



SAT  
INDUSTRIES  
LIMITED



# GLOBAL BUSINESS

26<sup>TH</sup> ANNUAL REPORT  
**2010 - 2011**

## Board of Directors

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

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

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

**Mr. VIRENDRA MAURYA** Director

**Mr. SUNIL JAIN** Director

### Audit Committee :

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

### Remuneration Committee :

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

### Shareholders/Investors Grievance Committee:

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

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### Bankers

ABN AMRO BANK N.V.  
Sakhar Bhavan, Nariman Point,  
Mumbai 400 021. INDIA.

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

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

### Auditors

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

### Registrar and Share Transfer Agent

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

### Registered Office :

69-A, Rajgir Chambers, 8th Floor,  
12/14, Shahid Bhagat Singh Marg,  
Opp. Old Custom House, Fort,  
Mumbai - 400 023, (INDIA)  
Phone : 91-22-6610 7025 / 6610 7026  
Fax : 91-22-66107027  
E-mail : sil@vsnl.in  
Website www.satgroup.in

**SALIENT CONSOLIDATED FINANCIAL DATA**
**(Figures in Rs.)**

S.No.	Particulars	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	<b>PROFIT AND LOSS ACCOUNT</b>					
1	Sales & other income	517,577,357	682,457,538	1,833,955,925	1,650,321,436	1,149,200,902
2	Profit before depreciation	19,141,907	664,286,395	79,717,056	159,360,780	108,818,839
3	Depreciation	948,815	892,511	4,237,356	15,404,831	13,488,366
4	Profit before tax	18,193,092	19,063,654	75,479,700	143,955,949	95,330,473
5	Taxation	(329,860)	(60,786)	2,747,594	3,173,641	2,952,811
6	Profit after tax	18,522,952	19,124,440	72,732,106	140,782,308	92,377,662
7	Excess Provision of income tax of previous years written back	74	-	-	-	561,981
8	Short Provision of Income Tax of previous years	-	(7,664)	-	-	-
9	Minority Interest	-	-	851,002	2,661,419	2,142,435
10	Net profit for the year	18,523,026	19,116,776	71,881,104	138,120,889	990,797,208
	<b>BALANCE SHEET</b>					
11	Total Assets					
	Gross Fixed Assets	120,108,102	120,147,119	160,548,930	154,681,601	146,556,176
	Net Fixed Assets	60,217,958	61,086,272	67,093,365	62,755,252	70,012,785
	Capital Work in Progress	-	-	-	910,462	-
	Investments	62,448,342	42,275,000	3,000	3,000	10,026,000
	Current Assets (Net)	844,863,040	880,719,868	1,062,160,356	704,605,287	607,825,915
	Miscellaneous Expenditure not written off	59,200	88,800	174,600	91,650	130,241
	Deferred Tax	1,220,826	760,966	-	-	-
	<b>Total Application</b>	<b>968,809,366</b>	<b>984,930,906</b>	<b>1,129,431,321</b>	<b>768,365,651</b>	<b>687,994,941</b>
12	Borrowings	25,649,356	117,716,307	201,353,096	92,426,781	139,172,773
13	Deferred Tax	-	-	5,819,378	4,731,046	4,018,861
14	Minority Interest	467,805	469,861	14,492,440	16,540,858	13,456,130
15	<b>Net Worth</b>					
	Share Capital	78,150,000	78,150,000	78,150,000	73,750,000	69,350,000
	Share Warrant	33,825,000	-	-	18,060,000	20,480,000
	Reserves	830,717,205	788,594,738	829,616,407	562,856,966	441,517,177
		942,692,205	866,744,738	907,766,407	654,666,966	531,347,177
16	<b>Total Sources</b>	<b>968,809,366</b>	<b>984,930,906</b>	<b>1,129,431,321</b>	<b>768,365,651</b>	<b>687,994,941</b>
17	Profit before tax/Total Income	3.52%	2.79%	4.12%	8.72%	8.30%
18	Profit After Tax/Total Income	3.58%	2.80%	3.97%	8.53%	8.04%
19	Face value per share	Rs.2/-	Rs.2/-	Rs.2/-	Rs.2/-	Rs.2/-
20	Earning Per Share	0.47	0.49	1.86	3.91	2.62
21	Gross Block/Total Income	0.23 : 1	0.18 : 1	0.09 : 1	0.09 : 1	0.13 : 1
22	Net Block/Total Income	0.12 : 1	0.09 : 1	0.04 : 1	0.04 : 1	0.06 : 1
23	Current Ratio	10.48 : 1	23.72 : 1	19.25 : 1	9.61 : 1	20.07 : 1
24	Book value per equity share	24.12	22.18	23.23	17.75	15.32
		(Face value	(Face value	(Face value	(Face value	(Face value
		Rs.2/-per share)	Rs.2/- per share)	Rs.2/- per share)	Rs.2/- per share)	Rs.2/- per share)
25	Debt / Equity Ratio	0.03 : 1	0.14 : 1	0.23 : 1	0.15 : 1	0.27 : 1

## DIRECTORS' REPORT

To The Members of  
**SAT INDUSTRIES LIMITED**

The Directors of your Company have pleasure in presenting their Twenty Sixth Annual Report and the Audited Accounts of the Company for the year ended 31.03.2011.

### FINANCIAL RESULTS

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

Stand Alone	(Rs. in lakhs)	
	2010-2011	2009-10
Turnover .....	<b>2039.58</b>	1170.52
Other Income .....	-	123.33
Profit/Loss(-) before Tax, Interest and Depreciation .....	<b>15.87</b>	8.81
Interest .....	-	-
Depreciation .....	<b>9.49</b>	8.28
Profit/(Loss) before Tax .....	<b>6.38</b>	0.53
Less: Provision for Taxation .....	<b>(3.30)</b>	(0.61)
Profit/(Loss) after Tax .....	<b>9.68</b>	1.14
Profit available for appropriation .....	<b>9.68</b>	1.06
Surplus carried from .....	<b>604.41</b>	603.35
Previous year		
Balance carried to Balance Sheet .....	<b>614.09</b>	604.41
<b>CONSOLIDATED</b>		
Turnover .....	<b>5175.77</b>	6685.63
Other Income .....	-	138.94
Profit before Tax .....	<b>181.93</b>	190.64
Less: Provision for Taxation .....	<b>(3.30)</b>	(0.61)
Profit after Tax .....	<b>185.23</b>	191.25
Net Profit for the year .....	<b>185.23</b>	191.17
Profit after tax and Minority Int .....		
Balance carried from last year .....	<b>8032.94</b>	6046.59
Balance carried to Balance Sheet .....	<b>7582.71</b>	8032.94

### DIVIDEND :

With a view to conserve resources for future expansions etc., your Directors are unable to recommend any dividend for the year 2010-2011.

### OPERATIONS :

During the year under review your Company has recorded a turnover of Rs.2039.58 lakhs(pr. yr.Rs.1170.52 lakhs) registering an increase of 174.25 % and earned a net profit of Rs. 9.68 Lakhs (Pr.yr. Rs.1.14 lakhs) after providing for tax of Rs. (3.30) Lakhs (pr.yr. Rs.0.61 lakhs).

### DIRECTORS :

Mr. Ramesh Chandra Soni is to retire by rotation and being eligible has offered himself for re-appointment.

Mr. Sunil M. Jain was appointed as additional director on the Board of Directors of the Company with effect from 17-01-2011 and in accordance with the provisions of the section 260 of the Companies Act, 1956 and Articles of Association of the Company he ceases to be director of the Company at the commencement of the ensuing annual general meeting. The Company has received notice under section 257 of the Companies Act,1956 alongwith deposit of Rs. 500/- in respect of Mr. Sunil M. Jain proposing his candidature for the office of the director of the Company.

Your Directors recommend the above appointment / re-appointment.

### FIXED DEPOSITS :

The Company has not accepted any deposit from public during the year ended 31st March, 2011 under section 58-A of the Companies Act,1956.

### LISTING OF SHARES :

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023 and the listing fees for the year 2010-2011, has been paid.

### PARTICULARS OF EMPLOYEES :

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

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

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

#### A. CONSERVATION OF ENERGY :

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

#### B. RESEARCH AND DEVELOPMENT :

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

#### C. TECHNOLOGY IMPORT AND ABSORPTION :

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

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

The Company is making continuous efforts to explore new foreign markets and to enlarge its

market of exports.

The earning in foreign exchange of UAE Branch was Rs. 203957713/- (pr.Yr.Rs. 110092840/-). Outgo in foreign exchange on accrual basis was Rs. 196344263/- (pr. yr. Rs. 123420479/-).

**CORPORATE GOVERNANCE :**

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

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**COMPANY SECRETARY :**

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

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to the materials departures ;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding of the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) The directors had prepared the annual accounts on a going concern basis.

**SUBSIDIARY COMPANIES :**

The Company as of March 31, 2011 had three subsidiaries among which Sat Middleeast Limited FZC and Sat E-Com Limited are wholly owned subsidiaries and other is Sat Reality Limited (holding 95.11%).

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

In view of the exemption received from the Ministry of Corporate Affairs, Government of India vide letter no. 47/75/2011-CL-III dated 01-02-2011 the Audited statement of Accounts , the Reports of the Board of Directors and Auditors of the Subsidiary companies are not attached as required under Section 212(8) of the Companies Act,1956. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a

written request from them. These documents will also be available for inspection by any shareholder at the Registered Office of the Company and head office of the subsidiary companies concerned on any working day during business hours. As directed by the Central Government , the financial data of the subsidiaries has been furnished in a single sheet in the consolidated Balance sheet, which forms part of the Annual Report.

**CONSOLIDATION OF ACCOUNTS :**

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

**AUDITORS :**

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

(b) The Board of Directors of the Company on the recommendations of the Audit Committee decided to have the accounts of the Sharjah Branch (UAE) of the Company audited by a person other than the Statutory Auditors of the Company in accordance with the provisions of section 228 of the Companies Act, 1956. Your Directors request you to appoint the auditors and fix their remuneration.

**AUDITORS' REPORT :**

The Auditors' observations are self explanatory and hence do not call for any further clarification under section 217 of the Companies Act,1956.

**ACKNOWLEDGEMENT :**

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

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

for and on behalf of the Board of Directors

**H.K. Turgalia**  
Wholetime Director

**Shehnaz D. Ali**  
Wholetime Director

Place : Mumbai  
Dated : 27.08.2011

## ANNEXURE 'A' TO THE DIRECTORS REPORT

### CORPORATE GOVERNANCE REPORT FOR THE PERIOD APRIL 1,2010 TO MARCH 31, 2011

#### Introduction

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

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

#### A. COMPANY'S PHILOSOPHY

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

#### B. BOARD OF DIRECTORS :

##### (i) Composition of Board

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

The composition and other details are as under :

Name of director	Category of director	No. of the other director-ship held	Membership in committee of other companies held	No. of Board meetings held	No. of Board meetings attended	Attendance in last AGM held Yes/No
Mr. Ramesh Chandra Soni	Independent Non-Executive	1	NIL	6	4	YES
Mr. H.K. Turgalia	Independent Non-Executive	3	NIL	6	6	YES
Mrs. Shehnaz D. Ali	Promoter Executive	2	NIL	6	6	NO
Mr. Virendra Maurya	Independent Non-Executive	NIL	NIL	6	4	NO
Mr. Sunil Jain *	Independent Non-Executive	NIL	NIL	6	NIL	NA

\* appointed w.e.f. 17-01-2011

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

(ii) During the period from April, 2010 to March, 2011, total 6 meetings were held on 30.04.2010, 13.08.2010, 20.08.2010, 13.11.2010, 17.01.2011, and 14.02.2011. The gap between any two meetings is not more than four months.

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

#### (iv) AUDIT COMMITTEE :

The Audit Committee comprises of the following persons :

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

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

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

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

During the year 2010-11, Four meetings of Audit Committee were held on 30.04.2010, 13.08.2010, 13.11.2010 and 14.02.2011, one of which was before finalization of accounts and other before adoption of the quarterly financial results by the Board.

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

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

**(v) REMUNERATION OF DIRECTORS**

**(a) REMUNERATION COMMITTEE:**

**Brief description and terms of reference :**

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

The Remuneration Committee comprises of the following persons :

- (a) Mr. Ramesh Chandra Soni - Chairman
- (b) Mr. Virendra Maurya
- (c) Mr. Sunil Jain

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

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

During the year no meeting of the Committee held.

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

Details of remuneration paid/payable to Directors for the year ended March 31, 2011 are as follows :

Name	Salary	Benefits	Bonus	Stock option	Perfor- mance linked incen- tives	Service contract/ notice period/ severance fee
Mrs. Shehnaz D. Ali	900000	NIL	NIL	NIL	NIL	***
Mr. H.K. Turgalia	486000	53250	NIL	NIL	NIL	***

Service Contract \*\*\* : 5 years with effect from the date of appointment i.e. 01-01-2011

Notice Period : Three months either side  
Severance fee : No severance fees.

**(vi) BOARD PROCEDURE :**

- (a) During the period April 2010 to March, 2011, Six Board meetings were held with atleast one meeting in every quarter with a time gap between two meetings not more than four months.
- (b) There is no Director who is member in more than ten committees or acts as Chairman of more than five committees.

**(vii) MANAGEMENT :**

**(a) Management discussion and Analysis**

Management Discussion and Analysis is part of this Annual Report.

**(b) Disclosures :**

- (i) Transactions with the related parties are disclosed in note no.11 of Schedule 'O' "Notes on Accounts" annexed to the Accounts in the Annual Report.
- (ii) No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested, is placed before the Board regularly.
- (iii) There has been no instances of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the stock exchange or any statutory authorities does not arise.
- (iv) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- (v) In the preparation of financial statements , the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- (vi) The details of the utilization of proceeds raised through preferential issue of equity shares / warrants are disclosed to the audit committee and in the balance sheet. The Company has not utilized these funds for purpose other than those stated in the notice convening the general meeting.
- (vii) A certificate from CEO and CFO was placed before the Board.

(viii) The Company has periodic review and reporting to the Board of Directors of risk assessment by the senior executives with a view to minimize risk.

**(viii) SUBSIDIARIES :**

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

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

**(ix) SHAREHOLDERS :**

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

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

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

The committee met four times on 30.04.2010, 13.08.2010, 13.11.2010 and 14.02.2011,. The necessary quorum was present at all meetings. During the year under report no complaints were received. Further there were no complaints outstanding at the beginning and end of the year.

**(x) GENERAL BODY MEETINGS :**

(a) The company held its last three Annual General Meetings as under:

Annual General Meetings	Date	Time	Location	No. of special resolution passed
23 <sup>rd</sup>	19.07.2008	9.30 AM	Noble Room, 1 <sup>st</sup> Floor, Hotel Diplomat, 24-26, B. K. Boman Behram Marg, Apollo Bunder, Mumbai – 400 001	NIL
24 <sup>th</sup>	12.09.2009	9.30 AM	Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Mumbai – 400 020	2
25 <sup>th</sup>	21.09.2010	9.00 AM	Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Mumbai – 400 020	1

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

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

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

**(b) Share Transfer Committee :**

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

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

No shares are pending for transfer.

**(c) Directors seeking appointment / reappointment :**

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



**(xi) POSTAL BALLOT SYSTEM :**

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

**C. CODE OF CONDUCT :**

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

**D. MEANS OF COMMUNICATION :**

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

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

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

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

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

**E. GENERAL SHAREHOLDERS INFORMATION :**

**(i) Annual General Meeting :**

Date and Time : 27.09.2011 at 09.00 AM  
Venue : Umang Hall, Samrat Hotel, Prem Court, J. Tata Road, Churchgate, Mumbai - 400 020

**(ii) Financial Calendar : Financial Reporting for :**

Board meeting for consideration of Accounts for the year ended on 31.03.2011, : August 27, 2011  
Book Closure date : 24-09-2011 to 27-09-2011 ( both days inclusive)  
Board Meeting for consideration of Unaudited results for the first three quarters of the current financial year viz: 01.04.11 to 31.03.12 : within Forty Five days from the end of the quarter as stipulated under the listing agreement with the Stock Exchange.

Board Meeting for consideration of audited results for the current financial year ending March 31,2012 : within sixty days from the end of the last quarter as stipulated under the listing agreement with the Stock Exchange.

Dividend Payment : Not Applicable

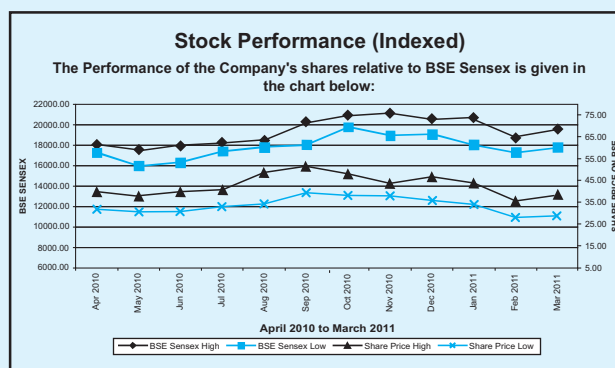
**(iii) Listing At Stock Exchange :**

Name of Stock Exchange	Stock code	Code on screen
Bombay Stock Exchange Ltd., Mumbai	511076	Sat Indm

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

Month	High	Low	Month	High	Low
April	39.80	31.80	October	47.65	38.30
May	37.40	30.75	November	43.50	37.90
June	39.80	30.80	December	46.30	36.05
July	40.45	33.00	January	43.80	34.00
August	48.00	33.95	February	35.80	28.20
September	50.90	39.65	March	38.25	28.85

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



**(vi) Registrar and Transfer Agent :**

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

**Link Intime India Private Limited**  
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078, India.

E-Mail : [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

Phone : 022-25963838 Fax:022-25946969

**(vii) Share Transfer System :**

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

**(viii) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011**

Shareholding of nominal value Rs	No. of share holders	% of Total	share amount in Rs.	% of Share Capital
Upto 5000	1346	83.3953	1244474	1.5924
5001-10000	103	6.3817	806824	1.0324
10001-50000	107	6.6295	2679636	3.4288
50001 - 100000	24	1.4870	1807646	2.3131
100001 & above	34	2.1065	71611420	91.6333
<b>TOTAL</b>	<b>1614</b>	<b>100.00</b>	<b>78150000</b>	<b>100.00</b>

**(ix) Shareholding Pattern as on 31.03.2011**

Category	No. of shares	% of shareholding
Promoter – Indian	14510000	37.1337
NRI	NIL	NIL
Indian Public	5738429	14.6857
FII's/NRI's/OCBs	150	00.0004
Bodies Corporate	18463917	47.2525
Financial institution	NIL	NIL
Banks	NIL	NIL
Mutual Funds	NIL	NIL
Clearing Members	362504	0.9277
<b>TOTAL</b>	<b>39075000</b>	<b>100.00</b>

**(x) Dematerialisation of shares and liquidity**

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

Description	ISIN	Depositories
Equity Shares	INE065D01027	NSDL and CDSL

The liquidity of shares is normal.

**(xi) Outstanding GDR/ADR/Warrants etc. : 3300000**

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

**(xiii) ADDRESS FOR COMMUNICATION :**
**SAT INDUSTRIES LIMITED**

69-A, RAJGIR CHAMBERS, 8TH FLOOR,  
12/14, SHAHID BHAGAT SINGH MARG,  
OPP. OLD CUSTOM HOUSE, FORT,  
MUMBAI- 400 0023

PHONE : 022-6610 7025

FAX NO. : 022-6610 7027

E-MAIL : sil@vsnl.in

WEBSITE : www.satgroup.com

**(xiv) E-mail address for investors complaints : [investorsgrievances\\_rediffmail.com](mailto:investorsgrievances_rediffmail.com)**

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

**(xvi) Adoption of non mandatory requirements :**

The Company has so far not implemented Non-Mandatory requirements of the Code of Corporate Governance.

**ANNEXURE TO CORPORATE GOVERNANCE REPORT**
**Declaration regarding affirmation of Code of Conduct**

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2011.

Place : Mumbai

H.K. Turgalia

Dated : 27-08-2011

Wholetime Director

## Annexure "B" to the Directors Report

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### A. INDUSTRIAL STRUCTURE AND DEVELOPMENT

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

#### B. OPPORTUNITIES AND THREATS

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

- i) **Competitive Business** : Since the company operates in world markets, competitive business can develop from any corner of the globe. The Company has to be on the lookout for tracking the competition and maintaining its competitive edge

in terms of quality and value proportion.

- ii) **Talent retention**: The Company has to ensure that the people working for it who constitute its major competitive advantage continue to contribute productivity to its business.

#### C. OUTLOOK

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

#### D. RISK AND CONCERNS

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

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

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

The Company has adequate internal control procedure commensurate with its size and nature of the business. These business control procedure ensures efficient use and protection of the resources and compliances with the policies, procedures and statutes. The internal control system provides for well-documented policies, guidelines, authorization and approval procedures. The Company is also planning to make a separate department for internal audit, which will carries out

audit more extensively throughout the year. The prime objective of such audits is to test the adequacy and effectiveness of all internal controls laid down by the management and to suggest improvements.

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

The turnover during the year under report was Rs. 203957713/- and the profit earned after providing for depreciation of Rs. 948815/- was Rs. 637743/-. To improve the performance the Company is taking all possible steps of cost control and cost reduction. These efforts will result in improved bottom line.

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

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

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

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

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

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

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

We have examined the compliance of conditions of Corporate Governance by Sat Industries Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement applicable for the year ended 31<sup>st</sup> March, 2011, of the Company with stock exchanges.

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

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

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

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

**(DEEPA RATHI)**

Partner  
Membership No. 104808  
Firm Registration No.104502W

Place : Mumbai  
Dated : 27-08-2011



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

01. Name of subsidiary Company :	Sat E-Com Ltd.	Sat Middleeast Ltd.- FZC	Sat Realty Ltd.
02. Financial year of subsidiary Company ended on :	31st March 2011	31st March, 2011	31st March 2011
03. Shares of subsidiary company held on the above date and extent of holding			
(i) Equity Shares :	5,00,000 equity shares of Rs.10/- each	100 shares of AED 94520 each (equivalent to Rs.116522366/-)	951080 equity shares of Rs. 10/- each
(ii) Extent of holding (%) :	100	100	95.11
04. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so far as they concern members of Sat Industries Ltd.			
(i) Dealt with in the accounts :	NIL	NIL	NIL
(ii) Not dealt with in the accounts :	(Rs. 6309)	AED 1093080 (equivalent to Rs.13475272/-)	(Rs. 67698)
05. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary as far as it concern members of Sat Industries Ltd.			
(i) Dealt with in the accounts :	NIL	NIL	NIL
(ii) Not dealt with in the accounts :	(Rs. 3000)	AED 2507653 (equivalent to Rs.32021580/-)	(Rs. 58666)
<b>Statement pursuant to section 212(5) of the Companies Act, 1956</b>			
1) Change in the holding company's interest	No Change	No Change	No Change
2) Details of material change			
i) Fixed assets of the subsidiary	Not Applicable	No material change	Not Applicable
ii) Its investments	Not Applicable	No Change	Not Applicable
iii) Money lent by it	Not Applicable	No material Change	Not Applicable
iv) The money borrowed for any purpose other than that of meeting current liabilities	Not Applicable	No material Change	Not Applicable

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : 27-08-2011

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

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

Sr. No.	Particulars	Sat Middle Limited East FZC		Sat Realty Limited	Sat E-Com Limited
		31.03.2011	31.03.2011		
1	Financial year ending on			31.03.2011	31.03.2011
2	Currency	AED	INR	INR	INR
3	Share Capital	9452000	116522366	10000000	5000000
4	Reserves and Surplus	55044240	678574382	-	457341
5.	Total Assets	71662827	883444999	10043366	5760650
6.	Total Liabilities	7166587	88348251	43366	303309
7.	Turnover (including other income)	24933290	309584195	-	-
8	Profit/(Loss) for the year before taxation	1093080	13572228	(67698)	(6309)
9	Provision for taxation	-	-	-	-
10	Profit/(Loss) after taxation	1093080	13572228	(67698)	(6309)
11	Proposed dividend	-	-	-	-

Sat Middle East Limited FZC - Unit of currency AED. Exchange Rate as at March 31, 2011 AED = Rs.12.3278 for assets and liabilities and Rs. 12.4165 for turnover and Profit.

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SAT INDUSTRIES LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAT INDUSTRIES LTD. AND ITS SUBSIDIARIES**

We have examined the attached consolidated balance sheet of Sat Industries Ltd. and its subsidiaries and associate as at 31st March 2011, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended.

These Consolidated financial statements are the responsibility of the Sat Industries Ltd's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Indian subsidiaries, namely Sat Realty Ltd. and Sat E-Com Limited whose financial statements reflect total assets of Rs.15,757,341/- as at 31st March 2011 and total revenues of NIL respectively for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We did not audit the financial statements of Foreign Subsidiary i.e. Sat Middle East Ltd whose financial statements reflect total assets of Rs. 883,444,999/- as at 31st March 2011 and total revenues of Rs 309,584,195/-respectively for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We did not audit the financial statements of UAE branch whose financial statements reflect total assets of Rs.34,407,272/- as at 31st March 2011 and total revenues of Rs. 203,957,713/- respectively for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the branch, is based solely on the report of the other auditors.

We did not audit the financial statements of Associate i.e. Sah Polymers Ltd whose financial statements reflect total assets of Rs.187,129,003/- as at 31st March 2011 and total revenues of Rs 253,907,794/-respectively for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far

as it relates to the amounts included in respect of the Associate, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS 23 Accounting for Investments in Consolidated Financial Statement issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and Associate included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sat Industries Ltd. and its aforesaid subsidiaries and Associate, we are of the opinion that **subject to note no.2 regarding non appointment of company secretary, note no.9(a) regarding Company's position on sundry debtors of INR 721,351,327/-) out of which substantial amount of INR 717,739,409/- (foreign currency AED 582,21,208/-) is outstanding from various other countries including foreign subsidiary which has been relied upon without any independent verification , note no. 9(b) regarding loans and advances outstanding of INR 199,781,282/- (foreign currency AED 16,205,753/-) to business associates of subsidiary and outstanding since long and no provision has been made for the same, note no 13 regarding quantity details which are relating to foreign branch are subject to independent verification, and the effect, if any, on account of qualifications in the respective audit reports and as per note no. C (iii) of accounting policy regarding " Foreign Currency Translation Reserve shown under head "Reserve & Surplus Schedule" which is being reconciled and is not as per the Accounting Standard 11, Effect of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India.**

- The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sat Industries Ltd. and its subsidiaries as at 31st March 2011.
- The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Sat Industries Ltd. and its subsidiaries for the year then ended and
- The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated cash flows of Sat Industries Ltd. and its subsidiaries for the year ended on that date.

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

Place : Mumbai  
Dated : 27-08-2011

**(Deepa Rathi)**  
Partner

Membership No. 104808  
Firm Registration No. 104502W

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

(Figure in Rs.)

PARTICULARS	SCHEDULE	CURRENT YEAR AS AT 31.3.2011	PREVIOUS YEAR AS AT 31.3.2010
<b>1. SOURCE OF FUNDS :-</b>			
<b>1. Shareholders Funds :-</b>			
Share Capital .....	"A"	78,150,000	78,150,000
Share Warrant .....		33,825,000	-
Reserve & Surplus .....	"B"	830,717,205	788,594,738
Minority Interest .....		467,805	469,861
<b>2. LOAN FUNDS :</b>			
Secured Loans .....	"C"	2,118,268	64,419,817
Unsecured Loans .....	"D"	23,531,088	53,296,490
<b>TOTAL .....</b>		<b>968,809,366</b>	<b>984,930,906</b>
<b>2. APPLICATION OF FUNDS :-</b>			
<b>1. Fixed Assets :</b>			
a. Gross Block .....	"E"	120,108,102	120,147,119
b. Less Depreciation .....		59,890,144	53,060,847
c. Net Block .....		<b>60,217,958</b>	<b>61,086,272</b>
2. Investment : .....	"F"	62,448,342	42,275,000
3. Current Assets, Loans and Advances .....	"G"		
a. Sundry Debtors .....		721,351,327	761,556,450
b. Cash and Bank Balance .....		1,981,240	1,670,982
c. Loans and Advances .....		210,610,085	151,000,110
.....		<b>933,942,652</b>	<b>914,227,542</b>
Less : Current Liabilities & Provisions .....	"H"	89,079,612	33,507,674
.....		<b>844,863,040</b>	<b>880,719,868</b>
4. Deferred Tax Assets .....		1,220,826	760,966
5. Miscellaneous Expenditure .....			
(to the extent not written off or adjusted) .....	"I"	59,200	88,800
<b>TOTAL .....</b>		<b>968,809,366</b>	<b>984,930,906</b>

**SIGNIFICANT ACCOUNTING POLICIES &**
**NOTES ON ACCOUNTS**

"P"

This is the Consolidated Balance Sheet referred to in our report of even date

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

For and on behalf of the Board

**(DEEPA RATHI)**

 Partner  
Membership No. 10480  
Firm Registration No. 104502W

**SHEHNAZ D. Ali**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

 Place : Mumbai  
Dated : 27-08-2011



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

(Figure in Rs.)

PARTICULARS	SCHEDULE	CURRENT YEAR AS AT 31.3.2011	PREVIOUS YEAR AS AT 31.3.2010
<b>INCOME :</b>			
Sales .....	"J"	513,541,908	668,563,103
Other Income .....	"K"	-	13,894,435
Share of Income from Associate .....		4,035,449	-
<b>Total .....</b>		<b>517,577,357</b>	<b>682,457,538</b>
<b>EXPENDITURE :</b>			
Purchases / Cost of Material Consumed .....	"L"	480,375,587	632,574,241
Employee Cost .....	"M"	3,957,129	6,130,093
Operating & other expenses .....	"N"	13,029,413	22,269,326
Depreciation .....	"E"	948,815	892,511
Interest .....	"O"	1,073,321	2,041,282
<b>Total .....</b>		<b>499,384,265</b>	<b>663,393,884</b>
<b>PROFITS :</b>			
Profit before Tax .....		<b>18,193,092</b>	<b>19,063,654</b>
Less : Provision for Taxation .....			
i) Current tax .....		130,000	8,000
ii) Deferred tax .....		(459,860)	(68,786)
Net Profit after Tax .....		18,522,952	19,124,440
Add/less: Excess(Short) Provision of Income Tax for earlier years		74	(7,664)
Net Profit for the year .....		18,523,026	19,116,776
Add: Foreign Currency Translation Reserve Adjustment .....		(77,715,651)	179,517,513
Add: Share of Income from Associate for Previous Years..		14,170,365	-
Add: Balance carried from last year .....		803,293,745	604,659,456
<b>Balance carried to Balance Sheet.....</b>		<b>758,271,485</b>	<b>803,293,745</b>
<b>EARNING PER SHARE</b>			
BASIC Earning per Share .....		0.47	0.49
Diluted Earning per Share .....		0.46	-
Face Value per share .....		2.00	2.00

**SIGNIFICANT ACCOUNTING POLICIES &**
**NOTES ON ACCOUNTS .....** "P"

This is the Consolidated Profit &amp; Loss account referred to in our report of even date.

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

For and on behalf of the Board

**(DEEPA RATHI)**

 Partner  
Membership No. 104808  
Firm Registration No. 104502W

**SHEHNAZ D. Ali**

Wholetime Director

**H.K. TURGALIA**

Wholetime Director

 Place : Mumbai  
Dated : 27-08-2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011**

(Amount in Rupees)

	Year ended 31-03-2011	Year ended 31-03-2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	18,193,092	19,063,654
Adjustments for :		
Depreciation	948,815	892,511
Provision for Gratuity	-	(432,255)
Provision of Income Tax	-	8,000
Provision for Deferred Tax	-	(68,786)
Short Provision of Income tax	-	7,664
Profit on sale of investments	-	(10,749,650)
Provision for Leave Encashment	-	(120,696)
Deferred Revenue Expenditure and Preliminary expenses W.Off	29,600	85,800
Interest Paid	1,073,321	1,563,328
Loss/(Profit) on sale of fixed assets	-	(83,251)
Income From Associate	(4,035,449)	-
<b>Operating Profit before working capital changes</b>	<b>16,209,379</b>	<b>10,166,319</b>
Adjustments for :		
Trade & Other Receivables	(19,385,863)	129,199,737
Inventories	-	22,647,410
Trade & Other Payable	55,677,557	(14,402,470)
<b>Cash Generated from Operations</b>	<b>52,501,073</b>	<b>147,610,996</b>
Gratuity	-	(127,070)
Direct Taxes Paid	7,926	(811,987)
<b>Net Cash Flow from Operating Activities</b>	<b>52,508,999</b>	<b>146,671,939</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(101,907)	(3,630,128)
Sale of Fixed Assets	85,782	289,500
Purchase of Investments	-	(21,135,000)
Share Application Money	3,200,000	(3,200,000)
Sale of Investments	-	32,248,950
Adjustment Due to SAH POLYMERS no longer Subsidiary	-	(60,716,770)
<b>Net inflow/(outflow) in Investing Activities</b>	<b>3,183,875</b>	<b>(57,706,776)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loans (Net)	(62,301,549)	(80,153,562)
Share capital, Share warrants, Share premium	33,825,000	-
Proceeds from Unsecured loans	(29,765,402)	(3,483,227)
Interest Paid	(1,073,321)	(1,563,328)
<b>Net inflow/(outflow) in Financing Activities</b>	<b>(58,241,951)</b>	<b>(83,636,789)</b>
<b>D) Change in Foreign Currency Translation Reserve Arising on Consolidation</b>	<b>2,859,335</b>	<b>(51,791,186)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C+D)</b>	<b>310,258</b>	<b>(46,462,812)</b>
<b>Cash and Cash equivalents at the beginning</b>	<b>1,670,982</b>	<b>53,384,923</b>
<b>Cash and Cash equivalents at the close</b>	<b>1,981,240</b>	<b>6,922,111</b>

**Note :** Previous year figures have been regrouped, rearranged to make them comparable.

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

**(DEEPA RATHI)**  
Partner  
Membership No. 104808  
Firm Registration No. 104502W  
Place : Mumbai  
Dated : 27-08-2011

For and on behalf of the Board

**SHEHNAZ D. Ali**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

PARTICULARS	(Figure in Rupees)	
	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised :</b>		
50000000 Equity Shares of Rs.2/- each .....	100,000,000	100,000,000
.....	<b>100,000,000</b>	<b>100,000,000</b>
<b>ISSUED &amp; SUBSCRIBED .....</b>		
39075000 (P.Y. 39075000) Equity Shares of Rs.2/- each fully paid up of which 31250000 Equity Shares of Rs.2 each fully paid up issued on Swap Basis to Shareholders of Sat E-Com Ltd., a wholly owned Subsidiary company.....	78,150,000	78,150,000
.....	<b>78,150,000</b>	<b>78,150,000</b>
<b>SCHEDULE "B"</b>		
<b>RESERVE AND SURPLUS</b>		
a) General Reserve .....	4,800,254	4,800,254
b) Profit & Loss A/c.....	758,271,485	803,293,745
c) Share Premium.....	59,400,000	59,400,000
d) Capital Reserve .....	5,186,869	19,341
e) Foreign Currency Translation Reserve.....	3,058,597	(78,918,602)
.....	<b>830,717,205</b>	<b>(788,594,738)</b>
<b>SCHEDULE "C"</b>		
<b>SECURED LOAN</b>		
Kotak Mahindra .....	2,118,268	2,758,527
(Secured against hypothecation of car) .....		
Local Bills Discount.....	-	45,759,592
Trust Receipt .....	-	15,901,698
.....	<b>2,118,268</b>	<b>64,419,817</b>
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOAN :</b>		
from corporate bodies .....	23,139,301	53,296,490
from Directors .....	391,787	-
Total .....	<b>23,531,088</b>	<b>53,296,490</b>

**SCHEDULE 'E'**  
**FIXED ASSETS**
**Schedules Forming part of the Balance Sheet as on 31-03-2011**

(Figure in Rs.)

PARTICULARS	%	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		BALANCE AS ON 1.4.2010	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	BALANCE AS ON 31.03.2011	UP TO 01.04.2010	PROVIDED DURING THE YEAR	DEDUCTION UPTO 31-3-10	AS ON 31.03.2011	AS ON 31.03.2010
GOODWILL *		114,560,890	-	-	114,560,890	57,060,890	-	57,060,890	57,500,000	57,500,000
FURNITURE & FIXTURE	18.10	1,322	-	-	1,322	1,301	4	1,305	17	21
OFFICE EQUIPMENT	13.91	316,298	15,000	140,924	190,374	149,258	13,366	107,482	82,892	102,664
COMPUTERS	40.00	206,307	86,907	-	293,214	173,092	42,144	215,236	77,978	33,215
CARS	25.89	5,062,302	-	-	5,062,302	1,611,930	893,301	2,505,231	2,557,071	3,450,372
<b>CURRENT YEAR (TOTAL)</b>		<b>120,147,119</b>	<b>101,907</b>	<b>140,924</b>	<b>120,108,102</b>	<b>58,996,471</b>	<b>948,815</b>	<b>59,890,144</b>	<b>60,217,958</b>	<b>61,086,272</b>
<b>PREVIOUS YEAR (TOTAL)</b>		59,789,642	61,130,128	772,651	120,147,119	58,734,738	892,511	59,060,847	61,086,272	960,930

\* Readjustment on consolidation and disposal of subsidiary.

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

(Figure in Rupees)

<b>PARTICULARS</b>	<b>Current Year 31-03-2011</b>	<b>Previous Year 31-03-2010</b>
<b>SCHEDULE "F"</b>		
<b>INVESTMENT ( AT COST )</b>		
<b>Government Securities</b>		
1. Share (Unquoted)		
19537500 share of Rs.2/-each of sah Polymers Ltd.(Associate)	39,075,000	39,075,000
Add. Capital Reserve .....	5,167,528	-
Add. Accumulated Income From Associate for Previous years..	14,170,365	-
Add. Accumulated Income From Associate for Current year ....	4,035,449	-
2. Share Application Money in Sahil Polytex Pvt. Ltd .....	-	3,200,000
<b>TOTAL .....</b>	<b>62,448,342</b>	<b>42,275,000</b>
Aggregate Amount Of Unquoted Share .....	<b>39,075,000</b>	<b>39,075,000</b>
<b>SCHEDULE "G"</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
<b>CURRENT ASSETS :</b>		
<b>A. Sundry Debtors</b>		
(Unsecured Considered good)		
(I ) Over six months .....	3,611,918	3,611,918
(II) Less than six months .....	717,739,409	757,944,532
.....	<b>721,351,327</b>	<b>761,556,450</b>
<b>B. Cash and Bank Balance .....</b>		
Cash in hand .....	134,913	401,840
Bank Balance with Scheduled Banks .....		
In current Account.....	1,844,367	1,259,837
Bank Balance with Foreign Banks .....		
HSBC Bank Middleeast Ltd.....	1,960	9,305
(Maximum Balance Rs.104786/-).....		
.....	1,981,240	1,670,982
<b>C. LOANS AND ADVANCES : .....</b>		
(Amount recoverable in cash or in kind or for value to be received) .....		
(Unsecured, considered good) .....		
a) Sundry Advances & Deposits .....		
i) Loans & Advances to employees .....	144,000	160,000
ii) Prepaid Expenses .....	6,500	13,247
iii) Security and other deposits .....	212,038	210,872
iv) Advance & Deposits - others .....	210,076,308	150,463,741
b) Advance payment of taxes including FBT .....	171,239	152,250
.....	<b>210,610,085</b>	<b>151,000,110</b>
Toat Current Assets (A+B+C) .....	<b>933,942,652</b>	<b>914,227,542</b>

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

(Amount in Rupees)

	<b>Current Year 31-03-2011</b>	<b>Previous Year 31-03-2010</b>
<b>SCHEDULE "H"</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
1) Sundry Creditors.....	201,544	8,243,670
2) Other Liabilities.....	523,095	4,995,937
3) Bank OD ( Habib Bank AG Zurich ) .....	88,224,973	20,032,448
.....	<b>88,949,612</b>	<b>33,272,055</b>
<b>B. PROVISIONS :</b>		
Provision for tax.....	130,000	8,000
Provision for Gratuity .....	-	227,619
.....	130,000	<b>235,619</b>
TOTAL (A+B) .....	<b>89,079,612</b>	<b>33,507,674</b>
<b>SCHEDULE "I"</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off)		
Preliminary Expenses .....	88,800	88,800
Less: Written Off .....	29,600	-
.....	<b>59,200</b>	<b>88,800</b>
<b>Schedules forming part of the Profit and Loss Account for the year ended 31-03-2011</b>		
<b>SCHEDULE "J"</b>		
<b>SALES</b>		
Export Sales (Foreign Branch & Foreign Subsidiary) .....	513,541,908	668,563,103
.....	<b>513,541,908</b>	<b>668,563,103</b>
<b>SCHEDULE "K"</b>		
<b>OTHER INCOME</b>		
Misc Income .....	-	13,894,435
<b>Total</b> .....	-	<b>13,894,435</b>
<b>SCHEDULE "L"</b>		
<b>PURCHASES</b>		
Purchase ( Foreign Branch & Foreign Subsidiary ) .....	480,375,587	632,574,241
.....	<b>480,375,587</b>	<b>632,574,241</b>
<b>SCHEDULE "M"</b>		
<b>EMPLOYEE COSTS</b>		
Directors Remuneration .....	1,439,250	1,379,500
Salary, wages & other Benefits .....	2,378,081	4,714,978
Gratuity .....	139,798	35,615
.....	3,957,129	6,130,093

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

(Amount in Rupees)

	<b>Current Year 31-03-2011</b>	<b>Previous Year 31-03-2010</b>
<b>SCHEDULE "N"</b>		
<b>OPERATING &amp; OTHER EXPENSES :</b>		
Advertisement and Publicity .....	42,638	40,472
Auditors Remuneration :.....	345,379	342,573
Bad Debet Written Off .....	-	6,416,410
Bank Charges and Commission .....	26,243	929,055
Business Promotion Exp.....	425,049	243,732
Conveyance Expenses .....	81,833	66,572
Depository & Lisiting Charges .....	104,785	106,410
Electricity & Water Expenses .....	120,439	346,048
Exchange Rate Difference Loss (Net) .....	-	27,521
Filing fees .....	28,600	15,800
Hospitality Expenses .....	181,203	113,843
Keyman Insurance.....	167,673	167,673
Legal & Professional Charges .....	516,607	252,679
Membership and subscriptions .....	42,559	32,020
Office Expenses .....	2,214,737	2,718,565
Printing/Stationery Expenses .....	245,284	264,234
Preliminary Expenses .....	29,600	29,600
Rent .....	682,495	891,500
Selling Expenses .....	6,238,484	6,996,002
Telephone & Communication Expenses .....	801,810	988,230
Travelling Expenses .....	538,548	211,325
Vehicle Running & Maintenance .....	195,447	555,493
<b>TOTAL .....</b>	<b>13,029,413</b>	<b>22,269,326</b>
<b>SCHEDULE "O"</b>		
<b>INTEREST</b>		
Interest on		
Working Capital .....	805,048	1,563,328
Car Loan .....	268,273	477,954
.....	<b>1,073,321</b>	<b>2,041,282</b>

**SCHEDULE 'P'**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS OF CONSOLIDATED FINANCIAL STATEMENT**
**SIGNIFICANT ACCOUNTING POLICIES**

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

**(B) PRINCIPLES OF CONSOLIDATION**

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

Companies included in Consolidation	Country of Incorporation	Proportion of Ownership	Reporting Period	Consolidated Period with Parent	Relationship
1. Sat E-Com Limited	India	100%	12 months	12 months	Subsidiary
2. Sat Middle East Limited	UAE	100%	12 months	12 months	Subsidiary
3. Sat Realty Limited	India	95.11%	12 months	12 months	Subsidiary
4. Sah Polymers Limited	India	41.29%	12 months	12 months	Associate

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

c. The Financial Statement of Associate have been Consolidated using Equity Method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements.

**d CONSOLIDATION OF FOREIGN SUBSIDIARY**

Foreign Subsidiary accounts viz. Sat Middle East Ltd. have been audited by local auditor by adopting international GAAP for the year ended as on 31-03-2011. The consolidation of the accounts of foreign subsidiary in the books of accounts are considered as non-integral operations.

**e CONSOLIDATION OF FOREIGN BRANCH**

The holding company's foreign branch situated at U.A.E. is audited by the local auditor for the financial year ended on 31-03-2011. The consolidation of the accounts of foreign branch in the books of accounts are considered as non-integral operations.

**(C) i)** The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statement as goodwill or capital reserve, as the case may be.

ii) The holding company has during the year credited amount of Rs 3,058,597/- to Foreign Currency Translation Reserve. In case of foreign subsidiary, "Sat Middle East Limited" and the foreign branch of the holding company the operations are non-integral and their financial statements are converted in Indian Rupees at the following exchange rates :

Sr. No.	Particular	Rate
i)	Revenue and Expenses	Average Exchange Rate prevailing during the year
ii)	Current Assets & Current Liabilities	Exchange rate prevailing at the end of the year.
iii)	Fixed Assets	Exchange rate prevailing at the end of the year.



(iii) The foreign currency translation reserve adjustment of Rs.77,715,651/- represents difference of opening net assets at closing rate and adjusted in consolidated profit and loss appropriation account subject to further reconciliation pending and therefore Accounting Standard 11 is not complied as a whole.

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

**(E)** Minority interest's share is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

**(F) OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTES ON ACCOUNTS:**

1) Contingent Liability: Nil

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

3) Deferred Tax Asset for the year is provided as under :

Particulars	31st March 2011 (Rs.)
Deferred tax asset related to fixed assets	192,611
Deferred tax asset related to losses	1,028,215
<b>Total</b>	<b>1,220,826</b>

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

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

6) Figures relating to previous year have been regrouped/ rearranged wherever necessary.

7) Since there is no commission payable to directors, the mode of computation of net profit as required U/S 198 & 349 of the Companies Act, 1956 is not given.

8) Important note of Sat Middle East Ltd., U.A.E.

a) Contingent Liabilities: 31<sup>st</sup> March 2011, the Company had contingent liabilities in respect of bank guarantees entered into the normal course of business from which it is anticipated that no material liabilities will arise. The Company has given guarantees amounting to AED 5000 (P.Y. – AED 5000) to third parties.

b) Commitments:

Capital Commitments : As at 31<sup>st</sup> March 2011 there were no outstanding commitments (P.Y Nil).

Purchase commitments : As at 31<sup>st</sup> March 2011 the Company had no outstanding purchase commitments (P.Y Nil)

- 9) a) The Company's position on consolidation for sundry debtors includes substantial trade and other receivables of INR 721,351,327/- (foreign currency AED 582,21,208) (Previous Year INR 757,096,782/- AED 61,753,408) from various other countries including the country in which its subsidiary operates (UAE) and outstanding period is not verifiable, however considered good for recovery and no provision is called for on account of doubtful or bad debts.
- b) Likewise, loans and advances in consolidation of INR 199,781,282/- (foreign currency AED 16,205,753 (Previous Year INR 134,401,084/- AED 10,962,568) mainly consist from its subsidiary at UAE and consist of amount advanced to business associates which are expected to be collected within one year as per management but still not recovered and considered good for recovery with no provision called for doubtful or bad loans or advances.
- c) (i) As per the opinion of the Management, the creditors outstanding in the balance sheet except creditors for foreign branch and foreign subsidiaries are since previous year and as per the management there are no creditors which are Micro, Small & Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made by the management. In the absence of confirmation from the creditors and based on the management explanation as above the facts are relied upon by the auditors.
- (ii) No comments are offered on the creditors outstanding in the balance sheet of foreign branch and foreign subsidiaries of the company as the audit of foreign branch and foreign subsidiaries is done by local auditors. We have relied upon the audit report and notes to accounts of their respective auditors.

**10) Auditors Remuneration**
**(Figure in Rs.)**

	<b>2010-11</b>	<b>2009-10</b>
Holding Company's Audit Fees	75000	75000
Branch Audit Fees	99332	78000
Subsidiary Company's Audit Fees	134665	153500
Tax Audit Fees	25000	25000
Service Tax	11382	11073
	<b><u>345379</u></b>	<b><u>342573</u></b>

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

<b>Name of the Related Party</b>	<b>Relationship</b>	<b>Transaction Types</b>
Mr. H.K. Turgalia	Wholetime Director	Remuneration
Mrs. Shehnaz D. Ali	Wholetime Director	a) Remuneration b) Keyman Insurance Premium paid c) Unsecured Loan Taken d) Unsecured Loan Repayment
Sat Invest Pvt. Ltd.	Promoter Company & Major Shareholder	1. Rent Payment 2. Sale of Shares 3. Unsecured Loan Taken 4. Advance Against Share Warrant
Park Continental Ltd.	Shareholder of the Company	Unsecured Loan Taken Unsecured Loan Repayment
Sah Polymers Ltd.	Associate	Investment
Space Age Polymers Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken & Repayment
Dawood Investments Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken & Repayment
Sat E-Com Ltd	Wholly Owned Subsidiary Co.	No transactions during the year

**Volume of Transactions :**

(Rs.)

<b>NATURE</b>	<b>31st March, 2011</b>	<b>31st March, 2010</b>
Remuneration	1,439,250	1,379,500
Keyman Insurance Premium	167,673	167,673
Unsecured Loan Taken	13,166,679	6,202,569
Unsecured Loan Repaid	45,028,682	18,469,846
Sale of Share	Nil	10,749,650
Advance against Share Warrent	33,825,000	39,000,000
Investment	Nil	540,000

**Amount Outstanding**

<b>PARTY</b>	<b>31st March, 2011</b>	<b>31st March, 2010</b>
Sat Invest Pvt. Ltd.	155,000	29,583,990
Park Continental Ltd.	20,828,000	20,018,000
Shehnaz D. Ali	391,787	-
Space Age Polymers Pvt. Ltd.	15,000	25,000
Dawood Investments Pvt. Ltd.	-	3,169,500

**12. SEGMENT INFORMATION**

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

13. The quantity details of inventory for foreign branch of the Company are subject to verification and relied upon as per the information provided by the management.

14. During the year the Company has allotted 3300000 warrants on 13-11-2010 to M/s Sat Invest Pvt. Ltd. convertible into equity share of Rs.2/- each at a premium of Rs.39/- each within 18 months from the date of allotment. The Company has received Rs.3,38,25,000/- being 25% of the amount of share warrants within the stipulated time and same is shown in shareholders fund after the share capital of the Company.

**15) Consolidated Earning per Share:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Year ended 31st March 2011</b>	<b>Year ended 31st March 2010</b>
a)	Earning Attributable to Equity Shareholders for Basic EPS	Rs. 18,523,026	Rs. 19116776
b)	Adjusted for the purpose of diluted EPS	NA	NA
c)	Earning Attributable to Equity Shareholders for Diluted EPS	Rs. 18,523,026	Rs. 19116776
d)	Weighted Average Equity Shareholders for Basic EPS	39,075,000	39,075,000
e)	Add: Potential Equity Shares on Conversion of Share Warrant	1,256,712	NA
f)	Weighted Average Equity Shareholders for Diluted EPS	4,03,31,712	NA
g)	Basic Earning Per Share (c) / (d)	0.47	0.49
h)	Diluted Earning Per Share (c) /(f)	0.46	NA

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

**(DEEPA RATHI)**  
Partner

Membership No. 104808

Firm Registration No. 104502W

Place : Mumbai

Dated : 27-08-2011

For and on behalf of the Board

**SHEHNAZ D. Ali**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

**R. KABRA & CO.**

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

**AUDITORS' REPORT**

The Members,  
**Sat Industries Limited**  
Mumbai,

We have audited the attached Balance Sheet of Sat Industries Limited, as at 31st March, 2011 the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

In accordance with the provision of section 227 of companies act,1956,we report that 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 considered appropriate and in terms of the information and explanation given to us, we give in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order to the extent applicable to the company.

Further to our comments in the Annexure referred 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, the Company has kept proper books of account as required by law, so far as appear from our examination of such books of account.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the

company and for Company's foreign branch financial statement for the year ended on 31<sup>st</sup> March, 2011, we have relied upon the local auditors who have carried out audit for the year ended as on that date.

- (d) In our opinion, the balance sheet, profit & loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March 2011 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 explanations given to us the said accounts read together with note no. 3 regarding Company's position on sundry debtors of INR 38,006,086/- out of which substantial amount of INR 34,394,168/- (foreign currency AED 2,789,968/-) is outstanding from its foreign branch which has been relied upon by us without any independent verification, note no.9 regarding non provision for diminution in value of investments in subsidiary companies , note no 10 regarding quantity details which are relating to foreign branch are subject to independent verification, and note no.16 regarding non appointment of company secretary, and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India –
  - (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.
  - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Mumbai  
Dated: 27-08-2011

**(DEEPA RATHI)**  
Partner  
Membership No. 104808  
Firm Registration No. 104502W

**Annexure referred to in our report of even date**

- (i) (a) The company has maintained fixed assets register showing full particulars, including quantitative details and situation of fixed assets;  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were found at the time of physical verification
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the management.  
(b) The procedures of physical verification of inventory followed by the management as explained to us are reasonable and adequate in relation to the size of the company and the nature of its business although at the end of the year there are no inventories.  
(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) In our opinion and according to the information and explanation given to us, the Company has not granted unsecured loans to companies, firms or other parties covered in the register maintained U/s 301 of the Act during the year, so the clause iii (b), (c) and (d) of the order is not applicable.  
(e) In our opinion and according to the information and explanation given to us, the company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Act. The number of parties are 9, maximum outstanding during the year is Rs.61,906,878 and balance as on 31/03/11 is Rs.26,890,088/-.  
(f) The terms and conditions of unsecured loans taken are prima facie not prejudicial to the interest of the company.  
(g) Regular repayment of the interest free principal amount of unsecured loans are not applicable as it is repayable on demand.
- (iv) In our opinion and according to the information and explanation given to us, the company has an adequate internal control procedure commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) (a) In our opinion and according to the information and explanation given to us, the company is in the **process of updating the register for transactions** that need to be entered into a register in pursuance of section 301 of the Act;  
(b) As per information and explanation given to us, the transactions entered with the parties covered u/s 301 of The Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the clause (vi) of the order is not applicable to the Company, as the company has not accepted any public deposit.
- (vii) In our opinion, the Company has an internal audit system **through internal controls, however the scope and coverage of which needs to be strengthened to make it commensurate with the size of the company and nature of its business.**
- (viii) As explained to us, maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the company.
- (ix) (a) As explained to us by the management, since the number of employees are falling below the limit, therefore provident fund, Investor Education and Protection Fund, Employees State Insurance are not applicable to the Company. The Company is regular in depositing undisputed statutory dues relating to Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess wherever applicable and other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.  
(b) According to the records of the company, the dues of sales tax, income tax, customs, wealth tax, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are NIL.
- (x) The Company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses in current financial year and in the immediately preceding financial year.
- (xi) The company has not taken any loans from financial institution or bank or debenture holders, so the question of default in repayment does not arise.
- (xii) The clause (xii) of the order is not applicable to the company, as the company has not granted loans and advances on the basis of security.
- (xiii) The clause (xiii) of the order is not applicable to the Company, as the company is not a chit fund/nidhi company.
- (xiv) The Company has invested in subsidiaries's / associates share capital, except this, the company does not have any other investment. Investments have been held by the Company in its own name.
- (xv) The Company has not received any term loan during the year, so the clause (xv) of the order is not applicable.
- (xvi) The Company has not given any guarantee for loans taken by others from banks or financial institutions, therefore clause (xvi) is not applicable.
- (xvii) As per information and explanation given to us and on the overall examination of balance sheet, we have found that the funds raised on short term basis have not been used for long term investment.
- (xviii) As per information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year.
- (xix) Since the Company has not issued any debentures during the year, the question of security or charge created does not arise.
- (xx) The Company has not raised money through public issue and therefore clause xx of the order is not applicable to the company.
- (xxi) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor we have been informed of such case by the management.

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

**(DEEPA RATHI)**

Partner

Membership No. 104808

Firm Registration No. 104502W

Place : Mumbai

Dated: 27-08-2011

**BALANCE SHEET AS AT 31st MARCH 2011**

(Figure in Rs.)

PARTICULARS	SCHEDULE	CURRENT YEAR AS AT 31.3.2011	PREVIOUS YEAR AS AT 31.3.2010
<b>1. SOURCE OF FUNDS :-</b>			
1. <b>Shareholders Funds :-</b>			
Share Capital .....	"A"	78,150,000	78,150,000
Share Warrant .....		33,825,000	0
Reserve & Surplus .....	"B"	128,855,327	127,794,379
2. <b>LOAN FUNDS :</b>			
Secured Loans .....	"C"	2,118,268	2,758,527
Unsecured Loans .....	"D"	26,890,088	58,752,091
<b>TOTAL .....</b>		<b>269,838,683</b>	<b>267,454,997</b>
<b>2. APPLICATION OF FUNDS :-</b>			
1. <b>Fixed Assets :</b>			
a. Gross Block .....	"E"	5,547,572	5,500,447
b. Less Accumulated Depreciation .....		2,829,614	1,935,581
c. Net Block .....		<b>2,717,958</b>	<b>3,564,866</b>
2. Investment : .....	"F"	227,798,523	230,998,523
3. Current Assets, Loans and Advances .....			
a. Sundry Debtors .....		38,006,086	31,134,510
b. Cash and Bank Balance .....		328,079	313,590
c. Loans and Advances .....		451,897	1,997,814
		<b>38,786,062</b>	<b>33,445,914</b>
Less : Current Liabilities & Provisions .....	"H"	684,686	1,315,272
Net Current Assets. ....		<b>38,101,376</b>	<b>32,130,642</b>
4. Deferred Tax Assets .....		1,220,826	760,966
<b>TOTAL</b>		<b>269,838,683</b>	<b>267,454,997</b>

**SIGNIFICANT ACCOUNTING POLICIES &**
**NOTES ON ACCOUNTS .....** "O"

As per our Annexed Report of even date  
For **R. KABRA & CO.**  
Chartered Accountants

For and on behalf of the Board

**(DEEPA RATHI)**

Partner  
Membership No. 104808

Firm Registration No.: 104502W

Place : Mumbai  
Dated : 27-08-2010

**SHEHNAZ D. ALI**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

(Figure in Rs.)

PARTICULARS	SCHEDULE	CURRENT YEAR AS AT 31.3.2011	PREVIOUS YEAR AS AT 31.3.2010
<b>INCOME :</b>			
Sales .....	"I"	203,957,713	117,051,701
Other Income .....	"j"	-	12,332,901
Total .....		<b>203,957,713</b>	<b>129,384,602</b>
<b>EXPENDITURE :</b>			
Purchases .....	"K"	192,410,095	110,092,840
Employee Cost .....	"L"	2,583,554	3,582,072
Operating & other expenses .....	"M"	7,109,233	14,315,148
Depreciation .....	"E"	948,815	828,135
Interest .....	"N"	268,273	477,954
Total .....		<b>203,319,970</b>	<b>129,296,149</b>
Profit for the year before Taxation .....		637,743	88,453
Less : Provision for Taxation			
i) Current tax .....		130,000	8,000
ii) Deferred tax .....		(459,860)	(68,786)
Profit after Taxation .....		<b>967,603</b>	<b>149,239</b>
Add/Less: Excess(Short) Provision of Income Tax for the earlier years		74	(7,664)
<b>Balance carried to Balance Sheet .....</b>		<b>967,677</b>	<b>141,575</b>

**EARNING PER SHARE**

BASIC Earning per share	0.0250	0.003
DILUTED Earning per share	0.0240	-
Face Value per share	Rs. 2/-	Rs. 2/-

**SIGNIFICANT ACCOUNTING POLICIES &**
**NOTES ON ACCOUNTS .....** "O"

As per our Annexed Report of even date  
For **R. KABRA & CO.**  
Chartered Accountants

For and on behalf of the Board

**(DEEPA RATHI)**

Partner  
Membership No. 104808

Firm Registration No.: 104502W

Place : Mumbai  
Dated : 27-08-2011

**SHEHNAZ D. ALI**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011**

(Amount in Rupees)

	Year ended 31-03-2011	Year ended 31-03-2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax.....	637,743	52,838
Adjustments for :		
Depreciation .....	948,815	828,135
Profit on sale of investments .....	-	(10,749,650)
Profit on sale of Fixed Assets .....	-	(83,251)
<b>Operating Profit before working capital changes .....</b>	<b>1,586,558</b>	<b>(9,951,928)</b>
Adjustments for :		
Trade & Other Receivables .....	(5,325,659)	19,862,731
Trade & Other Payable.....	(752,586)	(8,654,938)
<b>Cash Generated from Operations .....</b>	<b>(4,491,687)</b>	<b>1,255,865</b>
Gratuity Payment .....	-	(127,070)
Direct Tax Paid .....	(7,926)	(811,987)
<b>Net Cash Flow from Operating Activities.....</b>	<b>(4,499,613)</b>	<b>316,808</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES .....</b>		
Purchase of Fixed Assets.....	(101,907)	(3,630,128)
Sale of Fixed Assets .....	-	289,500
Acquisition of Companies .....	-	-
Purchase of Investments .....	-	(21,135,000)
Share Application Money .....	3,200,000	(3,200,000)
Sale of Investments.....	-	32,248,950
<b>Net inflow/(outflow) in Investing Activities .....</b>	<b>(3,098,093)</b>	<b>(4,573,322)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES .....</b>		
Repayment of secured Loan .....	(640,259)	2,246,081
Repayment of Unsecured Loan .....	(31,862,003)	(3,483,227)
Proceeds against Share Warrants .....	33,825,000	-
<b>Net inflow/(outflow) in Financing Activities.....</b>	<b>1,322,738</b>	<b>(1,237,146)</b>
<b>D) Foreign Exchange Translation Reserve .....</b>		
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C+D)</b>	<b>14,489</b>	<b>(36,825)</b>
<b>Cash and Cash equivalents at the beginning .....</b>	<b>313,590</b>	<b>350,415</b>
<b>Cash and Cash equivalents at the close .....</b>	<b>328,079</b>	<b>313,590</b>

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

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

For and on behalf of the Board

**(DEEPA RATHI)**  
Partner

**SHEHNAZ D. ALI**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

Place : Mumbai  
Dated : 27-08-2011



**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

	(Figure in Rs.)	
	<b>Current Year</b>	<b>Previous Year</b>
	<b>31-03-2011</b>	<b>31-03-2010</b>
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised :</b>		
5,00,00,000 Equity Shares of Rs.2/- each .....	100,000,000	100,000,000
	<b>100,000,000</b>	<b>100,000,000</b>
<b>ISSUED AND SUBSCRIBED</b>		
39075000 (P.Y. 3,90,75,000) Equity Shares of Rs.2/- each fully paid up of which 3,12,50,000 Equity Shares of Rs.2 each fully paid up issued on Swap Basis to Shareholders of Sat E-Com Ltd., a wholly owned Subsidiary company.....	78,150,000	78,150,000
	<b>78,150,000</b>	<b>78,150,000</b>
<b>SCHEDULE "B"</b>		
<b>RESERVE AND SURPLUS</b>		
<b>(a) GENERAL RESERVES :</b>		
Opening Balance .....	4,800,254	4,800,254
Total .....	<b>4,800,254</b>	<b>4,800,254</b>
<b>(b) SHARE PREMIUM</b>		
Opening Balance .....	59,400,000	59,400,000
Add: During the year .....	-	-
Total .....	<b>59,400,000</b>	<b>59,400,000</b>
<b>(c) PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance .....	60,440,496	60,334,536
Add: During the year .....	967,677	105,960
.....	61,408,173	60,440,496
<b>(d) FOREIGN CURRENCY TRANSLATION RESERVE .....</b>		
Total (a + b + c + d) .....	<b>128,855,327</b>	<b>127,794,379</b>
<b>SCHEDULE "C"</b>		
<b>SECURED LOAN :</b>		
Kotak Mahindra Primus Ltd. .... (Secured against Hypothecation of car) .....	2,118,268	2,758,527
	<b>2,118,268</b>	<b>2,758,527</b>
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOAN :</b>		
From corporate bodies .....	26,498,301	58,752,091
From a Director .....	391,787	-
Total .....	<b>26,890,088</b>	<b>58,752,091</b>

**SCHEDULE 'E'  
FIXED ASSETS**
**Schedules Forming part of the Balance Sheet as on 31-03-2011**

(Figure in Rs.)

PARTICULARS	%	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		BALANCE AS ON 1.4.2010	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	BALANCE AS ON 31.03.2011	UP TO PROVIDED DURING THE YEAR	DEDUCTION	TOTAL	AS ON 31.03.2011	AS ON 31.03.2010	
FURNITURE & FIXTURE	18.10	1,322	-	-	1,322	1,301	4	-	1,305	17	21
OFFICE EQUIPMENT	13.91	175,734	15,000	-	190,734	149,258	13,366	54,782	107,842	82,892	81,258
COMPUTERS	40.00	206,307	86,907	-	293,214	173,092	42,144	-	215,236	77,978	33,215
CARS	25.89	5,062,302	-	-	5,062,302	1,611,930	893,301	-	2,505,231	2,557,071	3,450,372
<b>CURRENT YEAR (TOTAL)</b>		<b>5,445,665</b>	<b>101,907</b>	<b>-</b>	<b>5,547,572</b>	<b>1,935,581</b>	<b>948,815</b>	<b>54,782</b>	<b>2,829,614</b>	<b>2,717,958</b>	<b>3,564,866</b>
<b>PREVIOUS YEAR (TOTAL)</b>		2,642,970	3,630,128	772,651	5,500,447	1,673,848	828,135	566,402	1,935,581	3,564,866	960,930

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

	(Figure in Rs.) <b>Current Year 31-03-2011</b>	<b>Previous Year 31-03-2010</b>
<b>SCHEDULE "F"</b>		
<b>INVESTMENT ( AT COST )</b>		
1. SHARES (UNQUOTED)		
a. 5,00,000 Equity shares of Rs.10/- each of Sat E-Com Ltd (wholly owned subsidiary) fully paid up.	62,500,000	62,500,000
b. 100 (P.Y.100) Equity shares of AED 94520/- each of Sat Middleast Ltd. UAE (wholly owned subsidiary) fully paid up	116,712,723	116,712,723
c. 1,95,37,500 shares of Rs.2/- each (P.Y. 38,15,430) Share of Rs.10/-each) of sah Polymers Ltd. (Associate) fully paid up	39,075,000	39,075,000
d. 9,51,080 (P.Y. 9,51,080) shares of Rs.10/- each of Sat Realty Ltd. (subsidiary) fully paid up	9,510,800	9,510,800
2. SHARE APPLICATION MONEY IN SAHIL POLYTEX PVT. LTD.		3,200,000
<b>TOTAL .....</b>	<b>227,798,523</b>	<b>230,998,523</b>
Aggregate amount of unquoted shares.....	227,798,523	227,798,523
<b>SCHEDULE "G"</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
<b>CURRENT ASSETS :</b>		
<b>A. Sundry Debtors</b>		
(Unsecured Considered good)		
(I) Over six months .....	3,611,918	3,611,918
(II) Less than six months .....	34,394,168	27,522,592
.....	<b>38,006,086</b>	<b>31,134,510</b>
<b>B. Cash and Bank Balance .....</b>		
Cash in hand .....	19,142	115,463
Bank Balance with Scheduled Banks		
In current Account .....	306,977	188,822
HSBC Bank Middleeast Ltd. ....	1,960	9,305
( Non Scheduled Bank - Maximum Balance Rs. 104,786/-)		
.....	<b>328,079</b>	<b>313,590</b>
<b>C. LOANS AND ADVANCES : .....</b>		
(Unsecured, considered good) .....		
Amount recoverable in cash or in kind or for value to be received		
a) Sundry Advances & Deposits .....		
i) Loans & Advances to employees .....	144,000	160,000
ii) Advances - others .....	130,158	98,000
iii) Prepaid Expenses .....	6,500	13,247
b) Advance payment of taxes including FBT .....	171,239	171,239
.....	<b>451,897</b>	<b>1,997,814</b>
<b>Total Current Assets (A+B+C) .....</b>	<b>38,786,062</b>	<b>33,445,914</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

	(Amount in Rupees)	
	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE "H"</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
<b>A) 1) Sundry Creditors for Goods, Services &amp; Expenses</b>		
1) Sundry creditors .....	158,178	145,496
2) Other Liabilities .....	396,508	1,161,776
.....	<b>554,686</b>	<b>1,307,272</b>
<b>B) PROVISIONS :</b>		
Provision for tax.....	130,000	8,000
.....	<b>130,000</b>	<b>130,000</b>
TOTAL (A+B) .....	<b>684,686</b>	<b>1,315,272</b>
<b>Schedules forming part of the Profit and Loss Account for the year ended 31-03-2011</b>		
<b>SCHEDULE "I"</b>		
<b>SALES</b>		
Overseas Branch Sales .....	203,957,713	117,051,701
.....	<b>203,957,713</b>	<b>117,051,701</b>
<b>SCHEDULE "J"</b>		
<b>OTHER INCOME</b>		
Income from Sale of Investments .....	-	10,749,650
Income from Sale of Fixed Assets .....	-	83,251
Income from Commission.....	-	1,500,000
<b>Total</b> .....	<b>-</b>	<b>12,332,901</b>
<b>SCHEDULE "K"</b>		
<b>PURCHASES</b>		
Overseas Branch Purchases .....	192,410,095	110,092,840
.....	<b>192,410,095</b>	<b>110,092,840</b>
<b>SCHEDULE "L"</b>		
<b>EMPLOYEE COSTS</b>		
Directors Remuneration .....	1,439,250	1,379,500
Salary & Bonus.....	1,004,506	2,202,572
Gratuity .....	139,798	35,615
.....	<b>2,583,554</b>	<b>3,617,687</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

	(Amount in Rupees)	
	<b>Current Year 31-03-2011</b>	<b>Previous Year 31-03-2010</b>
<b>SCHEDULE "M"</b>		
<b>OPERATING &amp; OTHER EXPENSES :</b>		
Advertisement and Publicity .....	42,638	40,472
Auditors Remuneration .....	209,632	118,300
Bad Debts Written Off .....	-	6,416,410
Bank Charges and Commission .....	18,163	1,347
Business Promotion Exp. ....	425,049	243,732
Conveyance Expenses .....	81,833	66,572
Depository & Listing Charges .....	104,785	106,410
Electricity Expenses .....	120,439	346,048
Filing Fees .....	14,600	8,300
Hospitality Expenses .....	181,203	113,843
Keyman Insurance.....	167,673	167,673
Membership and subscriptions.....	42,559	32,020
Office Expenses .....	990,482	1,581,078
Printing/Stationery Expenses .....	245,284	216,225
Professional Charges .....	505,862	244,406
Rent .....	310,000	1,471,200
Selling & Distribution expenses.....	2,113,226	2,933,151
Telephone & Communication Expenses .....	801,810	820,322
Travelling Expenses .....	538,548	211,325
Vehicle Running & Maintenance .....	195,447	277,514
<b>TOTAL</b>	<b>7,109,233</b>	<b>14,315,148</b>
<b>SCHEDULE "N"</b>		
<b>INTEREST</b>		
Interest on Car Loan .....	268,273	477,954
<b>TOTAL.....</b>	<b>268,273</b>	<b>477,954</b>

**SCHEDULE 'O' :**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES**

**1) METHOD OF ACCOUNTING**

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

**2) FIXED ASSETS**

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

**3) DEPRECIATION**

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

**4) IMPAIRMENT OF ASSETS**

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

**5) INVESTMENTS**

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

**6) REVENUE RECOGNITION**

- a) Sales are recognised on despatch of goods to customers

**7) FOREIGN EXCHANGE TRANSACTIONS**

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

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

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

**8) RETIREMENT BENEFITS**

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

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

## 9) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

## 10) EARNING PER SHARE

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

## 11) TAXATION

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

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

## 12) CASH FLOW STATEMENT

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

## 12) INVENTORIES

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

## NOTES ON ACCOUNTS:

- 1) Contingent Liability: Nil
- 2) Deferred Tax Asset for the year is as under :

	<b>31 March 2011 (Rs.)</b>
i) Deferred tax asset related to fixed assets	192,611
ii) Deferred tax asset related to losses	1,028,215
<b>Total</b>	<b>1,220,826</b>

- 3) The total outstanding of sundry debtors as on year end is Rs. 38,006,086/- (P.Y. Rs. 31,134,510) out of which substantial amount of debtors of Rs. 34,394,168/-(P.Y. Rs. 26,674,842) (foreign currency AED 2,789,968 (P.Y Rs. 2,175,762) is outstanding from its foreign branch for which confirmations are awaited.
- 4) a) In the opinion of the management and to the best of their knowledge and belief the value on realisation of loans, advances and other current assets in the ordinary course of the business shall not be less than the amount at which they are stated in Balance Sheet. Further provisions have been made for all known and accrued liabilities.
- b) The outstanding balances of Debtors, Creditors, Loans and advances either debit or credit are subject to confirmation by the parties.
- 5) a) As per the opinion of the Management, the creditors outstanding in the balance sheet except creditors for foreign branch to whom the Company owes dues on account of principal amount together with interest do not fall in the category of Micro, Small & Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, and accordingly no additional disclosures have been made by the management. In the absence of confirmation from the creditors and based on the management explanation as above the facts are relied upon by us.
- b) No comments are offered on the creditors outstanding in the balance sheet of foreign branch of the company as the audit of foreign branch is done by local auditors.
- 6) Figures relating to previous year have been regrouped/ rearranged wherever necessary.
- 7) Since there is no commission payable to directors, the mode of computation of net profit as required U/S 198 & 349 of the Companies Act, 1956 is not given.

8) **AUDITORS REMUNERATION**

	<b>2010-11</b>	<b>2009-10</b>
Statutory Audit Fees	75,000	75,000
Tax Audit Fees	25,000	25,000
Branch Audit Fees	99,332	78,000
Service Tax	10,300	10,300
	<b>2,09,632</b>	<b>1,88,300</b>
	=====	=====

9) **The company has the following investment in the subsidiaries/Associates:-**

Sr.No.	Name	Amount(Rs) (current year)	% of holding	Amount(Rs) (previous year)	% of holding	Relationship
1	Sat E-Com Ltd	6,25,00,000	100	6,25,00,000	100	Subsidiary
2	Sat Middle East Ltd	11,67,12,723	100	11,67,12,723	100	Subsidiary
3	Sat Realty Ltd	95,10,800	95.108	95,10,800	95.108	Subsidiary
4	Sah Polymers Ltd.	3,90,75,000	41.29	3,90,75,000	41.29	Associate

Even though no yield is received from these subsidiary/Associate companies, the provision for erosion in value if any, of these investments are not made since in the opinion of management, these are long term and do not require provisioning.

- 10) Additional information pursuant to paragraphs nos. 3 & 4 of part II of Schedule VI of the Companies Act, 1956 as certified by the management.



	ITEM (UOM)	Opening Stock		Purchase		Sales		Closing Stock	
		Qty	Amt (Rs.)	Qty	Amt (Rs.)	Qty	Amt (Rs.)	Qty	Amt (Rs.)
A	Steel/Galume	-	-	-	-	-	-	-	-
	Coils(MT)	-	-	6361.17	192410095	6361.17	203957713	-	-
	(Previous Year)	-	-	(3030.30)	(110092840)	(3030.30)	(117051701)	-	-
B	Earning in Foreign Currency (UAE Branch)			<b>Current Year</b>		<b>Previous Year</b>			
	FOB value of export (on accrual basis)			Rs.203957713		Rs.117051701			
C	Expenses in Foreign Currency (UAE Branch)			Rs.196344263		Rs.123420479			

The quantity details as mentioned above are relating to UAE branch and therefore details are subject to verification and are relied upon as per the information provided by the management.

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

Name of the Related Party	Nature of relationship	Transaction Types
Mr. H.K. Turgalia	Wholtime Director	Remuneration
Mrs. Shehnaz D. Ali	Wholtime Director	a) Remuneration b) Keyman Insurance Premium paid c) Unsecured Loan Taken d) Unsecured Loan Repayment
Sat Invest Pvt. Ltd.	Promoter Company & Major Shareholder	1. Rent Payment 2. Sale of Shares 3. Unsecured Loan Taken 4. Advance Against Share Warrant
Park Continental Ltd.	Shareholder of the Company	Unsecured Loan Taken Unsecured Loan Repayment
Sah Polymers Ltd.	Associate	Investments
Sat Realty Ltd.	Subsidiary Company	Unsecured Loan
Sat Middleeast Ltd.	Wholly Owned Subsidiary Company	Investment & Sale of Shares
Space Age Polymers Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken & Repayment
Dawood Investments Pvt. Ltd.	Shareholder of the Company	Unsecured Loan Taken & Repayment
Sat E-Com Ltd.	Wholly Owned Subsidiary Company	No transactions during the year

**Volume of Transactions :**

(Rs.)

NATURE	31st March, 2011	31st March, 2010
Remuneration	1,439,250	1,379,500
Keyman Insurance Premium	167,673	167,673
Unsecured Loan Taken	13,166,679	8,236,569
Unsecured Loan Repaid	45,028,682	18,469,846
Sale of Share	Nil	32,248,950
Advance against Share Warrent	33,825,000	Nil
Investment	Nil	22,960,000

**Amount Outstanding**

<b>PARTY</b>	<b>31st March, 2011</b>	<b>31st March, 2010</b>
Sat Invest Pvt. Ltd.	155,000	29,583,990
Park Continental Ltd.	20,828,000	20,018,000
Shehnaz D. Ali	391,787	-
Space Age Polymers Pvt. Ltd.	15,000	25,000
Dawood Investments Pvt. Ltd.	-	3,169,500
Sat Realty Ltd.	2,034,000	2,034,000

**12) SEGMENT INFORMATION**

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

- 13) During the year the Company has allotted 3300000 warrants on 13-11-2010 to M/s Sat Invest Pvt. Ltd. convertible into equity share of Rs.2/- each at a premium of Rs.39/- each within 18 months from the date of allotment. The Company has received Rs.3,38,25,000/- being 25% of the amount of share warrants within the stipulated time and same is shown in shareholders fund after the capital of the Company.
- 14) In the opinion of management, there is no impairment of fixed assets as prescribed in the accounting standard (AS-28) on impairment of assets.
- 15) The Company's foreign branch situated at U.A.E. is audited by the local auditor for the financial year ended on 31<sup>st</sup> March, 2011.
- 16) The company has not appointed whole-time company secretary as required by the provisions of section 383A of the Companies Act, 1956. The company may face penalty for contravention of the section. However, to appoint a Company Secretary, Company is continuously making efforts and looking for right person but the effort has not been materialized

**17) Earning per Share:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Year ended 31st March 2011</b>	<b>Year ended 31st March 2010</b>
a)	Earning Attributable to Equity Shareholders for Basic EPS	Rs. 9,67,677	Rs. 1,05,960
b)	Adjusted for the purpose of diluted EPS	NA	NA
c)	Earning Attributable to Equity Shareholders for Diluted EPS	Rs. 9,67,677	Rs. 1,05,960
d)	Weighted Average Equity Shareholders for Basic EPS	39,075,000	39,075,000
e)	Add: Weighted Average Potential Equity Shares on Conversion of Share Warrant	1,256,712	NA
f)	Weighted Average Equity Shareholders for Diluted EPS	4,03,31,712	NA
g)	Basic Earning Per Share (a) / (d)	0.025	0.003
h)	Diluted Earning Per Share (c) / (f)	0.024	NA

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

**(DEEPA RATHI)**  
Partner

Membership No. 104808

Firm Registration No. 104502W

Place : Mumbai

Dated : 27-08-2011

For and on behalf of the Board

**SHEHNAZ D. Ali**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE & REGISTRATION DETAILS**

<b>I</b>	Registration No.:	34632
	Balance Sheet Date :	31-03-2011
	State Code :	11

**II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)**

Public Issue :	NIL
Bonus Issue :	NIL
Right Issue	NIL
Private Placement :	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND)**

<b>TOTAL LIABILITIES</b>	269,838	<b>TOTAL ASSETS</b>	269,838
<b>SOURCES OF FUNDS :</b>		<b>APPLICATION OF FUNDS</b>	
Paid-up Capital	78,150	Net Fixed Assets	2,718
Share Warrant	33,825	Investment	227,798
Reserve & Surplus	128,855	Net Current Assets	38,101
Secured Loans	2118	Deferred Tax	1221
Unsecured Loans	26,890		

**IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSAND)**

Total Income :	203,958	Total Expenditure :	203,320
Profit/(Loss) Before Tax :	638	Profit/(Loss) After Tax :	968
Earning Per Share in Rs.	0.025	Dividend Rate (%) :	NIL

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

Item Code No. (ITC Code):	N.A.
Product Description :	GENERAL TRADING

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

For and on behalf of the Board

**(DEEPA RATHI)**

Partner  
Membership No. 104808

Firm Registration No. 104502W

Place : Mumbai  
Dated : 27-08-2011

**SHEHNAZ D. ALI**  
Wholetime Director

**H.K. TURGALIA**  
Wholetime Director



If undelivered please return to :  
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