Annual General Meeting. The Company has received a Notice u/s 257 of the Companies Act, 1956 together with the requisite deposit from a shareholder and proposes to appoint him as a Director of the Company liable to retire by rotation.

## **AUDITORS & AUDITORS REPORT**

M/s. Ashok Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the forthcoming annual general meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956, for such appointment.

Regarding the qualification marked by the auditors in their auditors report, the same are self explanatory and therefore do not call for any further comments.

## **ACKNOWLEDGEMENTS**

The Directors wish to convey their appreciation to all the employees of the Company for their enormous personal efforts as well as their collective contribution during the year. The Directors would also like to thank the shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continuous support given by them to the Company and their confidence in the management.

For and on behalf of the Board of Directors

Place: Indore

**(V.K. GUPTA)**

Dated: 04<sup>th</sup> September, 2012

Executive Director



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**ANNEXURE TO DIRECTORS' REPORT**


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Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988 and forming part of the Directors' Report for the period ended 31<sup>st</sup> March, 2012.

Particulars	31 <sup>st</sup> March, 2012 (01.07.11-31.03.12)	30 <sup>th</sup> June, 2011 (01.04.10-30.06.11)
<b>1. CONSERVATION OF ENERGY</b>		
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
(a) Units Purchased	4,97,500	9,41,030
Total Amount (Rs.)	36,20,770	57,38,784
Rate Per Unit(Rs.)	7.28	6.10
(b) Own Generation	N.A.	N.A.
<b>2. Coal</b>	<b>NIL</b>	<b>NIL</b>
<b>3. Furnace Oil</b>		
Quantity in Ltrs	81,870	1,33,624
Total Cost (Rs.)	36,93,102	44,39,234
Rate Per Unit (Rs.)	45.11	33.22
<b>B. Consumption per unit of production</b>		
Electricity (Unit)	3.23	3.68
Coal (MT)	NIL	NIL
Furnace Oil (Ltrs)	0.53	0.52

**2. TECHNOLOGY ABSORPTION**

No research and development work has been carried out by the company therefore, there is no expenditure on this head or another benefit accrued from it. Future plan of action for research and development is being worked out.

**3. FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review, the foreign exchange outgo was **Rs. NIL** (Previous Year Rs. NIL) and the foreign exchange earning was **Rs. NIL** (Previous year Rs. Nil).

For and on behalf of the Board of Directors

Dated: 04<sup>th</sup> September, 2012  
Place : Indore

**(V.K. Gupta)**  
Executive Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industrial Structure and Developments:

Your Company is primarily engaged in manufacturing of LPG Cylinders. The LPG Cylinders are supplied to Oil Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd. etc. and also to Private Companies. Apart from this, Company is also engaged in trading of agri-commodities and other businesses on opportunity basis. As a major of diversification, the Company has also decided to engage in Mining and Mineral Based Industry in the state of Madhya Pradesh.

During the year 2011-12, the Company performed better than the last year. The Management is hopeful that Company's future is bright in the coming years.

### Merchant Trading:

Depending on market opportunities the Company is undertaking Merchant Trading activities of various commodities.

### Segment-wise or product-wise performance

Your Company has identified two business segments in line with the Accounting Standard on Segment Reporting. These are:

- Cylinders - LPG Cylinders manufacturing and repairing
- Merchant Trading - Land, Skimmed Milk Powder, Coal and various commodities

The segment wise performance in detail is given in Note 40 to the audited accounts of the Company as available in this Annual Report.

### Outlook

During the year 2011-12, the world as well as Indian economy showing the improvement. The Management is hopeful that in future, the Company will grow its manufacturing and trading activities and will get good orders for the manufacturing of cylinders as well as repairing of old cylinders.

### Risk and concerns

Profitability may be affected on account of competition from existing and prospective manufacturers of the Company's products. The Company is exposed to risks from Change in policy of similar companies which are major buyers for the company's product, further Increase in input costs, higher levies, and changes in Govt. Policies/laws of land, etc. may affect profitability of the Company.

### Internal control system and their adequacy

The Company maintains adequate internal control systems, which provide reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets and compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your Company in their report.

### Financials

Your Company has succeeded in achieving satisfactory results for the financial year 2011-12:

#### Summarized Profit and Loss Account:

Particulars	(Rs. in Lacs)	
	31 <sup>st</sup> March, 2012 (01.07.11-31.03.12)	30 <sup>th</sup> June, 2011 (01.04.10-30.06.11)
-----	-----	-----
Sales and other Income	12571.14	8085.42
Gross Profit	133.32	187.63
Depreciation	48.19	78.83
Profit before tax	85.13	108.80
Provision for Taxation for the year	32.51	44.08
Profit after Taxation	52.62	64.72
Balance brought forward from previous year	740.58	675.86
Amount available for appropriation	<u>793.20</u>	<u>740.58</u>
APPROPRIATION		
Amount Carried to Balance sheet	793.20	740.58

#### Revenue:

Sales and other income of the Company stood at Rs. 12571.14 Lacs showing an increasing trend over the previous year. Profit before tax was Rs. 85.13 Lacs as compared to previous year figure of Rs. 108.80 Lacs. Profit after tax decreased to Rs. 52.62 Lacs from previous year figure of Rs. 64.72 Lacs.

#### Material development in Human Resources / Industrial Relations front

Your Company considers the quality of its human resources to be the most important asset and constantly endeavors to attract and recruit best possible talent. Our training programs emphasize on general management perspective to business. The Company continues to empower its people and provide a stimulating professional environment to its officers to excel in their respective functional disciplines.

The industrial relations of the Company continue to remain harmonious and cordial with focus on improving productivity and quality.

**Cautionary Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY:

Your Company believes that the main aim of Corporate Governance is to achieve high level of transparency and accountability with all its stakeholders together with meeting their aspirations. Also a Company can not perform efficiently in the long run without respecting interests of stakeholders and society as a whole.

In so far as compliance with the requirements of clause 49 of the listing agreement with the Indian stock exchanges is concerned, the Company is in full compliance with the norms and disclosures that have to be made on corporate governance format.

### BOARD OF DIRECTORS:

The number of independent directors is more than one-third of the total number of directors. The number of non-executive directors is more than 50% of the total number of directors.

None of the directors is on the board of any public limited companies.

The name and categories of the directors on the board, their attendance at board meetings during the period and at the last annual general meeting are given below:

### **COMPOSITION AND CATEGORY OF DIRECTORS**

Name of the Director	Category	Attendance		No. of Directorship / Committee Positions held in other Public Limited Companies.		
		Board	Last AGM	Directorship	Committee Chairmanship*	Committee Membership*
Mr. V.K. Gupta	Executive Director	10	Yes	1	----	2
Mr. Vijay Rathi	Independent Director	6	Yes	----	----	----
Mr. Udesh Dassani	Independent Director	6	Yes	----	----	----
Mr. Vishwas Jain**	Independent Director	----	No	----	----	----

Mr. Sanjay Sharma***	Independent Director	----	No	----	----	----
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\* Represents Chairmanships/memberships of Audit Committee and Shareholders'/ Investors' Grievance Committee.

\*\* Mr. Vishwas Jain has resigned on 13.03.2012.

\*\*\* Mr. Sanjay Sharma has been appointed on 13.03.2012 and has resigned on 30.08.2012.

## DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

**Mr. Udesh Dassani**, Director of the Company retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible offer himself for re-appointment.

Shri Udesh Dassani, holding Fellow Membership of The Institute of Chartered Accountants of India, is presently practicing as a Chartered Accountant. He is also a Bachelor of Law. He is not on the Board of any public limited Company.

Mr. Udesh Dassani does not hold any shares in the Company as on 31.03.2012.

**Mr. Sartajsing Chhabra** who was appointed as an additional director on 30.08.2012 is to be confirmed as a regular director in the meeting.

Mr. Sartajsing Chhabra is a commerce graduate and having vast experience in the field of Mines and Minerals. He is not on the Board of any public Company.

Mr. Sartajsing Chhabra does not hold any shares in the Company as on 31.03.2012.

## BOARD PROCEDURE:

During the financial year 2011-12, the Board of Directors met on the following dates: 04<sup>th</sup> July 2011, 08<sup>th</sup> August 2011, 16<sup>th</sup> September 2011, 09<sup>th</sup> November 2011, 22<sup>nd</sup> November 2011, 05<sup>th</sup> December 2011, 02<sup>nd</sup> January 2012, 14<sup>th</sup> February 2012, 13<sup>th</sup> March 2012 and 19<sup>th</sup> March 2012. The gap between two meetings did not exceed four months, as mentioned in clause 49 of the listing agreement. The dates of meetings were generally decided in advance. Key information is placed before the board of directors to appraise corporate governance.

The Board has formulated a Code of Conduct for Directors and Senior Management of Company. It is hereby affirmed that all the Directors and the senior management personnel have complied with the code.

## AUDIT COMMITTEE:

### Brief description of terms of reference:

The terms of reference specified by the Board to the audit committee are as contained under clause 49 of the listing agreement with the stock exchanges read with section 292A of the Companies (Amendment) Act, 2000.

**Composition of Committee and attendance of members:**

The Committee comprises of Mr. Vijay Rathi (Chairman of the Committee), Mr. Udesb Dassani and Mr. V.K. Gupta (Members of the Committee). The Compliance Officer is Secretary of the Committee. The Committee met on the following dates: 04<sup>th</sup> July 2011, 08<sup>th</sup> August 2011, 09<sup>th</sup> November 2011, 05<sup>th</sup> December 2011 and 14<sup>th</sup> February 2012. Shri Udesb Dassani, Shri V.K. Gupta and Shri Vijay Rathi each have attended 5 committee meetings.

**REMUNERAION COMMITTEE:**

The objective of Remuneration Committee is to determine remuneration package for executive directors of the Company and to monitor the due compliance of remuneration policies of the Company in a transparent manner.

**Composition of Committee and attendance of members:**

The Committee comprises following members as on 31.03.2012:

Mr. Vijay Rathi	Chairman
Mr. Udesb Dassani	Member
Mr. Vishwas Jain	Member (Resigned on 13.03.2012)
Mr. Sanjay Sharma	Member (Appointed on 13.03.2012)

All members of Committee are non-executive Independent Directors. The Committee has not met during the period.

**DETAILS OF REMUNERATION TO DIRECTORS:****A. REMUNERATION TO EXECUTIVE DIRECTORS**

The terms of remuneration of executive director has been fixed by the Board of Directors and approved by shareholders.

The particulars of remuneration of executive director during the financial year 2011-12 are as under:

Name	Designation	Salary & Allowances	Provident Fund Other benefit	Total
Shri V.K. Gupta	Executive Director	8,79,484	2,14,265	10,93,749

As on 31<sup>st</sup> March, 2012, Non executive Directors were holding Nil Shares of the Company.

## B. REMUNERATION TO NON-EXECUTIVE DIRECTOR

As approved by the Board of Directors in accordance with the Articles of Association on the Company, the Non-Executive Directors are paid sitting fees for every meeting of the Board and/or Committee attended by them. No commission was paid or payable to the Non-Executive Directors during the financial year 2011-12.

The sitting fees paid to the Non-Executive Directors for attending each meeting of the Board and/or Committee thereof for the year ended 31.03.2012 is as follows:- Mr. Vijay Rathi – Rs. 10,000/- and Mr. Udesb Dassani – Rs. 10,000/-.

## SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Brief description of terms of reference:

The committee looks into the redressal of shareholders'/investors' complaints like transfer of shares, non receipt of annual report, non receipt of dividend, etc and improve the efficiency in investors service, wherever possible.

<b>Chairman</b>	:	Shri Vijay Rathi
<b>Members</b>	:	Shri V.K. Gupta, Shri Udesb Dassani
<b>Compliance Officer</b>	:	CS Amit Jain

The Board has delegated the powers of approving transfer of shares to the Registrar and Share Transfer Agents M/s Sarthak Global Limited.

No investor complaints were received during the financial year 2011-12. All valid share transfers received during the year 2011-12 have been acted upon by the company and as on 31<sup>st</sup> March, 2012 there were Nil shares pending for transfers.

## GENERAL BODY MEETINGS:

### Annual General Meetings:

The last three Annual General Meetings of the Company were held as under:

YEAR	VENUE	DATE	TIME
2008-09	205, Tulsiani Chambers, Nariman Point, Mumbai-400021	30/09/2009	4.00 p.m.
2009-10	302, Devkrupa Building, 28, Raichur Street, Mumbai-400009	30/09/2010	11.00 a.m.
2010-11	302, Devkrupa Building, 28, Raichur Street, Mumbai-400009	30/12/2011	11.00 a.m.

All the special resolutions if any, passed in the last three annual general meetings were put to vote by show of hands and were passed with the requisite majority. No special resolutions were put through postal ballot last year. None of the business required to be transacted at this annual general meeting is proposed to be passed by postal ballot.



**Extra-ordinary General Meeting:**

During the financial year 2011-12, no Extra Ordinary General Meeting of the Company was held.

**DISCLOSURES:**

The Company did not have any related party transactions, which may have potential conflict with its interest at large.

The Company has complied with the requirements of the regulatory authorities on capital markets and no penalties have been imposed against it in the last three years.

**MEANS OF COMMUNICATIONS:**

The quarterly and yearly financial results of the Company are published in the newspapers namely Free Press Journal & Navshakti (both Mumbai editions).

**GENERAL SHAREHOLDERS INFORMATION:****Date, Time & Venue of the annual general meeting:**

29<sup>th</sup> September, 2012 at 2:30 p.m. at  
Sunville Deluxe Pavilion, Sunville Building,  
9, Dr. Annie Besant Road, Worli,  
Mumbai-400 018

**Financial Year:**

01<sup>st</sup> July, 2011 – 31<sup>st</sup> March, 2012

**Financial Calendar:**

Financial Reporting (tentative) for Quarter ending

June 30, 2012	- August 2012
September 30, 2012	- November, 2012
December 31, 2012	- February, 2013
March 31, 2013	- May, 2013

**Date of book closure**

27<sup>th</sup> September to 29<sup>th</sup> September (Both days inclusive)

**Listing on Stock Exchanges at:**

The Bombay Stock Exchange Ltd. (BSE) (Stock Code 531930)  
Madhya Pradesh Stock Exchange Ltd. (MPSE)

Company also has trading platform on National Stock Exchange (NSE) (Stock Code – SARTHAKIND).

**Electronic connectivity:**

National Security Depository Ltd. & Central Depository Services (India) Ltd.

**ISIN No. at NSDL / CDSL**

INE 074 H01012

**Market Price Data:**

The monthly high & low share prices of the company traded at The Stock Exchange, Mumbai from 1<sup>st</sup> July, 2011 to 31<sup>st</sup> March, 2012 are given below:

Month	The Bombay Stock Exchange Ltd.	
	Month High Price (Rs.)	Month Low Price (Rs.)
Jul-11	25.05	21.75
Aug-11	27.90	23.50
Sep-11	---	---
Oct-11	26.30	23.80
Nov-11	23.80	23.80
Dec-11	26.25	22.65
Jan-12	27.20	24.60
Feb-12	27.00	24.40
Mar -12	27.45	24.40

**Investors' correspondence may be addressed to:**

Mr. Amit Jain  
Company Secretary and Compliance Officer  
Sarathak Industries Limited  
302, Devkrupa Building,  
28, Raichur Street, Mumbai (MH) - 400009 INDIA  
Tel. No.: +91 022 66102209  
Email: [sarthakindustries@yahoo.in](mailto:sarthakindustries@yahoo.in)

**Distribution of Equity Shareholding and its pattern as on 31<sup>st</sup> March, 2012**

<b>Distribution of Equity Shareholding 31.03.2012</b>			
Share Class		No. of Equity Shares	
No. of Shares	No. of Holders	No. of shares held	Shareholding %
Up to 500	423	175741	2.52
501-1000	179	149947	2.15
1001-2000	10	13900	0.20
2001-3000	7	20200	0.29
3001-4000	4	13393	0.19
4001-5000	3	13250	0.19
5001-10000	1	9000	0.13
Above 10001	30	6573419	94.33
<b>Total</b>	<b>657</b>	<b>6968850</b>	<b>100.00</b>

<b>Shareholding Pattern</b>		
Category	No. of Shares	Shareholding %
Promoters	2397810	34.41
Domestic Corporate Bodies	3189836	45.77
Indian Public	401629	5.77
NRIs/OCBs/FIIs	979575	14.05
<b>Total</b>	<b>6968850</b>	<b>100.00</b>

**Registrar and Share Transfer Agents**

Sarthak Global Limited  
170/10, R.N.T. Marg  
Film Colony  
Indore

**Dematerialization of shares and Liquidity**

The company's shares are traded compulsory in demat mode under ISIN code INE 074 H01012. The National Securities Depository Limited (NSDL) and the Central Depository Services Ltd. (CDSL) are the depositories, holding Company's share in demat mode. As on 31<sup>st</sup> March, 2012 out of 69,68,850 equity shares of Rs. 10/- each, 55,74,445 equity shares which is 79.99% of total equity are now held in electronic form.

**Plant Locations**

Pitampur Industrial Area,  
Village Akoliya, District Dhar, (M.P.)

**Address for correspondence**

10/1, South Tukoganj,  
Alumina Tower,  
Indore-452001

To the Members of  
**SARTHAK INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by Sarthak Industries Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the listing agreement.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

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

For **ASHOK KHASGIWALA & CO.,**  
**Chartered Accountants**  
**AVINASH BAXI**  
**(Partner)**

**Place: Indore**  
**Date: 04<sup>th</sup> September, 2012**

## AUDITORS' REPORT

**TO  
THE MEMBERS OF  
SARTHAK INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **SARTHAK INDUSTRIES LIMITED**, as at 31<sup>st</sup> March, 2012, the Statement of Profit & Loss and also the cash flow statement for the nine months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. 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 misstatements. 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(as amended), issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us ;
  - c) The Balance Sheet, the Statement of Profit & 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, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies act, 1956.
  - e) On the basis of written representation received from the director's as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub- section (1) Section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, said accounts, read with the 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 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 the Statement of Profit & Loss, of the Profit for the nine months period ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

For ASHOK KHASGIWALA & CO.  
Chartered Accountants  
(Firm Reg. No. 0743C)

Place : Indore  
Dated : 4<sup>th</sup> September ,2012

CA Avinash Baxi  
Partner  
M.No.79722

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- I) In respect of its Fixed Assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Fixed Assets have been physically verified by the management during the period under audit and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. As informed, no discrepancies were noticed on such verification.
  - c. During the period , the company has not disposed off a substantial part of fixed assets and we are of the opinion that the going concern status of the company is not affected.
- II) In respect of Inventories:
  - a. The management has conducted physical verification of inventory at reasonable intervals during the period under audit.
  - b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company is maintaining proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- III)
  - (a) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Act., hence provisions of the clauses (iii) (b), (c) and (d) of the Order, are not applicable.
  - (b) According to information and explanation given to us, the company has taken loan from one company covered in the register maintained under section 301 of the Companies act, 1956. The maximum amount involved during the period under audit and the period end balance of loan taken from such party was Rs. 8,26,44,651.
  - (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - (d) In respect of these loans, there is no stipulation as to the payment of principal amount and interest. Hence, we have not commented on whether the payment of principal amount and interest are regular.
- IV) 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 with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system in respect of these areas.
- V)
  - a. According to the information and explanations given to us, we are of the opinion that the company has no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
  - b. In our opinion provisions of clause (V) (b) of paragraph 4 of the Companies ( Auditor's Report) Order, 2003, is not applicable to the Company.
- VI) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- VII) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

VIII) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

IX) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it. There were no arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, particulars of dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited with appropriate authorities on account of any disputes pending, are as under :

Name of the statute	Nature of the disputed dues	Period of which the amount Relates	Amount in Rupees	Forum where dispute in pending
Bombay Sales Tax Act, 1959	Sales tax	1998-99	998913	Maharashtra Sales Tax Tribunal Mumbai.
Bombay Sales Tax Act, 1959	Sales tax	2001-02	9231996	Asst. Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales tax	2002-03	18631908	Dy. Commissioner of Sales Tax (Appeal)
Competition Commission of India	MRT Preactice	2007-08 to 09-10	38974489	Competition Appellate Tribunal, New Delhi

X) The company has no accumulated losses as at 31<sup>st</sup> March, 2012 and it has not incurred any cash losses during the period covered by our audit and the immediately preceding financial year.

XI) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank or financial institution. The company has not issue any debentures.

XII) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

XIII) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

XIV) In our opinion and according to information and explanation given to us, the Company has no dealing in or trading in shares, debentures and other securities. investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

XV) According to the information and explanations given to us, and the representations made by the management, the company has not given any guarantee for loan taken by others from any bank or financial Institution.

XVI) The company has not raised any term loans during the period under audit.

XVII) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.



- XVIII) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period covered by our audit.
- XIX) According to the information and explanations given to us, the company has not issued any debenture.
- XX) The company has not raised any money by public issues during the period under audit.
- XXI) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and accordingly to the information and explanations given to us, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For ASHOK KHASGIWALA & CO.  
Chartered Accountants  
(Firm Reg. No. 0743C)

Place : Indore  
Dated : 4<sup>th</sup> September,2012

CA Avinash Baxi  
Partner  
M. No.79722

**SARTHAK INDUSTRIES LIMITED**

**Balance Sheet as at 31st MARCH 2012**

Amount in Rs.

Particulars	Notes	As at 31st March 2012		As at 30th June 2011
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholder's Funds</b>				
(a) Share Capital	1	69688500		69688500
(b) Reserves and Surplus	2	353129880		347867981
			<b>422818380</b>	<b>417556481</b>
<b>(2) Non-Current Liabilities</b>				
(a) Long-term borrowings	3	114476433		121076108
(b) Deferred tax liabilities (Net)	4	0		216595
(c) Long-term provisions	5	1705191		1274294
			<b>116181624</b>	<b>122566997</b>
<b>(3) Current Liabilities</b>				
(a) Short-term borrowings	6	55390138		777232
(b) Trade payables	7	642656687		377305378
(c) Other current liabilities	8	22425577		18212083
(d) Short-term provisions	9	554319		659205
			<b>721026721</b>	<b>396953898</b>
<b>Total</b>			<b>1260026725</b>	<b>937077376</b>
<b>II. ASSETS</b>				
<b>(1) Non-current assets</b>				
<i>(a) Fixed assets</i>				
(i) Tangible assets	10	67449046		71076478
(iii) Capital work-in-progress		644201		644201
(b) Non-current investments	11	26435159		26441838
(c) Deferred Tax Assets (Net)	4	213006		0
(c) Long term loans and advances	12	29773229		29337268
			<b>124514641</b>	<b>127499785</b>
<b>(2) Current assets</b>				
(a) Inventories	13	474665528		370028568
(b) Trade receivables	14	545210578		312801964
(c) Cash and bank balances	15	10602188		8708992
(d) Short-term loans and advances	16	104849657		116821068
(e) Other current assets	17	184133		1216999
			<b>1135512084</b>	<b>809577591</b>
<b>Total</b>			<b>1260026725</b>	<b>937077376</b>
Notes forming intergeral part of the finanacial statement	1 to 47			
			0	0
<b>As per our report of even date</b>		<b>For and on behalf of Board of Directors</b>		
<b>For Ashok Khsgiwala &amp; Co.</b>				
<b>Chartered Accountants</b>				
<b>CA Avinash Baxi</b>	<b>CS Amit Jain</b>	<b>VK Gupta</b>	<b>Udesh Dassani</b>	
<b>(Partner)</b>	<b>Company Secretar</b>	<b>Executiv Director</b>	<b>Director</b>	
M. No. : 79722				
Place : Indore				
Dated : 4th September, 2012				

**SARTHAK INDUSTRIES LIMITED**

**Statement of Profit and Loss for the nine months ended on 31st March 2012**

Amount in Rs.

Particulars	Note No	For the nine months ended on 31st March 2012	For the fifteen months ended on 30th June 2011
<b>I. INCOME</b>			
a. Revenue from operations	18	1270965572	825966798
Less : Excise duty		18210516	29675488
Revenue from operations (Net)		1252755056	796291310
b. Other Income	19	4359172	12251135
<b>Total Revenue</b>		<b>1257114228</b>	<b>808542445</b>
<b>II. EXPENSES</b>			
a. Cost of materials consumed	20	147460406	224955184
b. Purchases of Stock-in-Trade	21	1145612272	493309074
c. Changes in inventories of Finished goods, Work in progress and Stock-in-Trade	22	(98787400)	6267597
d. Employee Benefits Expense	23	9241638	14472856
e. Finance costs	24	6728690	8317102
f. Depreciation Expenses		4819132	7883240
g. Other Expenses	25	33526817	42457886
<b>Total Expenses</b>		<b>1248601555</b>	<b>797662939</b>
III. Profit before exceptional and extraordinary items and tax (I-II)		8512673	10879506
IV. Exceptional or Extraordinary Items		0	0
V. Profit before tax (III - IV)		8512673	10879506
VIII. Tax expense:			
a. Current tax		3650000	4650000
b. Deferred tax		(429601)	(242886)
C. Income Tax for Earlier Year		30375	0
IX. Profit for the year (VII - VIII)		<b>5261899</b>	<b>6472392</b>
XVI. Earning per Equity share: (face value Rs 10 )			
(1) Basic		0.85	1.16
(2) Diluted			
Notes forming intergeral part of the finanacial statement	1 to 47		
<b>As per our report of even date</b>		<b>For and c behalf of Board of Directors</b>	
<b>For Ashok Khasgiwala &amp; Co.</b>			
<b>Chartered Accountants</b>			
<b>CA Avinash Baxi</b>	<b>CS Amit Jai</b>	<b>VK Gupta</b>	<b>Udesh Dassani</b>
<b>(Partner)</b>	<b>Company Secretar</b>	<b>Executive Director</b>	<b>Director</b>
M. No. : 79722			
<b>Place : Indore</b>			
<b>Dated : 4th September, 2012</b>			

**SARTHAK INDUSTRIES LIMITED**

**Notes forming intergeral part of the Financial Statements for the period ended 31st march, 2012**

Amount in Rs.

Particulars	As at 31st March 2012		As at 30th June 2011	
	No. of Shares	Amount	No. of Shares	Amount
<b>Note 1. Share Capital</b>				
<b>Authorised</b>				
1,10,00,000 Equity Share of Rs. 10 each		110000000		110000000
1,00,000 Preference Share of Rs.100 each		10000000		10000000
<b>Issued, Subscribed and Paid up</b>				
6968850 (Previous Year 5578850) Equity Shares of Rs 10 Each fully paid up		69688500		55688500
Equity Share Suspense Account		0		14000000
		<b>69688500</b>		<b>69688500</b>

1.1 The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

1.2 Pursuant to amalgamation of Glorishine Property Developers Pvt Ltd (Transferor Company) into and with the company, approved by the shareholders of the company and sanctioned by Hon'ble High Court at Mumbai on 21st October 2011, the company has issued and allotted 1400000 equity shares of Rs. 10 each fully paid up on 5th December 2011, to the shareholders of transferor company for consideration otherwise than in cash.

1.3 The details of Shareholders holding more than 5% shares in the Company :

Name of the Shareholders	As at 31st March,2012		As at 30th June,2011	
	No of shares held	% Held	No of shares held	% Held
Anand Mangal Invest & Fin Pvt. Ltd	1425200	20.45	1425200	25.59%
Pomise Securities Pvt. Ltd.	400000	5.74	400000	7.18%
Girish Kumar Pushkarlal Agarwal	511200	7.34	511200	9.18%
Antarica Resource Ltd.	466540	6.69	466540	8.38%
Manish Shahra	910000	13.06	0	0.00%
Mahakosh Papers Pvt. Ltd.	375000	5.38	375000	6.73%

1.4 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March,2012		As at 30th June,2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	5568850	55688500	5568850	55688500
Add: Shares allotted pursuant to scheme of amalgamation without payment being received in cash	1400000	14000000	0	0
Equity Shares at the year end	6968850	69688500	5568850	55688500

**Note 2 Reserves and Surplus**

Capital Reserve				
As per last balance sheet			4536358	4536358
<b>Securities Premium Account</b>				
As per last balance sheet		4632310		4632310
Add : Transfer from securities premium suspense account		262991442		0
			267623752	4632310
Securities Premium Suspense Account				
As per last balance sheet		262991442		0
Add : Received during the year		0		262991442
		262991442		262991442
Less : Transfer to Securities Premium Account		262991442		0
			0	262991442
		<b>Total</b>	267623752	267623752
<b>General Reserve</b>				
As per last balance sheet			1648608	1648608
<b>Surplus in Statement of Profit and Loss</b>				
As per last balance sheet		74059263		6472392
Add: Profit for the year		5261899		67586871
			79321162	74059263
		<b>Total</b>	<b>353129880</b>	<b>347867981</b>

<b>Note 3 Long Term Borrowings</b>				
<b>Secured</b>				
From others				
Against Vehicle**		6001633		7142892
Less : Current Maturity of Long term debts (Refer note 7)		1640895		1538341
			4360738	5604551
<b>Unsecured</b>				
From others				
Indore Development Authority		33656115		37891909
Less : Current Maturity of Long term debts (Refer note 7)		6185071		5722492
			27471044	32169417
Intercorporate Deposits			82644651	83302140
		<b>Total</b>	<b>114476433</b>	<b>121076108</b>
<b>Note :</b>				
**Vehicle loans are secured against charge on specific Vehicle.				
<b>Note 4 Deferred Tax Liabilities / Assets (Net)</b>				
Deferred Tax Liabilities				
Due to Depreciation difference on Fixed Assets			520092	843919
Deferred Tax Assets				
Other Timing Difference			733098	627324
			<b>-213006</b>	<b>216595</b>
<b>Note 5 Long Term Provisions</b>				
Provision for Employee benefit			1705191	1274294
		<b>Total</b>	<b>1705191</b>	<b>1274294</b>
<b>Note 6 Short Term Borrowings</b>				
<b>Secured</b>				
a.Working Capital Loans				
From Punjab National Bank			0	0
From HDFC Bank			54610000	0
b.Other - Against Shares			180232	180232
<b>Unsecured</b>				
Security Deposits			599906	597000
		<b>Total</b>	<b>55390138</b>	<b>777232</b>
The working capital loan from Punjab National Bank is secured by first pari passu charge on entire current assets including stocks and book debts of the company and personal guarantee of director and others.				
Working Capital loan from HDFC Bank is secured against of stock pledged.				
Other loan is secured by pledge of shares with the lender.				
<b>Note 7 Trade Payables</b>				
Micro, Small and Medium Enterprises			0	0
Others trade payable. (Refer Note '33')			642656687	377305378
		<b>Total</b>	<b>642656687</b>	<b>377305378</b>
<b>Note 8 Other Current Liabilities</b>				
Current Maturities of Long Term Debt (Refer note 3)			7825966	7260833
Interest accrued and due on borrowings			512512	153692
Other Payables				
Statutory Dues			3648553	2176936
Advances from Customers			85954	134292
Liabilities for Expenses			10352591	8486329
		<b>Total</b>	<b>22425577</b>	<b>18212083</b>
<b>Note 9 Short Term Provisions</b>				
Provision for Employee benefit			554319	659205
		<b>Total</b>	<b>554319</b>	<b>659205</b>

**SARTHAK INDUSTRIES LIMITED**

**Note 10 Fixed Assets**

NAME OF THE ASSETS	GROSS BLOCK				DEPRICATION				NET - B L O C K	
	AS AT 01 ST JULY,11	ADDITIONS DURING THE YEAR	DEDUCTION	AS AT 31 ST MARCH, 12	UP TO 31 ST. JUNE, 11	FOR THE YEAR 2011-12	Adjustments	UP TO 31ST MARCH 12	AS AT 31 ST MARCH 12	AS AT 30TH JUNE 11
<b>Tangible Assts</b>										
Land :										
Free Hold	2868899	-	-	2868899	-	-	-	-	2868899	2868899
Lease Hold	296900	-	-	296900	6598	7423	-	14021	282879	290302
Building	54699739	-	-	54699739	9235539	1790921	-	11026460	43673279	45464200
Plant & Machinery	36590698	307278	-	36897976	24610951	840935	-	25451886	11446090	11979747
Furniture & Fixtures	533848	53530	-	587378	304702	35144	-	339846	247532	229146
Office Equipments	1240419	25655	-	1266074	799398	87442	-	886840	379234	441021
Vehicles	17246286	954488	905373	17295401	7443123	2057267	756122	8744268	8551133	9803163
<b>Current Year</b>	#####	1340951	905373	113912367	42400311	4819132	756122	46463321	67449046	71076478
<b>Previous Year</b>	63075728	60414246	10013185	113476789	34530243	7883240	13172	42400311	71076478	-



<b>Note 14 Trade Receivables</b>				
unsecured , considered good				
Over Six Months from the date they were due for payment			27415875	27036279
Others trade receivable			517794703	285765685
			<b>Total</b>	<b>545210578</b>
				<b>312801964</b>
<b>Note 15 Cash and Bank Balances</b>				
Margin money				
Others				
in Current Accounts			1019488	1451727
in Deposit Accounts with maturity less than 3 months				
i. Balances with Banks			6660000	4480000
ii. Cash on hand			38666	-
a. Cash and Cash Equivalents			335434	187999
			8053588	6119726
b. Other Bank Balances				
Bank deposits with maturity more than 3 months**				
Margin money				
Others			2548600	2589266
			<b>Total</b>	<b>10602188</b>
				<b>8708992</b>
**Deposits includes :				
Fixed deposits having maturity more than 12 months			2548600	2589266
<b>Note 16 Short Term Loans and Advances</b>				
(Unsecured considered good)				
Loans and Advances to Employees			894286	1344433
Balance with Government Authorities			6039220	632194
Prepaid Expenses			283350	204252
Others				
Advance to Suppliers			4374931	13810686
Other Advances recoverable in cash or in kind			93257870	100829503
			<b>Total</b>	<b>104849657</b>
				<b>116821068</b>
<b>Note 17 Other Current Assets</b>				
(Unsecured considered good)				
Interest accrued on deposits			184133	1216999
			<b>Total</b>	<b>184133</b>
				<b>1216999</b>
<b>Note 18 Revenue from Operations</b>				
Sales of Products			1251391756	819705044
Sale of services			4443806	2262454
Less : Excise duty			18210516	29675488
			1237625046	792292010
Other operating Revenue			15130010	3999300
			<b>Revenue from operation (net)</b>	<b>1252755056</b>
				<b>796291310</b>
<b>Details of Sales of product</b>				
LPG Cylinders			179544279	300967299
Skimmed Milk Powder			0	265794000
Soya Seed			345613966	228303478
Sugar			0	5578117
Chana			251483995	0
Coal			459343563	0
other			15405953	19062150
			1251391756	819705044
<b>Note 19 Other Income</b>				
Interest Received			1672387	7014887
Dividend Received on long term investments			165926	527989
Profit on sale of Fixed Assets			50749	1987
Other Non operating income				
Rent Received			1833300	3005060
MiscIncome			636810	1701212
			<b>4359172</b>	<b>12251135</b>
<b>Note 20 Cost of Materials Consumed</b>				
<b>Raw Material Consumed</b>				
			147460406	224955184
			<b>147460406</b>	<b>224955184</b>
<b>Raw Material Consumed</b>				
H.R.Coil			107344698	169651283
Others			40115708	55303901
			<b>Total</b>	<b>147460406</b>
				<b>224955184</b>
<b>Raw Material Consumed</b>				
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
Imported	0	0	0	0
Indegenous	147460406	100	224955184	100



<b>Note 21 Purchases of Stock In Trade</b>				
Purchase traded goods			1145612272	493309074
			<b>Total</b>	<b>1145612272</b>
				<b>493309074</b>
<b>Details of Purchases of Traded Goods</b>				
Skimmed Milk Powder			91726875	264960000
Soyabean Seed			344982492	228349074
Coal			457407730	0
Chana			251495175	0
			<b>Total</b>	<b>1145612272</b>
				<b>493309074</b>
<b>Note 22 Changes in inventories of Finished Goods Work-in-Progress and Stock-in-Trade</b>				
<b>Closing stock</b>				
Finished Goods		9305534		4634731
Work in Progress		8969462		6579740
Stock in Trade		439982311		348255436
			458257307	359469907
<b>Less : Opening Stocks</b>				
Finished Goods		4634731		12596234
Work in Progress		6579740		4885834
Stock in Trade		348255436		348255436
			359469907	365737504
<b>Changes in Inventories</b>			<b>98787400</b>	<b>-6267597</b>
<b>Note 23 Employee Benefits Expense</b>				
Salaries and Wages			8721599	13576509
Contribution to Provident and other fund			396502	759461
Staff Welfare Expenses			123537	136886
			<b>Total</b>	<b>9241638</b>
				<b>14472856</b>
<b>Note 24 Finance Costs</b>				
Interest Expenses			5370312	5947225
Other Borrowing costs			1358378	2369877
			<b>Total</b>	<b>6728690</b>
				<b>8317102</b>
<b>Note 25 Other Expenses</b>				
Power and Fuel			3620770	5738784
Consumable Stores			3360731	4038185
Repairs to Plant & Machinery			1033421	1668881
Repairs to Buildings			49070	311925
Insurance			264458	264468
Rates & Taxes exclding taxes on income			3886255	4884592
Factory Expenses			127387	368775
Service Charges			6448320	8436805
Legal and Professional Charges			2359395	2674756
Travelling & Conveyance Expenses {Incl. Rs. 122389 (Pr.Yr. Rs.204811) for Directors}			1094653	3192978
Vehicle Expenses			1801657	1513868
Loss on Sale of long term investments			0	55153
Miscellaneous Expenses			8889857	9494349
Diminution in value of Shares			0	44470
Increase/decrease of Excise duty on inventory			590843	(230103)
			<b>Total</b>	<b>33526817</b>
				<b>42457886</b>

# SARTHAK INDUSTRIES LIMITED

Notes Forming Integral Part of the Financial Statement:

	2011-2012	2010-2011
	(Amount in Lacs)	
26 <u>Contingent Liabilities</u>		
a) Bank guarantee	114.56	62.84
b) Disputed liabilities not acknowledged as debts	519.83	602.49

27 In the opinion of the Board of Directors the current assets, loans and advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The company has made adequate provision for all known liabilities.

28 Earlier year accumulated unprovided Depreciation on Fixed Assets Rs. 4044436 (previous year Rs. 4044436)

29 The Company has availed in earlier year the benefit of Sales Tax deferment scheme as per terms & conditions of Notification No. 3-32-94-ST-V-(5) dated 28/2/95 issued by department of Commercial tax, Govt. of M.P. has been deferred and carried forward as unsecured loan from Govt. of Madhya Pradesh. The necessary exemption / deferment certificate is yet to be received from the concerned authorities. The company moved writ petition before the Hon'ble High Court, Indore to get exemption certificate which was allowed against state order of MP High Court bench, Indore, the State Level Committee has moved a writ appeal before the Hon'ble division bench, MP High Court bench at Indore no. 168/2008 which is pending for further order.

30 Balance of Creditors, Debtors, Deposits, Advances are partly confirmed

31 Sundry creditors includes Bills payable Rs. 39940144 (Previous Year 71477714).

32 Leases : (where Company is lessee)  
Operating Lease

The Company has taken various premises under operating leases with no restrictions and are renewable / cancelable at the option of either parties. There is no escalation clause in the lease agreement. There is no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the statement of profit and loss is Rs.848633 (Pre.Year Rs.1395000 ). The company has not recognized any contingent rent as expense in the statement of profit and loss.

33 The company has not received any information from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid / payable under this act have not been given.

34 Disclosure as per AS-15 (Revised) "Employee Benefit"  
Defined Benefit Plan

The employees gratuity is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment recognized in the same manner as gratuity

	2011-12	2010-11
	Gratuity	Gratuity
	Rs. in lacs	Rs. in lacs
<b>I. Change in Benefit Obligation</b>		
Liability at the beginning of the year	1542590.00	1179226.00
Interest Cost	98340.00	121608.00
Current Service Cost	61580.00	106356.00
Past Service Cost (Non Vested Benefit)	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00
Liability Transfer in	0.00	0.00
Liability transfer out	0.00	0.00
Benefit Paid	0.00	(91875.00)
Actuarial (gain)/loss on obligations	64315.00	227275.00
Liability at the end of the year	1766825.00	1542590.00
<b>II. Change In Fair value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	91875.00
Transfer from other company	0.00	0.00
Transfer to other company	0.00	0.00
Benefit Paid	0.00	(91875.00)
Actuarial gain/(loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the year	0.00	0.00
Total Actuarial Gain/(Loss) To Be Recognised	64315.00	227275.00
<b>III. Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	1766825.00	1542590.00
Fair Value of Plan Assets at the end of the year	0.00	0.00
Difference	(1766825.00)	(1542590.00)
Unrecognised Past Service Cost	0.00	0.00
Un recognised Transition Liability	0.00	0.00
Amount Recognised in the Balance Sheet	(1766825.00)	(1542590.00)

<b>IV. Expenses Recognised In Profit and Loss A/c</b>		
Current Service Cost	61580.00	106356.00
Interest Cost	98340.00	121608.00
Expected Return on Plan Assets	0.00	0.00
Past Service Cost (Non Vested Benefit) Recognised	0.00	0.00
Past Service Cost (Vested Benefit) Recognised	0.00	0.00
Recognition of Transition Liability	0.00	0.00
Actuarial Gain or Loss	64315.00	227275.00
Expense Recognised in P&L	224235.00	455239.00
<b>V Assets Information</b>		
Government of India Assets	0.00	0.00
Corporate Bonds	0.00	0.00
Special Deposits Scheme	0.00	0.00
Equity Shares of Listed Companies	0.00	0.00
Property	0.00	0.00
Other	0.00	0.00
Insurer Managed Funds	0.00	0.00
<b>Total</b>	0.00	0.00
<b>VI. Balance Sheet Reconciliation</b>		
Opening Net Liability	1542590.00	1179226.00
Expense as above	224235.00	455239.00
Employers Contribution	0.00	(91875.00)
Amount Recognised in Balance Sheet	1766825.00	1542590.00
<b>VII. Assumptions :</b>		
Discount Rate Prev.	8.50%	7.75%
Rate of Return on Plan Assets Prev	5.00%	0.00%
Salary Escalation Prev.	2.00%	5.00%
Discount Rate Current	8.50%	8.25%
Rate of Return on Plan Assets Current	5.00%	0.00%
Salary Escalation Current	2.00%	5.00%

35 Out of investment in equity shares of Anik Industries Limited, 10000 equity shares are pledged to Motilal Oswal Securities Ltd. against loan.

36 Lease hold land allotted by IDA to the company included in current assets, possession of which have been hand- over but lease deed of the same is yet to be executed pending full payment on allotment

37 Earning Per Share (EPS) :-

	2011-12 Rupees	2010-11 Rupees
Net Profit after tax	5261899	6472392
Nominal Value of each equity share	10	10
Weighted average no. of shares	6164486	5568850
Basic and diluted earning per share	0.85	1.16

38 Payment to auditors (including service tax)

	2011-12 Rupees	2010-11 Rupees
Audit Fees	84270	82725
Other Services	11582	17096

39 Particulars in respect of Investment in the Capital of Partnership firms :-

**i) M/s Shyam Developers**

2011-2011			2010-11		
Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss	Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss
-	-	-	- Beejay Realtors Pvt. Ltd	5180	.50%
-	-	-	- Gloryshine Property Develp.P.L.	5180	.50%
-	-	-	- Smt. Kiran Jain	248640	24.00%
-	-	-	- Smt. Mamta Rathi	248640	24.00%
-	-	-	- Arpit Realty Holdings Pvt. Ltd.	264180	24.00%
-	-	-	- Ultratech Energy Pvt. Ltd.	264180	24.00%

**ii) M/s Giriraj Bulcon**

2011-2011			2010-11		
Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss	Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss
Beejay Realtors Pvt. Ltd.	11960	1.00%	Beejay Realtors Pvt. Ltd	11960	26.00%
Sarthak Industries Ltd.	461	1.00%	Gloryshine Property Devel. P.L.	11960	26.00%
Ajay S Bankda PFC	11040	49.00%	Ajay S Bankda PFC	11040	24.00%
Jyoti Bankda	11040	49.00%	Jyoti Bankda	11040	24.00%

## 40 Segment Reporting :

	2011-2012			Total Amount (Rs.)
	L.P.G. Cylinders	Merchant Trading	Unallocable	
<b>(a) Primary Segment - Business</b>				
Segment Revenue	<b>183447552</b>	<b>1056441524</b>	<b>17225152</b>	<b>1257114228</b>
	<i>295625904</i>	<i>499675595</i>	<i>13240946</i>	<i>808542445</i>
Segment Results (PBIT)	<b>9396751</b>	<b>1120688</b>	<b>4723924</b>	<b>15241363</b>
	<i>13853174</i>	<i>3908146</i>	<i>(934589)</i>	<i>16826731</i>
Profit before Tax				<b>8512673</b>
				<i>10879505</i>
Less : Tax Expenses				<b>3250774</b>
				<i>4407114</i>
Profit after Tax				<b>5261899</b>
				<i>6472391</i>
Segment Assets	<b>97903386</b>	<b>580031409</b>	<b>551075013</b>	<b>1229009808</b>
	<i>79515061</i>	<i>264918994</i>	<i>561663590</i>	<i>906097645</i>
Segment Liability	<b>47389675</b>	<b>546363536</b>	<b>71329053</b>	<b>665082264</b>
	<i>33780723</i>	<i>246114394</i>	<i>115622344</i>	<i>395517461</i>
Segment fixed assets during the year	<b>307278</b>	<b>901008</b>	<b>132665</b>	<b>1340951</b>
	<i>10574858</i>	<i>2873555</i>	<i>46965833</i>	<i>60414246</i>
Segment depreciation	<b>2007049</b>	<b>694422</b>	<b>2117661</b>	<b>4819132</b>
	<i>3300553</i>	<i>598822</i>	<i>3983865</i>	<i>7883240</i>

Previous year figures shown in italic

**(b) Secondary Segment - Geographical**

The company's all operating facilities are located in India

	2011-12 Amount (Rs.)	2010-11 Amount (Rs.)
Domestic Revenue	1257114228	808542445
Export Revenue	-	-
	<u>1257114228</u>	<u>808542445</u>

Note :

## (i) Unallocable Segment assets exclude the following

Non Current Investments	26435159	26441838
Advance Tax (net)	4368752	4537893
Deferred Tax Assets	213006	0

## (ii) Unallocable Segment liabilities exclude the following

Long term Borrowing	114476433	121076108
Short Term Borrowings	55390138	777232
Deferred Tax Liability	0	216595
Long Term Provision	1705191	1274294
Short Term Provision	554319	659205

## 41 Related Party Disclosure :

## a. Key management persone

V.K. Gupta

## b. Other Party - Associate

Giriraj Bulcon

Company is a Partner

Shyam Developers

Ceases to be a partner w.e.f. 21.04.2011

## c. Other party where key managerial persons have significant influence

Teej Impex Pvt. Ltd

Pushpal Exports Pvt Ltd

Related party relationship as identified by company and relied upon by auditor

Particulars	16 (a)		16 (b)		16 (c)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Income :	-	-	-	-	-	-
Expenditure :						
Remuneration						
V.K. Gupta	1093749	540496	-	-	-	-
Share of loss as partner	-	-	41	30997	-	-
Outstanding :						
Investment in partnership firm :						
Giriraj Bulcon	-	-	461	11960	-	-
Shyam Developers	-	-	-	5180	-	-
Intercorporate Deposit						
Teej Impex Pvt. Ltd	-	-	-	-	82644651	82644651

## 42

Stores and Spares Consumed	2011-12		2010-11	
	Value	%	Value	%
Imported	0	0	0.00	0.00
Indegenous	3360731	100	4038185	100.00

	2011-12 Amount (Rs.)	2010-11 Amount (Rs.)
43 Earnings in foreign currency FOB value of Expor	-	-
44 Expenditures in foreign currency Purchases of finished goods(CIF basis) Other expenses	- -	- -

45 The financial statements have been prepared in line with the requirements of Revised Schedule VI of Companies Act, 1956 as introduced by the Ministry of Corporate Affairs from the financial year ended on 31<sup>st</sup> March 2012. Accordingly, assets and liabilities are classified between current and non-current considering 12 month period as operating cycle. Consequently, the company has re-classified previous year figures to confirm to this year's classification

46 Current year's figures are for nine months ended on 31.03.2012 where as previous year's figures are for fifteen months ending 30.6.2011.

47 Company information, Significant Accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure A

**As per our report of even date  
For Ashok Khasgiwaia & Co.  
Chartered Accountants**

**For and on behalf of the Board of Directors**

**Avinash Baxi  
(Partner)  
I. No. 79722  
e : Indore**

**CS Amit Jain  
Company Secretary**

**VK Gupta  
Executive Director**

**Udesh Dassani  
Director**

**Date : 4th September, 2012**

**SARTHAK INDUSTRIES LIMITED****Regd. Office:** 302, Devkrupa Building, 28, Raichur Street, Mumbai, 400009**28<sup>th</sup> Annual General Meeting****PROXY FORM**

Folio No.....

No. of Shares.....

I/We..... of ..... In the district of ..... being a Member/ Members hereby appoint ..... of ..... in the district of ..... or failing him ..... of.....in the district of ..... as my/our proxy to attend and vote for me / us on my / our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 29<sup>th</sup> September, 2012 at Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai- 400 018 at 2:30 p.m., and at any adjournment thereof.

Signed this ..... day of ....., 2012

Signature.....

Affix One Rupee Revenue Stamp
--

.....

For office use:

Proxy No.: ..... Date of Receipt: ..... No. of Shares: .....

- Notes:** (a) The Form should be signed across the stamp as per specimen signature.  
 (b) The instrument appointing proxy shall be deposited at the Secretarial Department of the Company not later than 48 hours before the commencement of the meeting.

**SARTHAK INDUSTRIES LIMITED****Regd. Office:** 302, Devkrupa Building, 28, Raichur Street, Mumbai, 400009**28<sup>th</sup> Annual General Meeting****ATTENDANCE SLIP**

Folio No.....

No. of Shares.....

Name of the Member.....

No. of Shares held.....

Name of the Proxy.....  
(to be filled only when a proxy attends the meeting)

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 29<sup>th</sup> September, 2012 at Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai- 400 018 at 2:30 p.m.

**Signature of Member/ Proxy**

\*This slip may please be handed over at the entrance of the meeting hall.