

# SATELLITE ENGINEERING LIMITED

## Board of Directors

|                         |                                |
|-------------------------|--------------------------------|
| Mr. Anand A Shah        | Chairman and Managing Director |
| Mr. Janak G Nanavati    | Director                       |
| Mr. Vinodchandra Parikh | Director                       |
| Mr. Aniket Shah         | Director                       |

### Auditors

M/s. Pradeepkumar H. Shah & Co.  
Chartered Accountants  
Ahmedabad

### Registered Office

404, Swagat Building, 4<sup>th</sup> Floor,  
Besides Lal Bungalow, C. G. Road,  
Ahmedabad- 380006

NOTICE FOR FORTY EIGHTH ANNUAL GENERAL MEETING

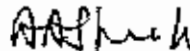
NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Company will be held at 404, Swagat Building, 4<sup>th</sup> Floor, Besides Lal Bungalow, C. G. Road, Ahmedabad- 380006 Gujarat, India on 30<sup>th</sup> September, 2010 at 12:30 p.m. to transact the following business:

ORDINARY BUSINESS:-

1. To receive and adopt the audited balance sheet as 31<sup>st</sup> March 2010 and profit & loss account of the Company for the year ended on 31<sup>st</sup> March 2010 and the Report of the Directors' and Auditors.
2. To appoint Director in place of Shri Vinodchandra Mahibhai Parikh who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditor & fix their remuneration.

Place: Ahmedabad  
Date: 26/08/2010

For & on behalf of the Board of Director



Director Director

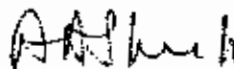
NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Thursday the 24<sup>th</sup> September, 2010 to 30<sup>th</sup> September, 2010 (both days inclusive).
3. The shareholders are requested to bring their copy of Annual Report at the time of Meeting.
4. As a matter of convenience the shareholders are requested to inform their queries if any, the company in advance so as to enable the company to properly reply the same at the time of meeting.

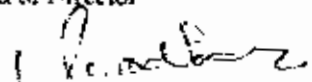
Date: 26/08/2010

By and on Behalf of the Board of Director

Regd. Office:  
404, Swagat Building,  
4<sup>th</sup> Floor, Besides Lal Bungalow,  
C. G. Road, Ahmedabad- 380006



Director



Director

## DIRECTORS' REPORT

To,  
The Members,  
Satellite Engineering Limited

The Directors' present the Forty Eighth Annual report on the business and operations of your Company for the year 2009-2010.

### **FINANCIAL RESULTS AND OPERATIONAL REVIEW:**

| Particulars                             | Year Ended<br>31.03.2010<br>(Rs.) | Year Ended<br>31.03.2009<br>(Rs.) |
|---|-----------------------------------|-----------------------------------|
| Gross Sales/Income                      | 24,30,065                         | 23,61,190                         |
| Less Depreciation                       | 14,73,558                         | 22,42,307                         |
| Profit/(Loss) before Tax                | 9,56,507                          | (59,28,328)                       |
| Taxes/Deferred Taxes                    | 1,37,627                          | 17,500                            |
| Profit/(Loss) After Taxes               | 8,18,880                          | (62,67,371)                       |
| P&L Balance b. f                        | 8,18,880                          | (62,67,371)                       |
| Profit/ (Loss) carried to Balance Sheet | 8,18,880                          | (62,67,371)                       |

### **FINANCIAL PERFORMANCE:**

During the year under review the total income from operations was Rs. 24,30,065/- as compared to Rs. 23,61,190/- of that of the previous Year. The Company has provided Rs.14,73,558/- as depreciation for the year. The Company has incurred Loss of Rs. 34,28,624/- during the period under review. Your Company has been trying to enhance its net worth as compare to the previous year.

### **DIVIDEND:**

In view of the continued losses incurred by the company, the directors have decided not to recommend any dividend for the year. All possible efforts are being made to improve the earning of the Company.

### **INDUSTRIAL RELATIONS:**

After a lot of effort and fighting many odds the company has been able to pay off a large percentage of the liability of the workers. This is the reason, there is a high labour burden shown and we have been able to clear a large number of problems and statutory requirements in spite of hardly any Business.

### **DEPOSITS:**

During the year under review the Company has not accepted any deposits to which the provisions of section 58A of the Companies Act, 1956 read with Acceptance of Deposits Rules, 1975 as amended are applicable.

### **PARTICULARS OF EMPLOYEES:**

There is no employee having remuneration with the provisions of section 217(2A) of the companies Act 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended.

### **DIRECTORS:**

During the year Mr. Vinodchandra Muljibhai Tankhi, retires by rotation and being eligible offers himself for reappointment and the Board took note of the same. There were no other change in the Directorship of the Company during the year under review.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required u/s 217(2AA) of the Companies Act, 1956 your Director confirms that in the preparation of the annual accounts.

The applicable accounting standards have been followed along with proper explanation relating to material departures.

Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates made, 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 the profits/loss of the company for that period.

Proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

Information in accordance with the provisions of Section 217(1)(c) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption is annexed herewith

Further, during the period under review, following were earning and expenditure in Foreign Currency:

Earning in Foreign Currency: Rs. 3,18,426/- (Previous Year Rs. 2,14,028/-)

Expenditure in Foreign Currency: Rs. Nil (Previous Year Rs. Nil)

**APPOINTMENT OF AUDITORS:**

M/s. Pradeepkumar H. Shah & Co., Chartered Accountants, Ahmedabad, the statutory auditors of the Company will retire at the ensuing general meeting and being eligible, the Board recommend for their reappointment.

Any qualification remark or observation made by the statutory Auditor of the Company in their report are self explanatory and the auditors have not call for any further clarification and comments.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management discussion and analysis Report, pursuant to Clause 49 of the Stock Exchange Listing agreement, forms part of this Report and the same is annexed hereto.

**REPORT ON CORPORATE GOVERNANCE:**

The Company has complied with the applicable provisions of listing agreements with the stock Exchange where its equity shares are listed and as per the clause 49 of the listing agreement a separate Report on Corporate Governance along with Certificate from Auditors on its compliance as annexed hereto.

**COMPLIANCE CERTIFICATE:**

In accordance with section 383A of the Companies Act, 1956, and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from a Company Secretary in Whole Time Practice confirming that the Company has complied with all the provisions of the Companies Act, 1956 and a copy of such Certificate is annexed to this Report.

**ACKNOWLEDGEMENT:**

The management is grateful to the government authorities, Bankers, Vendors for their continued assistance and co-operation. The directors also wish to place on record the confidence of members in the company.

Place: Ahmedabad  
Date: 26/08/2010

For & on behalf of the Board of Directors

*AASHUK*  
Director

*[Signature]*  
Director

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| SR NO. | Particulars                        | Unit        | 2009-10  | 2008-09  |
|--------|------------------------------------|-------------|----------|----------|
| (I)    | <b>POWER AND FUEL CONSUMPTION</b>  |             |          |          |
| 1.     | Electricity                        |             |          |          |
| (a)    | Purchased                          | Kwh         | 40,320   | 40,746   |
|        | Total Amount                       | Rs          | 2,23,378 | 2,16,733 |
|        | Rate/Unit                          | Rs Kwh      | 5.54     | 5.32     |
| (b)    | Own                                |             | --       | --       |
|        | Generation (Units)                 |             | --       | --       |
| 2      | Coal                               |             | --       | --       |
|        | Quantity                           | Kg          | --       | --       |
|        | Total Cost                         | Rs.         | --       | --       |
|        | Average Rate                       | Rs/Kg       | --       | --       |
| 3.     | High Speed Diesel/ LDO             |             | --       | --       |
|        | Quantity                           | Liters      | --       | --       |
|        | Total Cost                         | Rs.         | --       | --       |
|        | Average Rate                       | Rs./ Liters | --       | --       |
| 4.     | Other Internal Generation          |             | --       | --       |
| (II)   | Consumption per unit of production |             | 0.72     | 2.24     |

## Report on Corporate Governance (Pursuant to Clause 49 of the Listing Agreement)

The Board of Directors of the Company gives due support to the principles behind the good Corporate Governance. Given below is a report on Corporate Governance:

### A. Mandatory Requirement:

#### 1. COMPANY'S PHILOSOPHY

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

Statutorily, Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all shareholders. The company's philosophy of corporate governance is not only to meet statutory requirements but also to go beyond that and to attain a high level of transparency and accountability in the functioning of the Company and the conduct of the business both internal and external. This is done with the sole view to enhance shareholder's value.

#### 2. BOARD OF DIRECTORS

##### 2.1. Composition of Board of Directors as on date of Report:

The Board of Directors as at 31st March, 2010 comprises of four directors comprises of an Executive (Chairman and Managing Director) and other three are Executive Directors, the Executive Directors also comprised two independent directors. Mr. Anand A Shah is the Chairman and Managing Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from different sectors of the life.

| Name of Director         | Designation                 | Type                 | No. of Directorship |
|--------------------------|-----------------------------|----------------------|---------------------|
| Mr. Anand A Shah         | Chairman, Managing Director | Promoter Executive   | 1                   |
| Mr. Janakbhai G Nanavaty | Director                    | Independent Director | 1                   |
| Mr. Aniket Shah          | Director                    | Promoter Director    | --                  |
| Mr. Vinodchandra Parikh  | Director                    | Independent Director | -                   |

##### 2.2. Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

##### 2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the Board Room of registered office the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

Board meetings were held during the year as against the minimum requirements of 4 meetings. The dates on which the meetings were held are 8 Board Meetings were held during the financial year on 20.04.2009, 12.06.2009, 30.06.2009, 18.07.2009,

29/07/2009, 08/08/2009, 16/10/2009, 16/11/2009, 21/11/2009, 01/12/2009, 23/01/2010 and 24/03/2010 Where all the members attended the said meetings.

c. Attendance of Directors at Meetings of Board of Directors and last AGM

| Name of Director         | Category of Directorship | No of Board Meeting attended | Last Annual General Meeting Attended |
|--------------------------|--------------------------|------------------------------|--------------------------------------|
| Mr. Anand A Shah         | Promoter/ Executive      | 8                            | Yes                                  |
| Mr. Janakbhai G Nanavaty | Independent Director     | 8                            | Yes                                  |
| Mr. Aniket Shah          | Director                 | NA                           | Yes                                  |
| Mr. Vinodchandra Parikh  | Independent/ Director    | NA                           | Yes                                  |

The information as required under Annexure-I A to the Clause 49 of the Listing Agreement is made available to the Board of Directors

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment

Mr. Vinodchandra Muljibhai Parikh retires by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment

(b) Profile of Mr. Janak Director being appointed under 269 of the Companies Act, 1956

|                                     |                               |
|-------------------------------------|-------------------------------|
| Name                                | Vinodchandra Muljibhai Parikh |
| Date of Birth                       | 26/08/1937                    |
| No. of shares held in the company   | Nil                           |
| No. of warrants held in the company | N/A                           |
| Directorship in other company       | Nil                           |

2.5 Details of Directors who are as Chairman and Directors in other Public Companies

None of the Directors on the Board is a member or Chairman of any committees as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2010 and the same is reproduced herein below

| Sr. No. | Name of Director         | No of Directorship in other Public Companies | No of Committees positions held as Chairman on other public Companies | No. of Committees positions held as member in other public Company |
|---------|--------------------------|--|---|--|
| 1.      | Mr. Anand A Shah         | Nil  | Nil   | Nil  |
| 2.      | Mr. Janakbhai G Nanavaty | 1  | 1   | 1  |
| 3.      | Mr. Aniket Shah          | Nil  | Nil   | Nil  |
| 4.      | Mr. Vinodchandra Parikh  | Nil  | Nil   | Nil  |

### 3. COMMITTEE OF BOARD:

The Company had four Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Sub-Committee (Quarterly Results Review Committee)
4. Share Transfer & Shareholders/Investor Grievance Committee.

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

#### 3.1 Audit Committee:

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 202A of the Companies Act, 1956, comprises of three members viz. Mr. Janak G Nanavati, Mr. Vinodbhai Parikh, who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting.

The Audit Committee of the Board of Directors of the Company, Inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

#### TERMS OF REFERENCE:

The scopes of activities of the Audit Committees include the following.

A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible

B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor

C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgment by management
- Qualifications in draft audit report
- Significant adjustments arising out of audit
- The going concern assumption
- Compliance with accounting standards
- Compliance with stock exchange and legal requirements concerning financial statements
- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large

D. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

E. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, Reporting structure, coverage and frequency of internal audit

F. Discussion with internal auditors any significant findings and follow up there on

G. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board

H. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct post audit discussions to ascertain any area of concern.



I. Reviewing the company's financial and risk management policies.

J. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following Board Meeting for record. The Board of Directors, regularly apprised on the recommendations for the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III) (E) of the Listing Agreement, the Audit Committee had reviewed the following information.

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the internal auditors.

During the year under review, the 4 Audit Committee was held during Financial Year 2009-10. The dates on which the said meetings were held as follows:

30/04/2009    30/08/2009    27/10/2009    31/01/2010

The necessary quorum was present at the meetings.

### 3.2 Sub-Committee (Quarterly Results Review Committee)

The Sub-Committee (Quarterly Results Review Committee) comprises as under

| MEMBERS                   | CATEGORY             | MEETINGS ATTENDED |
|---------------------------|----------------------|-------------------|
| Shri Janakbhai G Nanavaty | Independent Director | 4                 |
| Shri Vinodchandra Parikh  | Director             | 4                 |

The Committee is responsible for approving quarterly un-audited financial statements and monitoring the performance of the Company. 4 (Four) meetings were held on the following dates:

- 30<sup>th</sup> April, 2009- Financial Year for the quarter ended 31<sup>st</sup> March, 2009
- 29<sup>th</sup> July, 2009 - Financial Year for the quarter ended 30<sup>th</sup> June, 2009
- 30<sup>th</sup> October, 2009- Financial Year for the quarter ended 30<sup>th</sup> September, 2009
- 28<sup>th</sup> January, 2010- Financial Year for the quarter ended 31<sup>st</sup> December, 2009

### 3.3 Remuneration Committee

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director

| Name of Directors         | Sitting Fees | Salary & Perks | Total Rs. |
|---------------------------|--------------|----------------|-----------|
| Shri Anand A Shah         | Nil          | 1,20,000       | 1,20,000  |
| Shri Janakbhai G Nanavaty | 2500         | Nil            | 2500      |
| Shri Aniket A Shah        | Nil          | 1,08,000       | 1,08,000  |

The company does not pay any remuneration to its non executive directors, apart from sitting fees. The company pays sitting fees to all the non-executive directors at the rate of Rs. 200/- for each meeting of the Board.

Remuneration by way of sitting fees for attending Board/Board Committee Meetings are paid only to Non-Executive Directors.

### Remuneration Policy

Payment of remuneration to the Managing/Whole Time Director is governed by the respective Agreements executed between them and the company. These agreements were approved by the Board and the Shareholders. Their Remuneration structure comprises salary, perquisites and allowances.

Two meeting of Remuneration Committee were held on 02.05.2009, 12.08.2009 during the Financial Year 2009-10

### 3.4 Share Transfer & Shareholders'/Investor Grievance Committee

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under

| MEMBERS                   | CATEGORY             | MEETINGS ATTENDED |
|---------------------------|----------------------|-------------------|
| Shri Janakbhai G Nanavaty | Independent Director | 2                 |
| Shri Aniket A Shah        | Director             | 2                 |

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members. The committee deals with matters relating to (1) Transfer of shares (2) Issue of duplicate/new sub-divided and consolidated share certificate and (3) Shareholders/ Investors Grievances and its redressal

The status of shareholders' complaints received so far number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2010) is given below

#### Complaints Status: 01.04.2009 to 31.03.2010

- Number of complaints received so far NIL
- Number of complaints solved NIL
- Number of pending complaints NIL

#### Compliance Officer:

Mr. Anand Shah of the Company is Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India (SEBI), Listing Agreement with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

### 4. GENERAL BODY MEETINGS:

#### (a) The Location, Date and time of Last Three Year General Meeting

| Year      | Venue of AGM   | Date       | Time       | Whether Special resolution passed |
|-----------|--|------------|------------|-----------------------------------|
| 2006-2007 | 404, Swagat Building, 4th Floor, Besides Lal Bungalow, C. G Road, Ahmedabad- 380006 Gujarat, India | 26/09/2008 | 9.30 A.M.  | YES                               |
| 2007-2008 | 404, Swagat Building, 4th Floor, Besides Lal Bungalow, C. G Road, Ahmedabad- 380006 Gujarat, India | 01/06/2009 | 10.30 A.M. | YES                               |
| 2008-2009 | 404, Swagat Building, 4th Floor, Besides Lal Bungalow, C. G Road, Ahmedabad- 380006 Gujarat, India | 30/09/2009 | 12.30 A.M. | No                                |

(b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in previous Three Annual General Meeting for the year :

2008-2009

1. Special Resolution in regard to Reappointment of Mr. Anand A Shah as a Managing Director of the Company under section 269 of the Companies Act, 1956.
2. Special Resolution in regard to Appointment of Vinodkandra Parikh as a director of the company under section 257 of the Companies Act, 1956.
3. Special Resolution in regard to Appointment of Aniket A Shah as a director of the company under section 260 of the Companies Act, 1956.

2009-2010

No Special Resolution was passed

#### 5. DISCLOSURES:

(a) Disclosures on materially significant related party transactions, i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large. \*\*\*NONE

(b) Details of non-compliance by the company, penalties/strictures, imposed on the company by the stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

#### 6. MEANS OF COMMUNICATION

The Board of Directors/ Committee of Directors of the company approves and takes on record the Un Audited Quarterly Financial Results and audited results in pro forma prescribed by the stock exchange, Mumbai, and announces forthwith the results to all the stock exchange where the shares of the company are listed. The same are published within 48 hours in Western Times (Both editions Gujarati & English)

The management discussion and analysis report forms part of Annual Report

#### 7. CEO/CFO CERTIFICATION

(Under Clause 49(V) of Listing Agreement)

I Certify that --

a. I have reviewed the financial statements and the cash flow statement for the year 2009-10 and that to the best of our knowledge and belief

• These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

• These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

• Significant changes in internal control over the financial reporting during the year 2009-10,

• Significant changes in accounting policies during the year 2009-10 and that the same have been disclosed in the notes to the financial statements; and

• Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

## 8. GENERAL SHAREHOLDER INFORMATION.

- a. Annual General Meeting: Date, time and venue: 404, Swagat Building, 4th floor, Besides Lal Bungalow, C. G. Road, Ahmedabad- 380006 Gujarat, India at 11:30 p.m. at the Registered Office of the Company
- b. Financial Year: 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.
- c. Financial Calendar:
  - i. 1<sup>st</sup> quarterly results: 3<sup>rd</sup> Week of July, 2009
  - ii. 2<sup>nd</sup> quarter results: 3<sup>rd</sup> Week of October, 2009
  - iii. 3<sup>rd</sup> quarter results: 3<sup>rd</sup> Week of January, 2010
  - iv. 4<sup>th</sup> quarter results: 3<sup>rd</sup> Week of April, 2010
- d. Date of Book Closure: Thursday, 23<sup>rd</sup> September, 2010 to Thursday 30<sup>th</sup> September, 2010 Thursday (both days inclusive)
- e. Dividend Payment Date: N.A.
- f. Listing of Equity Shares on Stock Exchanges: The Bombay Stock Exchange Limited Annual listing fees for the financial year upto 31-03-2010 has been paid.
- g. Stock Code: BSE 522279
- h. Demat ISIN number: INE087C01015
- i. Market price data: Since the trading of scrip of the Company is suspended by the office of the Bombay Stock Exchange Limited, market price data is not available.
- j. Performance of the Company's shares in comparison with broad-based indices as BSE's Sensex: The Company has nothing to report on this matter.
- k. Registered and Transfer Agent: Computech Shareco Limited,  
147, Mahatma Gandhi Road  
Opp. Jehangir Art Gallery,  
Fort, Mumbai - 400023
- l. Share Transfer System: All the transfers are received and processed by share transfer agents and are approved by share transfer committee. Share Transfer requests received in physical form are registered within 90 days and demat requests are confirmed within 21 days.

m. Distribution of Shareholding as on 31.03.2010.

| Share Holding of Nominal Value |     | Share Holders |               | Share Amount   |               |
|--------------------------------|-----|---------------|---------------|----------------|---------------|
| Rs.                            | Rs. | No.           | % to total    | In Rs.         | % to total    |
| 1-500                          | 0   | 4151          | 90.38         | 551806         | 16.13         |
| 500-1000                       | 0   | 233           | 5.07          | 195571         | 5.72          |
| 1001-2000                      | 0   | 82            | 1.79          | 120066         | 3.51          |
| 2001-3000                      | 0   | 29            | 0.63          | 71809          | 2.10          |
| 3001-4000                      | 0   | 17            | 0.37          | 57197          | 1.67          |
| 4001-5000                      | 0   | 15            | 0.33          | 72435          | 2.12          |
| 5001-10000                     | 0   | 49            | 1.07          | 323882         | 9.47          |
| 10001 and above                |     | 17            | 0.37          | 2027234        | 59.28         |
| <b>Total</b>                   |     | <b>4593</b>   | <b>100.01</b> | <b>3420000</b> | <b>100.00</b> |

| Category  | No of Shares held | % of Shareholding |
|---|-------------------|-------------------|
| a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group | 1560114           | 45.82             |
| Companies   | 0                 | 0.00              |
| b. Other bodies corporate   | 139911            | 4.09              |
| c. Mutual Funds   | 900               | 0.03              |
| d. NRI Holding  | 72926             | 2.13              |
| e. Indian public  | 1646149           | 48.13             |
| <b>TOTAL</b>  | <b>3420000</b>    | <b>100.00</b>     |

n. Shareholding pattern as on 31.03.2010.

Dematerialization of shares: As on 31-03-10 Demated shares accounted for 28.63% held with NSDL and CDSL. Trading in Equity shares of the company is permitted only in dematerialized form w.e.f 08<sup>th</sup> May, 2000 as per notification issued by the SEBI.

Outstanding GDR / ADR / Warrants: Not Applicable

**PLANT LOCATION:**

- Univac Corporation- Export Division, Shed No. 4, Sector No. 1, Kandla Special Economic Zone, Kandla, Kutch, (India)<sup>1</sup>
- P. O. Mazze Products, Besides Zaveri Industrial Estate, Kathwada, Ahmedabad-382430

**ADDRESS FOR COMMUNICATION:**

1. Computech Sharecap Limited,  
147, Mahatma Gandhi Road,  
Opp. Jehangir Art Gallery,  
Fort, Mumbai- 400023

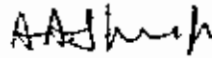
2. Satellite Engineering Limited  
404, 4<sup>th</sup> Floor, Besides Lal Bungalow,  
C.G.Road, Ahmedabad 380006

Declaration of compliance with the code of conduct

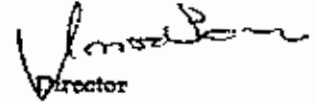
All the Directors and senior management personal have, respectively, affirmed compliance with the code of conduct as approved and adopted by the Board of Directors.

Ahmedabad  
Date: 26/08/2010

For, SATELLITE ENGINEERING LIMITED



Director



Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF THE ANNUAL REPORT

#### OVERVIEW, FUTURE PROSPECTS, & OUTLOOK:

Company is planning to increase the growth by exploring opportunities not only domestic market by also export market. Many Indian Companies like Anchor, Havells etc. have confirmed their order for supply of engineering goods to them. The buyer from Countries like Filipains, Holland, Singapore have also finalised their inquiry with our Company. The management of the Company is planning to launch the LED products, keeping in view, future demand of lighting goods market which saves lots of energy and electricity. Company is also planning to enter into a Joint Venture with Companies based at Europe and Tiwan. The Company has been trying best to develop the new products and technology which may take at least one and half years to develop and come to the track. Modernization of plant by executing / installing fully automated and well equipped plant through new technologies with the financial support of the Bank are also one of the priority motto of the Board of Directors of the Company.

#### RISKS & CONCERNS:

The company faces stiff competition from imported Chinese goods and unhealthy competition from the local Markets. Also the Company was confronted by Labour Unions and hence loss of well settled business. Frequent change in Exchange rate resulting into exchange fluctuation and government policies are also risk factor for Company's business.

#### INTERNAL CONTROL SYSTEM.

The company has got adequate internal control system and procedure relating to the purchase of various raw materials, stores and other consumables. The plants are sending regular and timely reports to the Managing Director and other Management Executives at Head Office and corrective actions and when required are being taken by Head Office.

#### STATUTORY COMPLIANCE:

Manager of the company is the Compliance Officer. Moreover the company has retained services of a Practicing Company Secretary for making compliance of all provisions of Companies Act, Securities Contract and Regulation Act, SEBI Act etc.

#### INDUSTRIAL RELATIONS:

During the year Labour Unions have caused loss of production to the Company by stopping work from time to time and thereby Export Business of the Company was lost.

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AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To,  
The Members,  
Satellite Engineering Limited,  
4<sup>th</sup> Floor, Besides Lal Bungalow,  
C.G. Road, Ahmedabad- 380006

We have examined the compliance of Corporate Governance by SATELLITE ENGINEERING LIMITED for the year ended on 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to 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 no investor grievance(s) is/are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further 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 Pradeepkumar H. Shah & Co.  
Chartered Accountants

Place Ahmedabad  
Date: 26<sup>th</sup> 08 2010

S/D -  
Pradeep H Shah  
(Proprietor)  
M No. 026930





# PRADEEPKUMAR H. SHAH & CO.

**CHARTERED ACCOUNTANTS**

B - 203, 'SAMUDRA' Near Klassic Gold Hotel, C.G. Road, AHMEDABAD-380 006.  
Phone : (O) 079-26442480 (M) 9426767930 E-mail : pradeepshah22@yahoo.com

Date : - -200

## AUDITORS' REPORT TO THE MEMBERS OF SATELLITE ENGINEERING LIMITED

1. We have audited the attached Balance Sheet of SATELLITE ENGINEERING LIMITED, as at 31st March 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the management, as well as evaluating the overall financial statement presentations. We believe that our audit provides reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order

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

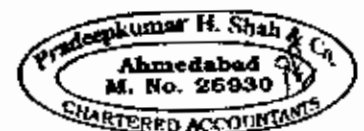
(i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit;

(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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, **Subject to note no. I(H) of schedule 21 regarding non-provision of leave encashment and gratuity**, the Balance Sheet, Profit & Loss Account 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 representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub section(1) of Section 274 of the Companies Act, 1956.





# PRADEEPKUMAR H. SHAH & CO.

**CHARTERED ACCOUNTANTS**

B - 203, 'SAMUDRA' Near Klassic Gold Hotel, C.G. Road, AHMEDABAD-380 006.  
Phone : (O) 079-26442480 (M) 9426767930 E-mail : pradeepshah22@yahoo.com

Date : - -200

(vi) In our opinion and to the best of our information and according to the explanations given to us, **subject to note no. I(H) of schedule 21 regarding non-provision of, leave encashment and gratuity as required by AS-15 issued by the Companies (Accounting Standards) Rules, 2006 & the consequential effects on profits of the company and understatement of liabilities (Amount not quantifiable)**, the said accounts read together with the significant Accounting policies and notes thereon appearing in the schedules of notes forming parts of accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India

- In case of the Balance Sheet of the state of affairs of the Company as at 31st March 2010
- In the case of Profit & Loss Account, of the loss for the year ended on that date and,
- In case of cash flow statement, of the cash flows for the year ended on that date.

For PRADEEPKUMAR H. SHAH & Co.  
CHARTERED ACCOUNTANTS  
REGN. NO. 108023W

*Pradeep H. Shah*

PRADEEP H. SHAH  
(PROPRIETOR)  
MEMBERSHIP NO. 026930

Place: Ahmedabad  
Date : 26.08.2010



**Annexure to the Auditor's Report.**

Referred to in paragraph 3 of our report of even date

1. (a) On the basis of the information and explanations given to us the company had maintained proper records to show full particulars (other than item-wise depreciation) including Quantitative details and situation of fixed assets. However, the same have not been made available to us for verification as the same are reported to be missing during the course of shifting of records before about four years and therefore, the same requires updation also.

(b) We are informed that the fixed assets have been physically verified by the management once during the year, according to the regular programme of periodical verification in phased manner, which we consider reasonable having regard to the size of the Company and the nature of its assets. In the absence of availability of the fixed assets register as aforesaid, it has not become possible to ascertain the discrepancy, if any.

(c) During the year, no substantial part of Fixed assets has been disposed off which has a bearing on the going concern assumption.

2 (a) As explained to us, the inventories of the company have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verifications of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

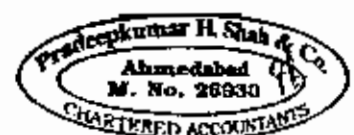
(c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. The discrepancies noticed on such physical verification of inventory as compared to the book records, which were not material, have been properly dealt with in the books of account.

3 (a) The Company has not granted unsecured loan to any party, being the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has taken unsecured loans from two parties being the parties covered in the register maintained Under section 301 of the companies Act, 1956, involving partywise maximum outstanding amount during the year aggregating to **Rs.44,77,510/-**. The year-end balance of such loans was **Rs.42,07,819/-** from two parties.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loans taken by the Company is not prima facie, prejudicial to the interest of the Company.

4. In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods or services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal control.



5. (a) In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the Company has entered relevant contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956.

(b) According to the information and explanation given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, which exceeded Rs 5,00,000/- in respect of any party during the year.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of the Provision of section 58A & 58 AA of the Companies Act, 1956. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or any court or other Tribunal in this regard.

7. There was no Internal Audit System during the year.

8. The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the business of the company.

9 (a) Unpaid dividend of Rs 44,275/- & Rs 42,650/- for the year 1997-98 & 1998-99 respectively lying with the Vijaya Bank in Unclaimed dividend account had not been deposited with Investor Education & Protection Fund due to dispute with the said Bank. However, the unpaid dividend amount of Rs. 44,275/- & Rs.42,650/- have been deposited by the company on 13<sup>th</sup> May 2009 and on 10<sup>th</sup> August,2009 respectively with Investor Education & Protection Fund voluntarily.

(b) The company has not been regular in depositing Provident Fund dues and Professional Tax as on 31st March 2010, following amounts were outstanding for more than 3 to 6 months.

| Particulars    | Outstanding as on 31.03.2010 (Rs) | Remarks                                  |
|----------------|-----------------------------------|--|
| Provident fund | 10,560/-                          | Outstanding for more than 3 to 6 months. |
| Prof. Tax      | 7,880/-                           | -do-                                     |

Further, in one case the Company has neither deducted nor contributed Provident Fund to Provident Fund authorities. The Company also has not deducted and deposited Professional Tax in one case.

(c) Subject to above, in our opinion and according to the information and explanations given to us undisputed statutory dues including Income tax, wealth tax, service tax, customs duty excise duty, cess and any other statutory dues have been regularly deposited in time during the year with the appropriate authorities. Subject to above there are no undisputed material statutory dues payable, for a period of more than six months from the date they became payable as at 31st March 2010.

(d) In our opinion and according to the information and explanations given to us there are no dues in respect of Income tax, wealth tax, customs duty, service tax, excise duty and cess that have not been deposited on account of any dispute.

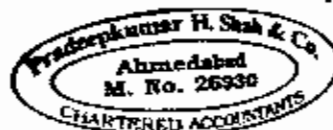


10. The company has accumulated losses as at the end of the financial year and has incurred cash losses in the current financial year as well as in the immediately preceding financial year
11. The company has not defaulted in repayment of any dues to financial institutions or banks. There are no debentures.
12. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi /mutual benefit fund/ society and therefore the clause 4(xiii) of the order is not applicable to the company.
14. The company has not undertaken trading activity in shares /units of mutual funds
15. In our opinion, on basis of information and explanations given to us, short term loan taken by the company from bank has been utilized for the purpose for which the same was obtained.
16. On the basis of an overall examination of the Balance Sheet of the company no funds raised on short-term basis have been used for long-term investment
17. The company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of companies Act, 1956
18. The company has no debentures issued /outstanding during the year. Accordingly no securities are required to be created.
19. The company has not raised any money through a public issue during the year.
20. Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Ahmedabad  
Date : 26.08.2010

For & On Behalf of  
**PRADEEPKUMAR H. SHAH & Co.**  
**CHARTERED ACCOUNTANTS**  
**REGN. NO. 108023W**

*Pradeep*  
**PRADEEP H. SHAH**  
**(PROPRIETOR)**  
**MEMBERSHIP NO. 026930**



**SATELLITE ENGINEERING LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2010**

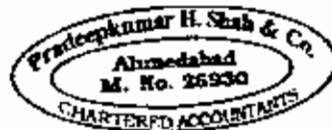
| AS AT<br>31.03.2009<br>Amount(Rs.) | Particulars                                    | Schedule<br>No.² | Amount<br>(Rs.) | AS AT<br>31.03.2010<br>Amount(Rs.) |
|------------------------------------|--|------------------|-----------------|------------------------------------|
|                                    | <b>SOURCES OF FUNDS:</b>                       |                  |                 |                                    |
|                                    | <b>1. Shareholders' Funds</b>                  |                  |                 |                                    |
| 34,200,000                         | Share Capital                                  | 1                | 34,200,000      |                                    |
| 16,807,336                         | Reserves & Surplus                             | 2                | 16,807,336      |                                    |
| 51,007,336                         |  |                  |                 | 51,007,336                         |
|                                    | <b>2. Loan Funds</b>                           |                  |                 |                                    |
| 1,903,083                          | Secured Loans                                  | 3                | 757,529         |                                    |
| 3,005,309                          | Unsecured Loans                                | 4                | 4,207,819       |                                    |
| 4,908,392                          |  |                  |                 | 4,965,348                          |
| <b>55,915,728</b>                  | <b>Total</b>                                   |                  |                 | <b>55,972,684</b>                  |
|                                    | <b>APPLICATION OF FUNDS:</b>                   |                  |                 |                                    |
|                                    | <b>I. Fixed Assets:</b>                        |                  |                 |                                    |
| 71,800,271                         | Gross Block                                    | 5                |                 | 65,025,653                         |
| 56,570,548                         | Less: Depreciation                             |                  |                 | 53,727,708                         |
| 15,229,723                         | Net Block                                      |                  |                 | 11,297,945                         |
| 30,294                             | <b>2. Investments</b>                          | 6                |                 | 30,294                             |
|                                    | <b>3. Current Assets, Loans &amp; Advances</b> |                  |                 |                                    |
| 9,372,599                          | Inventories                                    | 7                | 8,758,713       |                                    |
| 999,349                            | Sundry Debtors                                 | 8                | 1,011,698       |                                    |
| 684,969                            | Cash & Bank Balances                           | 9                | 560,030         |                                    |
| 831,930                            | Loans & Advances                               | 10               | 1,143,865       |                                    |
| 502,865                            | Sundry Deposits                                | 11               | 514,882         |                                    |
| 12,391,732                         |  |                  |                 | 11,989,188                         |
| 4,362,252                          | Less: Current Liabilities & Provisions         | 12               |                 | 3,399,608                          |
| 8,029,470                          | <b>Net Current Assets</b>                      |                  |                 | 8,589,580                          |
| 32,626,241                         | <b>4. Profit &amp; Loss Account</b>            |                  |                 | 36,054,865                         |
|                                    | <b>Notes Forming Parts of Accounts</b>         | 21               |                 |                                    |
| <b>55,915,728</b>                  | <b>Total</b>                                   |                  |                 | <b>55,972,684</b>                  |

(0)

As per our Separate report of even date  
Annexed herewith  
For & behalf of  
**PRADEEPKUMAR H. SHAH & Co**  
Chartered Accountants

*Pradeep*  
Pradeep H. Shah  
Proprietor  
Membership No 026930

Place - Ahmedabad  
Date : 26.08.2010



For  
**SATELLITE ENGINEERING LTD.**

*Anand A. Shah*  
Anand A. Shah  
Chairman & Managing Director

*Vinay Parikh*  
Vinay Parikh  
Director

*Janak G. Nanavaty*  
Janak G. Nanavaty  
Director

*Aniket A. Shah*  
Aniket A. Shah  
Director

Place : Ahmedabad  
Date : 26.08.2010

**SATELLITE ENGINEERING LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2010**

| 2008-09<br>Amount(Rs) | Particulars   | Schedule<br>No. | 2009-10<br>Amount(Rs) |
|-----------------------|---|-----------------|-----------------------|
|                       | <b>INCOME:</b>  |                 |                       |
| 1,721,877             | Sales   | 13              | - 1,702,897           |
| 491,515               | Other Income  | 14              | 611,648               |
| 147,798               | Closing stock of Trading Goods                        |                 | 115,520               |
| <b>2,361,190</b>      | <b>Total:</b>   |                 | <b>2,430,065</b>      |
|                       | <b>EXPENDITURE:</b>                                   |                 |                       |
| 335,425               | Raw Material Consumed                                 | 16              | 495,664               |
| 68,800                | Opening Stock of Trading Goods                        |                 | 147,798               |
| 71,887                | Purchases Trading                                     |                 | 80,829                |
| -                     | Other Purchases                                       |                 | 10,635                |
| 1,065,748             | Decrease in stock                                     | 15              | 246,147               |
| 290,114               | Manufacturing & Other Expenses                        | 17              | 572,383               |
| 414,620               | Payments to & Provisions for Employees                | 18              | 654,516               |
| 3,436,753             | Office & Administrative Expenses                      | 19              | 1,461,019             |
| 363,864               | Interest  | 20              | 518,513               |
| <b>6,047,211</b>      | <b>Total</b>  |                 | <b>4,187,504</b>      |
| (3,686,021)           | <b>(Loss) Before Depreciation and Tax</b>             |                 | <b>(1,757,439)</b>    |
| 2,242,307             | Depreciation  | 5               | 1,473,558             |
| <b>(5,928,328)</b>    | <b>(Loss) Before Tax</b>                              |                 | <b>(3,230,997)</b>    |
| -                     | Less: Provision for taxes                             |                 | -                     |
| -                     | Current Tax   |                 | -                     |
| -                     | Deferred Tax  |                 | -                     |
| 17,500                | Fringe Benefit Tax                                    |                 | -                     |
| 321,543               | Less: Prior Period Items                              |                 | 134,909               |
| -                     | Less: Short/(Excess) Provisions                       |                 | 62,718                |
| (6,26,371)            | <b>(Loss) After Tax</b>                               |                 | <b>(3,428,624)</b>    |
| (26,358,870)          | <b>Add. Balance brought forward from earlier year</b> |                 | <b>(32,626,241)</b>   |
| <b>(32,626,241)</b>   | <b>Amount Carried to Balance Sheet</b>                |                 | <b>(36,054,865)</b>   |
| (1.83)                | <b>Basic &amp; Diluted Earning per Share</b>          |                 | <b>(1.00)</b>         |
|                       | <b>Notes Forming Parts of Accounts</b>                | 21              |                       |

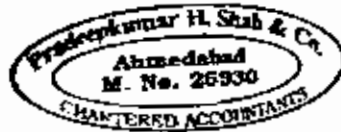
As per our Separate report of even date  
Annexed herewith

For & behalf of  
PRADEEPKUMAR H. SHAH & Co  
Chartered Accountants

*Pradeep H. Shah*

Pradeep H. Shah  
Proprietor  
Membership No. 026930

Place : Ahmedabad  
Date : 26.08.2010



For  
SATELLITE ENGINEERING LTD.

*Anand A. Shah*

Anand A. Shah  
Chairman & Managing Director

*Vinod Parikh*

Vinod Parikh  
Director

*Janak G. Nanavaty*  
Janak G. Nanavaty  
Director

*Aniket A. Shah*

Aniket A. Shah  
Director

Place : Ahmedabad  
Date : 26.08.2010

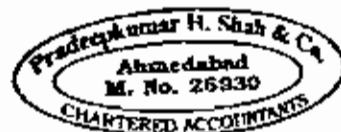
**SATELLITE ENGINEERING LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON 31-03-2010**

| PARTICULARS   | 2009-10     |             | 2008-09   |             |
|---|-------------|-------------|-----------|-------------|
|   | Rs.         | Rs.         | Rs.       | Rs.         |
| <b>(A) Cash Flow from Operating Activities:</b>     |             |             |           |             |
| Net Profit before Tax                               |             | (3,230,997) |           | (5,928,328) |
| Adjustment for:                                     |             |             |           |             |
| Depreciation  | 1,473,558   |             | 2,242,307 |             |
| Interest Paid                                       | 518,513     |             | 363,864   |             |
| Loss on W/o of Assets                               | 81,749      |             |           |             |
| Dividend income                                     |             |             | (3,794)   |             |
| (Profit)/loss on sale of Fixed Assets               |             |             |           |             |
| Provision for Diminution in Quoted Investments      | -           |             | 19,660    |             |
| Deferred Revenue Exp Written Off                    | -           |             | -         |             |
|   |             | 2,073,820   |           | 2,622,037   |
| Operating Profit before Working Capital Changes     |             | (1,157,177) |           | (3,306,291) |
| Trade Receivables                                   | (12,350)    |             | 2,087,383 |             |
| Inventories   | 613,886     |             | 1,210,856 |             |
| Loans & Advances                                    | (311,935)   |             | (33,056)  |             |
| Trade Payables                                      | (962,654)   |             | 997,975   |             |
|   |             | (673,053)   |           | 4,263,158   |
| Cash Generated from Operations                      |             | (1,830,230) |           | 956,867     |
| Interest Paid                                       |             | (518,513)   |           | (363,864)   |
| Prior Period Items                                  |             | (134,909)   |           | (321,543)   |
| (Short)/ Excess Provisions                          |             | (62,718)    |           | -           |
| FBT Paid  |             | -           |           | (17,500)    |
| Net Cash from Operating Activities                  |             | (2,546,370) |           | 253,960     |
| <b>(B) Cash Flow from Investing Activities:</b>     |             |             |           |             |
| Purchase of Fixed Assets (Net)                      | (18,768)    |             |           |             |
| Sale of Fixed Assets (Net)                          | 2,383,243   |             | 495,780   |             |
| Sale/(Purchase) of Investments                      |             |             |           |             |
|   |             | 2,364,475   |           | 495,780     |
| Net Cash Used for Investing Activities              |             | (181,895)   |           | 749,740     |
| <b>(C) Cash Flow from Financing Activities:</b>     |             |             |           |             |
| Proceeds/(Repayment) of Secured Loans               | (1,145,554) |             | (716,858) |             |
| Proceeds/(Repayment) of Unsecured Loans             | 1,202,518   |             |           |             |
|   |             | 56,956      |           | (716,858)   |
| Cash & Cash Equivalent at the beginning of the year |             | (124,939)   |           | 32,882      |
| Cash & Cash Equivalent at the end of the year       |             | 684,969     |           | 652,087     |
|   |             | 560,030     |           | 684,969     |

As per our Separate report of even date  
Annexed herewith  
For & behalf of  
**PRADEEPKUMAR H. SHAH & Co.**  
Chartered Accountants

Proprietor  
Membership No: 026930



Place : Ahmedabad  
Date: 26.08.2010

*Adish*

Anand A. Shah  
Chairman & Managing Director

*Vinod Parikh*  
Director

*Janak G. Nanavaty*  
Director

*Aniket A. Shah*  
Director

Place : Ahmedabad  
Date: 26.08.2010



**SATELLITE ENGINEERING LIMITED**

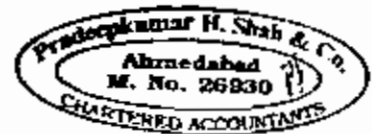
**SCHEDULES TO BALANCE SHEET  
AS AT 31ST MARCH, 2010**

| AS AT<br>31.03.2009<br>Amount<br>(Rs.) | Particulars   | Amount<br>(Rs.) | AS AT<br>31.03.2010<br>Amount<br>(Rs.) |
|--|---|-----------------|--|
|  | <b>Schedule (1): Share Capital</b>  |                 |  |
| 80,000,000                             | Authorised<br>8000000 Equity Shares of Rs 10/- each   |                 | 80,000,000                             |
| 34,200,000                             | Issued, Subscribed & Paid-up Capital<br>34,20,000 Equity Shares of Rs. 10/- each fully paid-up<br>(Previous Year 34,20,000 Equity Shares of Rs. 10/- each<br>fully paid-up) |                 | 34,200,000                             |
| <b>34,200,000</b>                      | <b>Total</b>  |                 | <b>34,200,000</b>                      |

|                   |   |  |                   |
|-------------------|---|--|-------------------|
|                   | <b>Schedule (2): Reserves &amp; Surplus</b> |  |                   |
| 7,336             | Capital Reserves                            |  | 7,336             |
| 16,800,000        | Share Premium                               |  | 16,800,000        |
| <b>16,807,336</b> | <b>Total</b>                                |  | <b>16,807,336</b> |

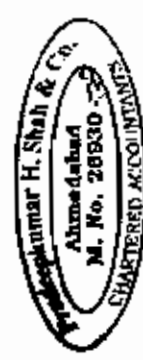
|                  |  |  |                |
|------------------|--|--|----------------|
|                  | <b>Schedule (3): Secured Loans</b>   |  |                |
|                  | (including Interest accrued & due)   |  |                |
| 1,903,083        | i) From Punjab National Bank - Cash Credit A/c<br>(Secured by hypothecation of stock & book debts and<br>also equitable mortgage of Office Building<br>& Personal guarantees of two Directors) |  | 757,529        |
| <b>1,903,083</b> | <b>Total</b>   |  | <b>757,529</b> |

|                  |                                      |  |                  |
|------------------|--------------------------------------|--|------------------|
|                  | <b>Schedule (4): Unsecured Loans</b> |  |                  |
|                  | From Directors:                      |  |                  |
| 785,819          | Anand Arvindkumar Shah               |  | 4,063,819        |
| -                | Aniket Anand Shah                    |  | 144,000          |
| 2,219,490        | Snehvina Arvindkumar Shah            |  |                  |
| <b>3,005,309</b> | <b>Total</b>                         |  | <b>4,207,819</b> |



Statement of Distribution of Dividends, etc., of the Company, for the year ended 31st March 1953

| Name of Shareholder                | Rate   | Dividend   |           |            | Interest   |        |            | Other Income |           |            | Total     |
|------------------------------------|--------|------------|-----------|------------|------------|--------|------------|--------------|-----------|------------|-----------|
|                                    |        | Amount     | Rate      | Percentage | Amount     | Rate   | Percentage | Amount       | Rate      | Percentage |           |
| Patel, L. M.                       | 10.00% | 431.155    | 368.913   | 25.242     | 881.108    | 12.25% | 109.322    | 46,194.332   | 7,760.037 | 33,312     | 684.193   |
| Patel, S. M. & Co. (1) & (2) & (3) | 12.50% | 15,960.084 | 14,175    | 5,785.214  | 43,044.810 | 12.25% | 521.843    | 91,108       | 2,311.219 | 4,420.040  | 8,815.108 |
| Shree Venkatesh                    | 12.50% | 327.053    | 4,803     | 50,723     | 91,108     | 12.25% | 1,107      | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co.                  | 12.50% | 31,899     | 81,108    | 81,108     | 91,108     | 12.25% | 1,107      | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (2)              | 12.50% | 10,794.755 | 5,609.767 | 3,125.055  | 4,534.815  | 12.25% | 55.287     | 1,000.058    | 2,311.219 | 4,420.040  | 8,815.108 |
| Shree S. P. & Co. (3)              | 12.50% | 1,246.17   | 1,465.11  | 1,465.11   | 1,465.11   | 12.25% | 17.8       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (4)              | 12.50% | 3,294      | 3,294     | 3,294      | 3,294      | 12.25% | 40.3       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (5)              | 12.50% | 1,465.11   | 24,311    | 1,465.11   | 1,465.11   | 12.25% | 17.8       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (6)              | 12.50% | 172,119    | 172,119   | 172,119    | 172,119    | 12.25% | 21.2       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (7)              | 12.50% | 78,218     | 78,218    | 78,218     | 78,218     | 12.25% | 9.7        | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (8)              | 12.50% | 490,749    | 490,749   | 490,749    | 490,749    | 12.25% | 60.3       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (9)              | 12.50% | 1,41,109   | 1,41,109  | 1,41,109   | 1,41,109   | 12.25% | 17.3       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (10)             | 12.50% | 74,000     | 74,000    | 74,000     | 74,000     | 12.25% | 9.1        | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (11)             | 12.50% | 216,000    | 216,000   | 216,000    | 216,000    | 12.25% | 26.6       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (12)             | 12.50% | 142,000    | 142,000   | 142,000    | 142,000    | 12.25% | 17.3       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (13)             | 12.50% | 211,537    | 211,537   | 211,537    | 211,537    | 12.25% | 26.2       | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| Shree S. P. & Co. (14)             | 12.50% | 78,102     | 78,102    | 78,102     | 78,102     | 12.25% | 9.6        | 2,311.219    | 4,420.040 | 8,815.108  | 17,049    |
| <b>Total</b>                       |        | 1,49,921   | 1,49,921  | 1,49,921   | 1,49,921   |        | 18,207     | 3,111.11     | 1,49,921  | 1,49,921   | 1,49,921  |
| Grand Total                        |        | 1,49,921   | 1,49,921  | 1,49,921   | 1,49,921   |        | 18,207     | 3,111.11     | 1,49,921  | 1,49,921   | 1,49,921  |



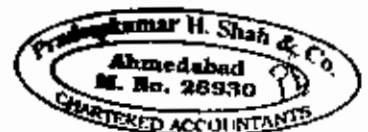
**SATELLITE ENGINEERING LIMITED**

| <b>Schedule (6): Investments</b> |   |        |               |
|----------------------------------|---|--------|---------------|
|                                  | <b>Unquoted:</b>  |        |               |
| 1,500                            | 47 shares of Maitry Co-op. Housing Soc. Ltd Of Rs. 50/- each fully paid-up  | 1,500  |               |
|                                  | <b>Quoted:</b>  |        |               |
| 1,000                            | 100 Equity shares of Sand Plast India Ltd. of Rs 10/- each fully paid-up  | 1,000  |               |
| 18,660                           | 300 Equity Shares of Modern Woollens Ltd Of Rs. 10/- each fully paid-up   | 18,660 |               |
| 28,794                           | Birla MNS Mutual Fund ( 598.292 UNITS)  | 28,794 |               |
| <b>49,954</b>                    | <b>Total:</b><br>NAV of mutual funds Rs 35,461/- (P.Y. Rs. 35,461/-)<br>Market Value of Quoted Shares: Current Year Rs.Nil<br>Market Value of Quoted Shares: Previous Year Rs.Nil |        | <b>49,954</b> |
| 19,660                           | Less: Provision for diminution in Quoted Investments  | 19,660 |               |
| <b>30,294</b>                    | <b>Total</b>  |        | <b>30,294</b> |

| <b>Schedule (7): Inventories</b> |  |           |                  |
|----------------------------------|--|-----------|------------------|
|                                  | As taken, valued and certified by the Managing Director<br>Valued at lower of Cost and Net Realisable Value unless otherwise mentioned |           |                  |
| 4,781,703                        | Raw Materials  | 4,452,752 |                  |
| 1,863,921                        | Finished Goods   | 1,798,065 |                  |
| 2,456,332                        | Work-in-Progress   | 2,276,041 |                  |
| 3,135                            | Machinery Tools & Parts  | 3,135     |                  |
| 119,710                          | Packing Materials  | 113,200   |                  |
| 147,798                          | Traded Goods   | 115,520   |                  |
| <b>9,372,599</b>                 | <b>Total</b>   |           | <b>8,758,713</b> |

| <b>Schedule (8): Sundry Debtors (Unsecured)</b> |                                       |           |                  |
|---|---------------------------------------|-----------|------------------|
|   | A) Outstanding for more than 6 months |           |                  |
| 765,247   | Considered good                       | 789,021   |                  |
| 2,272,461                                       | Considered doubtful                   | 2,272,461 |                  |
| 3,037,708                                       | Total                                 | 3,061,482 |                  |
| 234,102   | B) Other Debts ( Considered good)     | 222,677   |                  |
| 3,271,810                                       | Total(A+B)                            | 3,284,159 |                  |
| 2,272,461                                       | Less Provision for Doubtful Debts     | 2,272,461 |                  |
| <b>999,349</b>                                  | <b>Total</b>                          |           | <b>1,011,698</b> |

| <b>Schedule (9): Cash &amp; Bank Balances</b> |  |          |                |
|---|--|----------|----------------|
| 484,311                                       | Cash on hand   | 464,906  |                |
|   | <b>Bank Balances in Current Accounts with Scheduled Banks:</b>         |          |                |
| 11,817  | State Bank of India-10265065719  | 11,817   |                |
| 11,029  | State Bank of India-68290  | 11,029   |                |
| 55,321  | Vijaya Bank, Unclaimed Dividend A/c - 515                              | 55,321   |                |
| 53,875  | Vijaya Bank, Unclaimed Dividend A/c - 533                              | 53,875   |                |
| 2,481   | Indian Overseas Bank, Gandhidham - 1018 / 8 & 1019 / 8                 | 2,481    |                |
| 3,930   | Indian Overseas Bank, Gandhidham - 409 / 3                             | 3,930    |                |
| 38,853  | Axis Bank, Law Garden Branch, Ahmedabad<br>A/c no. 003010200034104     | (48,640) |                |
| 8,990   | Punjab National Bank, Gandhinagar Branch<br>(A/c no. 1913002100016413) | 50       |                |
| 14,361  | Punjab National Bank, Gandhinagar Branch<br>(A/c no. 1913002100016769) | 5,261    |                |
| <b>684,969</b>                                | <b>Total</b>   |          | <b>560,030</b> |

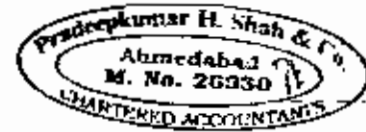


**SATELLITE ENGINEERING LIMITED**

| <b>Schedule (10): Loans &amp; Advances</b> |   |         |                  |
|--|---|---------|------------------|
| 1,000                                      | Staff Loans   | -       |                  |
| 152,631                                    | Advances to Creditors   | 408,819 |                  |
| 678,299                                    | Advances Recoverable in Cash or In Kind or for value to be received | 735,046 | 1,143,865        |
| <b>831,930</b>                             | <b>Total</b>  |         | <b>1,143,865</b> |

| <b>Schedule (11): Sundry Deposits</b> |                     |  |                |
|---------------------------------------|---------------------|--|----------------|
| 502,885                               | Deposits ( Others ) |  | 514,882        |
| <b>502,885</b>                        | <b>Total</b>        |  | <b>514,882</b> |

| <b>Schedule (12): Current Liabilities &amp; Provisions</b> |                             |           |                  |
|--|-----------------------------|-----------|------------------|
|  | <u>Creditors for Goods.</u> |           |                  |
| -  | MSME                        | -         |                  |
| 409,591  | Others                      | 496,272   |                  |
| 1,394,413  | Creditors for Expenses      | 1,161,098 |                  |
| 101,060  | Accounts Payable            | (12,217)  |                  |
| 525,630  | Advances from Customers     | 130,305   |                  |
| 40,500   | Sundry Deposits             |           |                  |
| 44,275   | Unpaid Dividend (97-98)     | -         |                  |
| 42,650   | Unpaid Dividend (98-99)     | -         |                  |
| 1,804,143  | Provision for Expenses      | 1,624,150 | 3,399,608        |
| <b>4,362,262</b>   | <b>Total</b>                |           | <b>3,399,608</b> |



**SATELLITE ENGINEERING LIMITED**  
**SCHEDULES TO PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED ON 31ST MARCH, 2010**

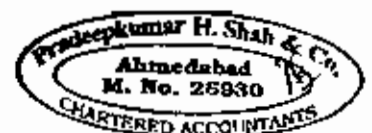
| 2008-09<br>Amount(Rs) | PARTICULARS                 |           | 2009-10<br>Amount(Rs) |
|-----------------------|-----------------------------|-----------|-----------------------|
|                       | <b>Schedule (13): Sales</b> |           |                       |
| 214,025               | Export Sales                | 318,426   |                       |
| 1,492,477             | Domestic Sales              | 1,261,586 |                       |
| 15,375                | Trading Sales               | 122,885   | 1,702,897             |
| <b>1,721,877</b>      | <b>Total</b>                |           | <b>1,702,897</b>      |

|                |                                    |          |                |
|----------------|------------------------------------|----------|----------------|
|                | <b>Schedule (14): Other Income</b> |          |                |
| 3,794          | Dividend Income                    |          |                |
| 283,500        | Shed Rent                          | 243,000  |                |
| -              | Profit/(Loss) on W/o of assets     | (81,749) |                |
| 204,221        | Profit on Sale of Assets           | 450,397  | 611,648        |
| <b>491,515</b> | <b>Total</b>                       |          | <b>611,648</b> |

|                    |   |                  |                  |
|--------------------|---|------------------|------------------|
|                    | <b>Schedule (15): Increase/ (Decrease) in Stock</b> |                  |                  |
|                    | Opening Stock:                                      |                  |                  |
| 2,010,678          | Finished Goods                                      | 1,863,921        |                  |
| 3,375,323          | Work-in-Progress                                    | 2,456,332        |                  |
| 5,386,001          | <b>Total</b>  | <b>4,320,253</b> |                  |
|                    | Closing Stock:                                      |                  |                  |
| 1,863,921          | Finished Goods                                      | 1,798,065        |                  |
| 2,456,332          | Work-in-Progress                                    | 2,276,041        |                  |
| 4,320,253          | <b>Total</b>  | <b>4,074,106</b> |                  |
| <b>(1,065,748)</b> | <b>Increase / (Decrease) In Stock</b>               |                  | <b>(246,147)</b> |

|                |   |                  |                |
|----------------|---|------------------|----------------|
|                | <b>Schedule (16): Raw Materials Consumption</b> |                  |                |
| 4,992,135      | Opening Stock:                                  | 4,781,703        |                |
| 124,993        | Add: Purchases                                  | 166,713          |                |
| 5,117,128      |   | <b>4,948,416</b> |                |
| 4,781,703      | Less: Closing Stock                             | 4,452,752        | 495,664        |
| <b>335,425</b> | <b>Total:</b>                                   |                  | <b>495,664</b> |

|                |  |         |                |
|----------------|--|---------|----------------|
|                | <b>Schedule (17): Manufacturing &amp; Other Expenses</b> |         |                |
| -              | Consumables, Power and Fuel Charges                      | 122,860 |                |
| 216,773        | Electric Burning Expenses                                | 223,378 |                |
| -              | Tools & Spare Parts                                      | 35,957  |                |
| -              | Electric Store Expenses                                  | -       |                |
| -              | Other Factory Expenses                                   | -       |                |
| 29,577         | Casual Labour Charges                                    | -       |                |
| 27,780         | Labour Charges   | 155,838 |                |
| 13,774         | Packing Material Expenses                                | 10,360  |                |
| 985            | Carriage Inward Expenses                                 | 5,460   |                |
| 1,225          | Water Charges  | 8,950   |                |
| -              | Job Charges  | 9,580   | 572,383        |
| <b>290,114</b> | <b>Total:</b>  |         | <b>572,383</b> |



**SATELLITE ENGINEERING LIMITED**

| <b>Schedule (18): Payments to &amp; Provisions for Employees</b> |                                  |         |                |
|--|----------------------------------|---------|----------------|
| 160,080  | Salary, Wages & Other Benefits   | 356,335 |                |
| 228,000  | Director's Remuneration          | 120,000 |                |
| 3,500  | Bonus                            | 730     |                |
| -  | Gratuity                         | -       |                |
| 21,240   | Contribution to PF & Other Funds | 17,700  |                |
| 1,800  | Staff Welfare Expenses           | -       |                |
| -  | Ex Gratia                        | 159,751 | <b>654,516</b> |
| <b>414,620</b>   | <b>Total</b>                     |         | <b>654,516</b> |

| <b>Schedule (19): Administrative &amp; other Expenses</b> |                                     |         |                  |
|---|-------------------------------------|---------|------------------|
| 58,186  | Rates & Taxes                       | 90,235  |                  |
| -   | Director's Travelling Expenses      | 115,156 |                  |
| 4,440   | Travelling Expenses                 | 14,498  |                  |
| 125,168   | Motor Car, Cycle & Scooter Expenses | 23,618  |                  |
| 750   | Conveyance Expenses                 | -       |                  |
|   | <u>Payments to Auditors</u>         |         |                  |
| 40,000  | Audit Fees                          | 40,000  |                  |
| 3,000   | Fees for Other Charges              | -       |                  |
| 43,000  | Sub Total                           | 40,000  |                  |
| 13,943  | Bank Charges                        | 18,025  |                  |
| 1,200   | Donation                            | -       |                  |
| 5,000   | Director's Sitting Fees             | 5,000   |                  |
| -   | Share Demat Expenses                | 8,882   |                  |
| 16,124  | Miscellaneous Expenses              | 113,993 |                  |
| -   | Octroi                              | 53,334  |                  |
| -   | Clearing Charges                    | 5,493   |                  |
| 7,196   | Export freight                      | 5,269   |                  |
| 368   | Insurance - Export                  | 430     |                  |
| -   | ISO 9002 Expenses                   | 226,048 |                  |
| -   | Listing Fees                        | 23,114  |                  |
| 207,724   | Legal & Professional Charges        | 217,033 |                  |
| 69,050  | Security Expenses                   | -       |                  |
| -   | Shipping Charges                    | 8,472   |                  |
| 146,060   | Shed Rent                           | 146,060 |                  |
| 74,693  | Share Transfer Agency Expenses      | 94,664  |                  |
| 8,673   | Office General Expenses             | 17,081  |                  |
| 152,707   | Repairs & Maintenance               | 32,968  |                  |
| 5,120   | Damage Outward Expenses             | -       |                  |
| 6,707   | Advertisement Expenses              | 4,580   |                  |
| 7,814   | Postage & Angadia Expenses          | 9,347   |                  |
| 30,518  | Stationery & Printing Expenses      | 19,672  |                  |
| 109,795   | Telephone Expenses                  | 115,140 |                  |
| -   | Internet                            | 12,698  |                  |
| 390   | Electricity Expenses                | -       |                  |
| 34,222  | Insurance Premium Expenses          | 16,242  |                  |
| 19,660  | Provision for Quoted Investment     | -       |                  |
| 2,272,461   | Provision for Doubtful Debts        | -       |                  |
| 650   | Seminar Fees                        | 5,000   |                  |
| 67  | Kasar Vatav Expenses                | -       |                  |
| 13,967  | Penalty                             | 18,967  |                  |
| 1,100   | Service Tax Expenses                | -       | <b>1,461,019</b> |
| <b>3,436,753</b>  | <b>Total:</b>                       |         | <b>1,461,019</b> |

| <b>Schedule (20): Interest</b> |                         |         |                |
|--------------------------------|-------------------------|---------|----------------|
|                                | <u>Bank Interest</u>    |         |                |
| -                              | - Interest on Term Loan | -       |                |
| 362,869                        | - Other Interest        | 252,183 |                |
| -                              | Interest to Depositors  | 266,330 |                |
| 995                            | Other Interest          | -       |                |
| -                              | Interest on Car Loan    | -       | <b>518,513</b> |
| <b>363,864</b>                 | <b>Total</b>            |         | <b>518,513</b> |



**SCHEDULE 21: NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The Financial statements have been prepared on accrual basis of accounting under the Historical cost convention and in accordance with the Companies Act, 1956 and the applicable Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006.

**B. Revenue Recognition**

Income and Expenditure are recognized on accrual basis.

**C. Fixed Assets.**

Fixed assets are stated at cost of acquisition or construction.

**D. Depreciation**

The Company is providing depreciation on Fixed Assets on Written Down Value basis in accordance with the rates laid down in schedule XIV of the Companies Act, 1956.

**E. Investments**

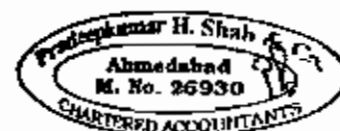
Long-term investments are stated at cost.

**F. Foreign Currency Transaction.**

Transactions in the foreign currency are recorded at the rate of exchange in force at the time of occurrence of transaction. Exchange difference arising on realization of Export proceeds are accounted for in the year of actual realization of foreign exchange. Exchange difference arising at the time of payment of any other FOREX obligation is charged to revenue.

**G. Inventories**

|                 |  |
|-----------------|--|
| Raw Materials   | At lower of Cost and Net Realizable Value  |
| Stores          | At lower of Cost and Net Realizable Value  |
| Work in Process | At lower of Cost and Net Realizable Value  |
| Finished Goods  | At Cost or Market value whichever is lower |
| Trading Goods   | At Cost or Market value whichever is lower |



**H. Retirement Benefits.**

Leave Encashment and Gratuity payable to the employees are accounted for as and when payable on retirement/resignation.

**I. Contingent Liabilities.**

Contingent Liabilities are disclosed by way of notes to the Accounts and are not provided in the accounts.

**J. Income Taxes**

In accordance with Accounting standards-22 (AS-22) on 'Accounting for taxes on Income' issued under the Companies (Accounting Standards) Rules, 2006, the Company has provided for the current year's tax, if any, at the current tax rates based on assessable income and for the deferred tax at the tax rates that have been enacted or substantively enacted by Balance Sheet date based on the tax effect on timing differences resulting from the recognition of the items in the financial statements and in estimating its current tax provision. However, as there is no reasonable certainty of realization, deferred tax assets have not been recognized.

**II NOTES ON ACCOUNTS**

1. Previous year figures have been regrouped/ rearranged wherever necessary and have been rounded off to the nearest rupee.
2. Contingent liabilities not provided for:
  - a) Income Tax and Sales tax liability that may arise on final assessment of pending assessment.
3. No provision has been made for:

The accrued gratuity liability payable to the employees in the future as the company follows the method of accounting for the same as and when the gratuity is payable on retirement. In the absence of actuarial valuation report Total Gratuity Liability as on 31-3-2010 payable in the future is estimated at Rs.1,74,850/-.
4. The company has yet to obtain balance confirmations from debtors, creditors and the parties to whom advances and deposits have been given. Adjustments, if necessary, will be made after the confirmations are received.





5. On the basis of the information furnished, the company does not owe any amount for more than 30 days to Small Scale Industrial units.

6. Some of the old items of Plant & Machinery of Kathwada Division were sold during the year at Rs. 9,77,135/-(net), which is credited to Profit & Loss account as profit on sale of scrap in absence of original cost and accumulated depreciation of such machinery/machinery part sold. Due to this accounting treatment, the loss for the year is understated and the depreciation on such sold Plant & Machinery is overstated. The quantification of both these amounts is not ascertainable.

7. Profit and Loss Account includes the following remuneration to the Managing Director.

| Particulars                                  | 2009-2010  | 2008-2009  |
|--|------------|------------|
| (i) Salary                                   | 1,20,000/- | 1,20,000/- |
| (ii) Perquisites                             | -          | -          |
| (iii) Contribution<br>To PF & other<br>Funds | 9,360/-    | 9,360/-    |

8. a. Licensed capacity Not Applicable  
b. Installed capacity Not Applicable

9. Employee Benefits:

As there is only one employee (apart from two directors drawing remuneration) actuarial valuation of employee benefits was not got done by the Company.

10.A) Quantitative information in respect of Goods Traded:

| Particulars      | CFL   |        | TS Fittings |        | TS Tubes |        | Tubelights |       | Glow Switches |        |
|------------------|-------|--------|-------------|--------|----------|--------|------------|-------|---------------|--------|
|                  | Nos   | Value  | Nos         | Value  | Nos      | Value  | Nos        | Value | Nos           | Value  |
| <b>2009-2010</b> |       |        |             |        |          |        |            |       |               |        |
| Opening Stock    | 1,310 | 72,050 | 276         | 41,400 | 554      | 34,348 | Nil        | Nil   | Nil           | Nil    |
| Purchases (Net)  |       |        |             |        |          |        | 100        | 3,500 | 90,975        | 77,329 |
| Sales            | 1,210 | 65,340 | 250         | 25,000 | 550      | 25,000 | 100        | 7,545 | Nil           | Nil    |
| Closing Stock    | 100   | 11,530 | 26          | 18,913 | 4        | 7,748  | Nil        | Nil   | 90,975        | 77,329 |
| <b>2008-2009</b> |       |        |             |        |          |        |            |       |               |        |
| Opening Stock    | 1,320 | 66,000 | 36          | 2,160  | 4        | 640    | Nil        | Nil   | Nil           | Nil    |
| Purchases (Net)  | -     | -      | 290         | 23,424 | 600      | 48,463 | Nil        | Nil   | Nil           | Nil    |
| Sales            | 10    | 850    | 50          | 10,277 | 50       | 4,248  | Nil        | Nil   | Nil           | Nil    |
| Closing Stock    | 1,310 | 72,050 | 276         | 41,400 | 554      | 34,348 | Nil        | Nil   | Nil           | Nil    |



B) Quantitative information in respect of Goods Manufactured:

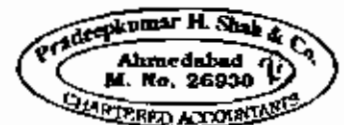
| Particulars      | FSS      |           | Incandescent Lamps |          | Ballast |          | TL Fitting |        | Others |           |
|------------------|----------|-----------|--------------------|----------|---------|----------|------------|--------|--------|-----------|
|                  | Nos.     | Value     | Nos.               | Value    | Nos.    | Value    | Nos.       | Value  | Nos.   | Value     |
| <b>2009-10</b>   |          |           |                    |          |         |          |            |        |        |           |
| Opening Stock    | 5,49,894 | 13,04,064 | 50,033             | 2,50,165 | 1,973   | 86,812   | 434        | 33,852 |        | 1,89,028  |
| Production       | 50,215   |           | Nil                | Nil      | 5,245   |          | 715        |        |        |           |
| Sales            | 44,550   | 3,30,196  | 200                | 1,000    | 6,152   | 2,52,480 | 358        | 29,470 |        | 9,96,336  |
| Closing Stock    | 5,55,559 | 11,43,816 | 49,833             | 2,98,998 | 1,066   | 54,366   | 815        | 72,380 |        | 2,28,505  |
| <b>2008-2009</b> |          |           |                    |          |         |          |            |        |        |           |
| Opening Stock    | 5,54,824 | 13,14,710 | 1,06,883           | 4,75,629 |         |          |            |        |        | 2,20,335  |
| Production       | 18,120   |           |                    |          |         |          |            |        |        |           |
| as               | 23,050   | 2,22,813  | 56,850             | 93,495   |         |          |            |        |        | 13,90,194 |
| Closing Stock    | 5,49,894 | 13,04,064 | 50,033             | 2,50,165 | 1,973   | 86,812   | 434        | 33,852 |        | 1,89,028  |

Note Other Sales includes Sale of Machinery Parts (Scrap) Rs. 8,97,135/-

Note: Quantitative Details of Ballast & TL Fittings have been furnished from Current Year onwards as they constitute major portion of sales

C) Raw Material Consumption:

| Particulars                                    | 2009-2010 |                 | 2008-2009 |                 |
|--|-----------|-----------------|-----------|-----------------|
|  | Quantity  | Amount          | Quantity  | Amount          |
| 1 Stores of ferrous / non ferrous metals       |           |                 |           |                 |
| Dumet & lend in wires (kgs)                    | 411,800   | 31,677          | 136       | 2,14,578        |
| 2 Glass tubes (kgs)                            | 5,233,980 | 2,04,400        | 330       | 5,260           |
| 3 Bakelite sheet/ Base (kgs)                   |           |                 |           |                 |
| Dumet lead wires (kgs)                         |           |                 |           |                 |
| Bimetal spools etc (kgs)                       | 22,070    | 30,078          | NIL       | NIL             |
| 4 Rivets/Capacitors/ Cans/Glow lamps (pcs/kgs) | 92,525    | 2,25,750        | 52        | 1,02,160        |
| 5 other (including components)                 |           | 3,759           |           | 13,427          |
| <b>Total</b>                                   |           | <b>4,95,664</b> |           | <b>3,35,425</b> |



D) Value of Imported & Indigenous Raw Materials Consumed and percentage:

| Particulars | 2009-2010 |        | 2008-2009 |        |
|-------------|-----------|--------|-----------|--------|
|             | Amt Rs.   | %      | Amt Rs.   | %      |
| Imported    | ---       | ---    | ---       | ---    |
| Indigenous  | 4,95,664  | 100.00 | 3,35,425  | 100.00 |
| Total       | 4,95,664  | 100.00 | 3,35,425  | 100.00 |

E) C.I.F. Value of Import:

| Particulars   | 2009-2010 | 2008-2009 |
|---------------|-----------|-----------|
| Raw Materials | 0         | 0         |
| Assets        | 0         | 0         |
| Total         | 0         | 0         |

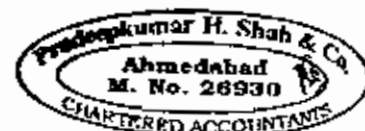
F) Expenditure/Earnings in Foreign Currency:

| Particulars         | 2009-2010 | 2008-2009 |
|---------------------|-----------|-----------|
| Foreign Travel Exp. | 0         | 0         |
| ISO 9002/2000 Exp   | 0         | 0         |
| FOB Value of Export | 3,18,426  | 2,14,025  |

11. Segment information:

As the company is dealing with the single segment, Primary business segment information is not applicable. However the Geographical Segment information is given below:

| Particulars           | India Rs.   | United Kingdom Rs. | Total Rs.   |
|-----------------------|-------------|--------------------|-------------|
| Segment Revenue Sales | 13,84,471   | 3,18,426           | 17,02,897   |
| Other Income          | 6,11,648    | ----               | 6,11,648    |
| Total Assets          | 2,33,17,424 | ----               | 2,33,17,424 |
| Total Liabilities     | 2,33,17,424 | ----               | 2,33,17,424 |



## 12. Related Party Disclosure:

Related party disclosure as required by Accounting Standard-18 on "Related party disclosures" are given below:

## i. List of Related Parties

## 1. Associates.

- a. Aniket Electrical P. Ltd
- b. Vashishta Electrical & Electronics P. Ltd
- c. Anand Associates

## 2. Key Management personnel and Relatives:

- a. Mr. Anand A. Shah
- b. Mrs. Snehvina A. Shah
- c. Mrs. Avani Anand Shah
- d. Mr. Aniket Anand Shah

## ii. The following transaction was carried out with the related parties in the ordinary course of business:

## 1. Details relating to the parties referred to in item A (ii) above

|                                   | <b>2009-2010</b> |
|-----------------------------------|------------------|
|                                   | Rs.              |
| 1) M.D.'s Remuneration            | 1,20,000/-       |
| 2) Director's Remuneration        | 1,08,000/-       |
| 3) Sitting Fees                   | 5,000/-          |
| 4) Loans received during the year | 34,22,000/-      |
| 5) Loans paid during the year     | 22,19,490/-      |
| 6) Interest on loan taken         | 2,66,330/-       |
| 7) Outstanding Loans payable      | 42,07,819/-      |

