

28th

# ANNUAL REPORT 2011-12

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## SAGAR SYSTECH LIMITED

### Board of Directors

Mr. Mukesh Babu  
Mr. K. Chandrasekhar  
Mr. Benny Itty

### Main Bankers

Oriental Bank of Commerce

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### Auditors

Chaitanya C. Dalal & Co  
Chartered Accountants  
111, Maker Chambers III  
223, Nariman Point,  
Mumbai - 400021.

### Registered Office

12A/1, New Sion Co-op.Hsg. Soc. Ltd.  
Sion - West,  
Mumbai - 400 022.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

The Directors have pleasure in presenting 28<sup>th</sup> Annual Report and Statement of accounts for the year ended 31<sup>st</sup> March 2012.

<b><u>FINANCIAL RESULTS</u></b>	<b><u>CURRENT YEAR</u></b> ₹	<b><u>PREVIOUS YEAR</u></b> ₹
TOTAL INCOME	<u>702,200</u>	<u>721,200</u>
Profit/(Loss) before Interest, Depreciation & Tax	584,110	616,985
Less : Interest	-	-
Gross Profit	584,110	616,985
Less : Depreciation	824	1,948
Profit/(Loss) before Taxation	583,286	615,037
Add/(less) : Taxation	(64,352)	603
Net Profit/(Loss) after Taxation	<u>518,934</u>	<u>615,640</u>

### YEAR IN RETROSPECT

The company has earned Net profit after Tax of ₹ 5.19 as compared to net loss ₹ 6.16 lacs in the previous year.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

#### **DIRECTORS**

Mr.K. Chandrasekhar who retires by rotation and being eligible, offers himself for re-appointment.

#### **FIXED DEPOSITS**

The company has not accepted any deposit from the public during the year.

#### **DIVIDEND**

The company do not recommend dividend for the year.

#### **AUDITORS**

The current Auditors M/s. Chaitanya C. Dalal & Company retire on the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

As the company is a service company, no particulars have been given regarding conservation of Energy and Technology Absorption.

Foreign Exchange earning and outgo during the year – ₹ Nil (Previous Year ₹ Nil).

#### **PARTICULARS OF EMPLOYEES**

Since the Company did not employ persons drawing remuneration in excess of ₹ 500,000 per month or ₹ 60,00,000 per annum, the information pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

#### **CASH FLOW ANALYSIS**

As per clause 32 of the Listing Agreement the cash flow statement has been attached to the Balance Sheet as on 31<sup>st</sup> March 2012 and Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012.

#### **ACKNOWLEDGEMENTS**

Your directors wish to thank the company's bankers and shareholders for their co-operation.

**FOR AND ON BEHALF OF THE BOARD  
SAGAR SYSTECH LTD.**

**MUKESH BABU  
DIRECTOR**

**Place : Mumbai**

**Date : 13<sup>th</sup> August 2012.**

## AUDITORS' REPORT

To,  
The Members,  
**SAGAR SYSTECH LIMITED**  
Mumbai

We have audited the attached Balance Sheet of **SAGAR SYSTECH LIMITED** as at 31<sup>st</sup> March, 2012 and Profit and Loss Account and Cash Flow as on that date 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(s). An audit includes examining on a test basis, evidence supporting the amount and disclosure in the financial statement. 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.

And we report that:

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion the Balance Sheet and Statement of Profit and Loss and 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.

- (v) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon give the information required by the Companies Act, 1956, in the manner so required and in conformity with the accounting principles generally accepted in India and give a true and fair view :
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012,
  - (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
  - (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Chaitanya C. Dalal & Co.  
Chartered Accountants

Chaitanya C. Dalal  
Partner  
Membership No. 35809  
FRN.: 101632W

Place: Mumbai  
Date: 13<sup>th</sup> August 2012.

## **Annexure to the Auditors' Report**

### **Re: Sagar Systech Limited**

As required by the Companies (Auditor's Report) Order 2003 including the Companies (Auditor's Report) (Amendment) 2004 issued by the Central Government of India in term of Section 227(4A) of the Companies Act 1956 and on the basis of such checks as we considered appropriate we report that: -

- (i)
  - a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. These fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification.
  - c. As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) The Company did not carry any inventory during the year. Accordingly, the clauses as to physical verification of inventory at reasonable intervals, the procedures of physical verification of inventory followed by the management, and maintenance of proper records of inventory are not applicable.
- (iii) The Company has neither taken nor granted any unsecured loans to any party covered in the register maintained under section 301 of the Act. Since unsecured loans neither taken nor granted to any party covered in the register maintained under section 301 of the Act reporting under Clause (b) , (c), and (d) are not required.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and revenue recognition. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal procedures.
- (v)
  - a. In our opinion and according to the information and explanations given to us. The transactions that need to be entered into the register in pursuance of Section 301 of Act have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakh in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from public; hence question of complying with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii)
  - a. The Act relating to ESIC, and PF are not applicable to the company and According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including investor education and protection fund, income tax, sales-tax, wealth tax, customs duty, excise duty, Cess and other material statutory dues, if any, as applicable

with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues were outstanding as at 31<sup>st</sup> March 2012, for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us there is no disputed dues of sales tax/income tax/custom tax/wealth tax/excise duty/Cess have been deposited on account of any dispute.
- (ix) The Company has no accumulated losses as at 31<sup>st</sup> March 2012, and not incurred any cash losses in the years and has not incurred cash losses in the immediately preceding financial year.
- (x) Company has not granted loan against pledge of shares, debentures and other securities; hence question of Maintenance of adequate documents and records of pledge of shares, debentures and other securities, does not arise.
- (xi) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xii) The Company has not availed any term loans facility during the year, hence, question of using of it for the purposes for which they were obtained does not arise.
- (xiii) The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein, if any. The investments are held by the company in its own names except those allowable under section 49 of the Companies Act, 1956.
- (xiv) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised as working capital loans (short term loans) that have been used for long-term investment and vice versa.
- (xv) The Company has not made any preferential allotments of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xvi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xvii) The other clauses, namely (viii), (xiii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable in the current year. Since in our opinion there is no matter which arises to be reported in the aforesaid order.

For Chaitanya C. Dalal & Co.  
Chartered Accountants

Chaitanya C. Dalal  
Partner  
Membership No. 35809  
FRN.: 101632W

Place: Mumbai  
Date: 13<sup>th</sup> August 2012.

**SAGAR SYSTECH LIMITED**  
**BALANCE SHEET AS ON MARCH 31, 2012**

Particulars	Note No.	March 31, 2012		March 31, 2011	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	3,200,000		3,200,000	
(b) Reserves and surplus	2	4,212,473		3,693,539	
(c) Money received against share warrants		-	7,412,473	-	6,893,539
<b>2 Share application money pending allotment</b>			-		-
<b>3 Non-current liabilities</b>					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)		-		-	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions		-	-	-	-
<b>4 Current liabilities</b>					
(a) Short-term borrowings	3	285,982		285,982	
(b) Trade payables	4	3,450,000		4,000,000	
(c) Other current liabilities	5	11,236		11,030	
(d) Short-term provisions		-	3,747,218	-	4,297,012
<b>TOTAL</b>			11,159,691		11,190,551
<b>II. ASSETS</b>					
<b>Non-current assets</b>					
<b>1 (a) Fixed assets</b>	6				
(i) Tangible assets		-		10,756	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
				10,756	
(b) Non-current investments	7	9,217,135		9,217,135	
(c) Deferred tax assets (net)	8	193,948		258,300	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-	9,411,083	-	9,486,191
<b>2 Current assets</b>					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables		-		-	
(d) Cash and cash Balances	9	185,270		141,022	
(e) Short-term loans and advances	10	1,563,338		1,563,338	
(f) Other current assets		-	1,748,608	-	1,704,360
<b>TOTAL</b>			11,159,691		11,190,551

Contingent Liabilities & Commitments -  
NOTES ON ACCOUNT 13

AS PER OUR REPORT OF EVEN DATE  
FOR CHAITANYA C. DALAL & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF  
SAGAR SYSTECH LIMITED

(CHAITANYA C.DALAL)  
Partner  
Membership No.35809  
FRN NO. 101632W

Mukesh Babu  
Director

K. Chandrasekhar  
Director

Place : Mumbai  
Date :13th August 2012

Place : Mumbai  
Date :13th August 2012



**SAGAR SYSTECH LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	Note No.	March 31, 2012		March 31, 2011	
		₹	₹	₹	₹
I Revenue from operations			-		72,000
II Other income	11		702,200		649,200
III Total Revenue (I + II)			702,200		721,200
IV Expenses:					
Employee benefits expense		-		-	
Finance costs		-		-	
Depreciation and amortization expense	6	824		1,948	
Other expenses	12	118,090		104,215	
Total expenses			118,914		106,163
V Profit before exceptional and extraordinary items and tax (III-IV)			583,286		615,037
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			583,286		615,037
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			583,286		615,037
X Tax expense:					
(1) Current tax		-		-	
(2) Deferred tax		64,352	64,352	(603)	(603)
XI Profit (Loss) for the period from continuing operations (VII-VIII)			518,934		615,640
XII Profit (Loss) for the period (XI + XIV)			518,934		615,640
XIII Earnings per equity share:					
(1) Basic			1.62		1.92
(2) Diluted			1.62		1.92

**NOTES ON ACCOUNT**

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AS PER OUR REPORT OF EVEN DATE  
**FOR CHAITANYA C. DALAL & CO.**  
**CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF THE BOARD OF**  
**SAGAR SYSTECH LIMITED**

**(CHAITANYA C.DALAL)**  
**Partner**  
**Membership No.35809**  
**FRN NO. 101632W**

**Mukesh Babu**  
**Director**

**K. Chandrasekhar**  
**Director**

**Place : Mumbai**  
**Date :13th August 2012**

**Place : Mumbai**  
**Date :13th August 2012**

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**Note 1 SHARE CAPITAL**

Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 10 each	500,000	5,000,000	500,000	5,000,000
<b>Issued</b> Equity Shares of ₹ 10 each	320,000	3,200,000	320,000	3,200,000
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹ 10 each fully paid	320,000	3,200,000	320,000	3,200,000
<b>Subscribed but not fully Paid up</b> Equity Shares of ₹ 10 each, not fully paid up	-	-	-	-
<b>Total</b>	320,000	3,200,000	320,000	3,200,000

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars - Equity Shares	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	320,000	3,200,000	320,000	3,200,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	320,000	3,200,000	320,000	3,200,000

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956 -- (NIL)

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (more than 5%)

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mukesh Babu	120,000	38%	120,000	38%
Meena Mukesh Babu	90,000	28%	90,000	28%
Hemant Babu	16,500	5%	16,500	5%
Rasesh Maniar	30,000	9%	30,000	9%
Hiten Shah	30,000	9%	30,000	9%

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2012		March 31, 2011	
	Number	Description	Number	Description
<b>Equity Shares</b>	320,000	Parri Pasu	320,000	Parri Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**Note 2 RESERVES AND SURPLUS**

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
<b>h. Surplus</b>		
Opening balance	3,693,539	3,077,899
(+) Net Profit/(Net Loss) For the current year	518,934	615,640
Closing Balance	<b>4,212,473</b>	<b>3,693,539</b>
<b>Total Reserves &amp; Surplus</b>	<b>4,212,473</b>	<b>3,693,539</b>

**Note 3 SHORT-TERM BORROWINGS**

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
<u>Secured</u>	-	-
<u>Unsecured</u>		
(a) Loans repayable on demand		
from banks	285,982	285,982
from other parties	-	-
<b>Total Short Term Borrowings</b>	<b>285,982</b>	<b>285,982</b>

**Note 4 TRADE PAYABLES**

Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Trade Payables (Related parties)	3,450,000	4,000,000
(b) Others	-	-
<b>Total Trade Payables</b>	<b>3,450,000</b>	<b>4,000,000</b>

**Note 5 OTHER CURRENT LIABILITIES**

Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
<u>Outstanding Expenses</u>	11,236	11,030
<b>Total Current Liabilities</b>	<b>11,236</b>	<b>11,030</b>

SAGAR SYSTECH LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

**Note 6 FIXED ASSETS**

Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part of Schedule VI to the Companies Act, 1956

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	04/01/2011	Additions/ (Disposals)	31/03/2012	04/01/2011	Depreciation for the year	On disposals	31/03/2012	04/01/2011	31/03/2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>a. Tangible Assets</b>									
1 Furniture and Fixtures	75,500.00	(75,500.00)	0.00	71,948.00	322.00	(72,270.00)	0.00	3,552.00	0.00
2 Office equipment	106,440.00	(106,440.00)	0.00	99,236.00	502.00	(99,738.00)	0.00	7,204.00	0.00
<b>Total (Current Year)</b>	181,940.00	(181,940.00)	0.00	171,184.00	824.00	(172,008.00)	0.00	10,756.00	0.00
<b>Total (Previous Year)</b>	181,940.00	0.00	181,940.00	169,236.00	1,948.00	0.00	171,184.00	12,704.00	10,756.00

# SAGAR SYSTECH LIMITED

## NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

### Note 7 NON CURRENT INVESTMENTS

Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

Particulars		March 31, 2012	March 31, 2011
		₹	₹
<b>A. Other Investments (Quoted)</b>			
a.	Investment in Equity instruments	9,167,135	9,167,135
b.	Investment in Trust Securities	50,000	50,000
<b>Total Other Investments</b>		<b>9,217,135</b>	<b>9,217,135</b>

Particulars		March 31, 2012	March 31, 2011
		₹	₹
Aggregate amount of quoted investments (Market value of ₹ 1,05,68,115/- (Previous Year ₹ 1,25,72,765))		9,217,135	9,217,135
		<b>9,217,135</b>	<b>9,217,135</b>

A. Details of Other Investments					
Sr.	Name of the Body Corporate	No. of Shares / Units		Amount (₹)	
		31/03/2012	31.03.11	31/03/2012	31.03.11
1	2	4	5	.+	11
<b>a</b>	<b>Investment in Equity Instruments</b>				
	Mukesh Babu Financial Services Ltd (Associate company. Extent Of Holding 8.67%)	604,500	604,500	9,114,425	9,114,425
	Patheja Forging & Auto parts Mfg. Ltd	3,000	3,000	3,900	3,900
	Shree Cement Ltd	500	500	36,875	36,875
	Zenith Health Care Ltd	5,500	5,500	11,935	11,935
		613,500	613,500	9,167,135	9,167,135
<b>b.</b>	<b>Investment in Trust Securities</b>				
	UTI IEF	5,500	5,500	50,000	50,000
		5,000	5,000	50,000	50,000
	<b>Total</b>	<b>1,237,500</b>	<b>1,237,500</b>	<b>9,217,135</b>	<b>9,217,135</b>

Note:-

- 1 There is no investment in Joint Venture, Subsidiary, Associate or Controlled Company than stated above.
- 2 All the Investment are Fully paid up.
- 3 Whereever Extent of the of the Holding is known, is known than shown seperatly
- 4 All the Investment are stated at cost.
- 5 Adjustment if any is accounted on Split of face value of shares and Bonus Shares received during the year.

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**Note 8 DEFERRED TAX ASSET (NET)**

The Company has accounted for taxes on income in accordance with AS-22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

Particulars	March 31, 2012	March 31, 2011
	₹	₹
<b>Deferred tax liability</b>		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	5,707	9,049
Gross deferred tax liability	5,707	9,049
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	188,241	249,251
Gross deferred tax asset	188,241	249,251
<b>Net deferred tax liability / (asset)</b>	<b>193,948</b>	<b>258,300</b>

**Note 9 CASH AND CASH EQUIVALENTS**

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS</b>				
A. Balances with banks*				
In Current Accounts with Scheduled Banks		87,362		53,046
B. Cash on hand*		97,908		87,976
<b>Cash and Cash Equivalents</b>		<b>185,270</b>		<b>141,022</b>
C. Other Bank Balances		-		-
<b>Total Cash and Bank Balances (A+B+C)</b>		<b>185,270</b>		<b>141,022</b>

**Note 10 SHORT TERM LOANS AND ADVANCES**

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
<b>A. Loans and advances to related parties</b>		-		-
<b>B. Loans and advances to others</b>				
Unsecured, considered good		1,563,338		1,563,338
<b>Total Short-term loans and advances (A+B)</b>		<b>1,563,338</b>		<b>1,563,338</b>

**Note 11 OTHER INCOME**

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Dividend Income		702,200		649,200
<b>Total Other Income</b>		<b>702,200</b>		<b>649,200</b>

**Note 12 OTHER EXPENSES**

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Auditors Remuneration for Audit		11,236		11,030
Filing Fees		1,500		8,500
Listing Fees		16,545		11,030
Professional fees		36,200		27,951
Profession Tax		2,500		2,500
Publishing Expenses		50,109		43,204
<b>Total Other Expenses</b>		<b>118,090</b>		<b>104,215</b>

**Note – 13 :- – OTHER NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting Concepts:**

The financial statements are prepared on historical cost basis and as a going concern. Accounting Policies not referred to otherwise are consistent with generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of The Companies Act, 1956.

**2. Revenue Recognition:**

Company follows Mercantile System of accounting and recognizes Income and Expenditure on accrual basis with necessary provisions for all known liabilities. Accounting Policies not referred to otherwise, are consistent with generally accepted accounting principles.

**3. Fixed Assets and Depreciation:**

Fixed assets are carried at historical costs less accumulated depreciation. Fixed Assets are stated at cost. Fixed Asset of the Company has not been revalued during the year. Depreciation on Fixed Asset of the year has been provided on the written down value method in accordance in rates and manner provided in schedule XVI of Companies Act, 1956 wherever applicable.

**4. Investments :**

Investments are stated at cost of acquisition. No provision has been made in the accounts of the company for the depletion or appreciation in the value of the investments.

**5. Deferred Tax Assets / Liabilities:**

Deferred Tax assets and Liabilities are measured assuming the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

The company has accounted for taxes on income in accordance with AS – 22 accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / assets is charged / credited to Profit and Loss Account.

**6. Cash and Cash Equivalent:**

Cash and Cash Equivalent in the Balance Sheet comprise of cash at bank and cash on hand.

**B. NOTES TO THE ACCOUNTS:**

1. No provision for taxation has been made, since there is no liability of Taxes.
2. Bank overdraft balance is subject to reconciliation and confirmation.
3. As none of the employee is employed in service hence no provision for gratuity is required to be made and hence the disclosure required under AS-15 are not applicable
4. The Schedules referred to in the Balance Sheet and Profit and Loss Account form an integral part of the accounts.
5. **Current Assets Loans and Advances:**  
In the opinion of the management balances in Loans and Advances & Current Assets have approximate value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance sheet. According to the management provision for all the loans and liabilities are adequate. Balances in Creditors, Loans, and advances and current assets are subject to confirmation & reconciliation.

6. **Related Party Disclosure in accordance with Accounting Standard - 18:**

Name of the Associate Company : 1. Mukesh Babu Securities Limited

(₹ in Lacs)

Transactions During the year	Relationship	Current Year	Previous year
Net amount Payable as opening balance	Associates Company	40.00	45.66
Payment during the Year	Associates Company	5.50	06.16
Amount Received during year	Associates Company	00.00	00.50
Net amount Payable as Closing Balance	Associates Company	34.50	40.00

7. **Auditor's Remuneration:**

Auditor's remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956

Particulars	Current Year ₹	Previous Year ₹
For Audit Fees	11,236/-	11,030/-
Total	11,236/-	11,030/-

8. **Foreign Currency Transactions:**

There were no foreign exchange transactions during the year.

9. Earning per share is as follows.

Particulars	Current Year ₹	Current Year ₹
<b>Basic &amp; Diluted Earning per share</b>		
Net profit after Taxation	518,934	615,640
Number of shares issued (F.V. ₹10)	320,000	320,000
Basic earning per share	1.62	1.92

10. **Prior Period Comparatives:**

The Figures of the previous year are regrouped, rearranged and reclassified wherever necessary to correspond with those of current year.

11. The additional information pursuant to paragraph 3, 4, 4A, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956 is not applicable.

**Signatures to the Schedules '1' to '13'**  
**FOR CHAITANYA C. DALAL & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF**  
**SAGAR SYSTECH LIMITED**

(Chaitanya C. Dalal)  
Partner  
Membership No.35809  
FRN.No. 101632W

(Mukesh Babu)  
Director

(K. Chandrasekhar)  
Director

Place : Mumbai  
Date : 13<sup>th</sup> August 2012

Place : Mumbai  
Date : 13<sup>th</sup> August 2012



**SAGAR SYSTECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary Item		583,286		615,037
Adjustments for :				
Depreciation & Misc. Exp. Written off	824		1,948	
Loss on Sale on Investments	-		-	
Interest/Dividend (Received)	(702,200)		(649,200)	
Interest paid	-		-	
Excess Provision for Taxation	-	(701,376)	-	(647,252)
<b>Operating Profit Before Working Capital Changes</b>		<b>(118,090)</b>		<b>(32,215)</b>
Adjustments for:				
Sundry Debtors	-		-	
Loans and Advances	-		(72,000)	
Other Current Assets	-		-	
Sundry Creditors	(550,000)		(566,047)	
Other Liabilities	206	(549,794)	-	(638,047)
<b>Cash Generated from Operations</b>		<b>(667,884)</b>		<b>(670,262)</b>
Interest Paid		-		-
Direct Taxes Paid		-		-
Cash Flow Before Extraordinary Items		<b>(667,884)</b>		<b>(670,262)</b>
Extraordinary Items				-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(667,884)</b>		<b>(670,262)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	-		-	-
Sale of Fixed Assets	9,932		-	
Purchase of Investments	-		-	
Sale of Investments	-		-	
Interest & Dividend Received	702,200	712,132	649,200	649,200
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>712,132</b>		<b>649,200</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		-	
Repayment of Loan	-		-	
Interest paid	-		-	
Increase in Misc. & Public Issue Expenses	-	-	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>-</b>		<b>-</b>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		44,248		(21,062)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		141,022		162,084
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		185,270		141,022

As per our report of even date.

**FOR CHAITANYA C. DALAL & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF**  
**SAGAR SYSTECH LIMITED**

**(CHAITANYA C.DALAL)**  
Partner  
Membership No.35809  
FRN NO. 101632W

**Mukesh Babu**                      **K. Chandrasekhar**  
Director                                      Director

Place : Mumbai

Place : Mumbai

Date :13th August 2012

Date :13th August 2012