

Annual Report
2012-2013

**SATELLITE ENGINEERING
LIMITED**

51ST ANNUAL REPORT 2012-2013

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Anand A. Shah *Chairman & Managing Director*
Mr. Aniket A. Shah *Whole-time Director*
Mr. Vinodchandra Parikh
Mr. Amit N. Shah *(w.e.f. 14/02/2013)*
Mr. Janak G. Nanavaty *(upto 14/02/2013)*

REGISTERED OFFICE:

404, Swagat Building,
C.G. Road, Ellisbridge,
Ahmedabad - 380 006.

BANKERS:

South Indian Bank

AUDITORS:

M/s Apaji Amin & Co.
304, Aakansha Building,
Navarangpura,
Ahmedabad - 380009.

REGISTRAR & TRANSFER AGENTS:

M/s Computech Sharecap Ltd
147, Mahatma Gandhi road,
Opp Jehangir Art Gallery, Fort,
Mumbai – 400023.

AUDIT COMMITTEE:

Mr. Vinodchandra Parikh *Chairman*
Mr. Amit Shah *Member*
Mr. Aniket A. Shah *Member*

SHARE TRANSFER COMMITTEE:

Mr. Amit Shah *Chairman*
Mr. Aniket A. Shah *Member*

SHAREHOLDERS GRIVANCE COMMITTEE:

Mr. Amit Shah *Chairman*
Mr. Aniket A. Shah *Member*

REMUNERATION COMMITTEE:

Mr. Vinodchandra Parikh *Chairman*
Mr. Amit Shah *Member*
Mr. Aniket A. Shah *Member*

ISIN :

INE087C01015

CIN:

L29259GJ1962PLC001130

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NOTICE

NOTICE is hereby given that 51st Annual General Meeting of the Members of Satellite Engineering Limited, will be held on Monday, the 30th September, 2013 at 12.00 Noon at the Registered office of the Company at 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad- 380006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Aniket Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

To Re-appoint Mr. Anand Shah, Managing Director of the Company with revision in remuneration terms

“RESOLVED THAT pursuant to Section 198, 269,309,310 and other applicable provisions, if any of the Companies Act,1956, read with and in accordance with the conditions specified in Schedule XIII of the said Act and as recommended by the Remuneration Committee, the approval of the Members be and is hereby accorded for re-appointment of Mr. Anand Shah as Managing Director of the Company with effect from 1st April, 2013 for a period of 3 years or till the Managing Director resigns from the office of Directorship, with the revision in remuneration terms, as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT, Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this resolution”.

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Amit N. Shah, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. February 14, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to Section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation.”

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- Explanatory Statement under section 173(2) of the Companies Act, 1956 is enclosed.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 28th September, 2013 to Monday, the 30th September, 2013 (both days inclusive).
- At the ensuing Annual General Meeting, Mr. Aniket Shah, retire by rotation and being eligible offer himself for re-appointment. Mr. Anand Shah also proposed to be reappointed as Managing Director of the Company. Mr. Amit N. Shah was appointed as an Additional Director and proposed to be appointed as Director in ensuing General Meeting. The information or details pertaining to them to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- The Company's shares are listed at Mumbai Stock Exchange. The Company has paid listing fees to Mumbai Stock Exchange Limited for financial year 2013-2014. Presently, trading of shares is under suspended category and process of revocation of suspension is going on.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail address, so far, are requested to get their e-mail addresses, in respect of electronic holding with Depository through their concerned Depository Participants. Members who hold shares in Physical form, are requested to get their shares dematerialized. Please also note that you will be entitled to be furnished free of cost, with a copy of the Annual Report of the Company and all other documents required by law to be attached thereto, upon receipt of a requisition from you, any time, as a member of the Company. Such a requisition may be sent to the Registered Office of the Company at the address given below.

Date: 30.05.2013
Registered Office :
404, Swagat Building,
C.G. Road, Ellisbridge,
Ahmedabad - 380 006.

For Satellite Engineering Limited

Anand A. Shah
Managing Director

EXPLANATORY STATEMENT [Pursuant to Section 173(2) of the Companies Act, 1956]

Item no. 4

Mr. Anand Shah, Managing Director was appointed by the Company and his terms expires on 31st March, 2013. The Board of Directors, on the recommendation of the Remuneration Committee, at their meeting held on 14th February, 2013 has decided to re-appoint him for a further period of 3 years, on the terms and conditions, as mentioned in the Remuneration agreement, with effect from 1st April, 2013, subject to approval of the shareholders. The appointment and terms of remuneration payable to Mr. Anand Shah as Managing Director of the Company, as mentioned below, are within the permissible limits under schedule XIII of the Companies Act, 1956. The remuneration package will be as follows:

Salary :

Rs. 1,00,000/- p.m. subject to revision within the maximum limit prescribed by the Companies Act as and when it is amended.

Perquisites :

In addition to the salary, the following perquisites shall be allowed to the Managing Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

CATEGORY - "A"

i) Housing:

The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 10,000/- per month, subject to a limit of 20 % of his salary.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Managing Director at the entire cost of the Company.

The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

ii) Medical Reimbursement:

Medical Expenses actually incurred for self and family shall be reimbursed by the Company under the Mediclaim Policy.

iii) Leave Travel Concession:

The Company shall provide leave travel fare for the Managing Director and his family once in a year.

iv) Personal Accident Insurance:

The Company shall pay Personal Accident Insurance upto Rs.10,000/- per annum.

v) Club Fee :

The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

CATEGORY - "B"

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

CATEGORY - "C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company. Use of Car for personal purposes shall be billed by the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Managing Director at the entire cost of the Company. Personal long-distance calls shall be billed by the Company.
3. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual traveling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or committees thereof.
4. The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Managing Director.
8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

Any and All expenditure actually and properly incurred on Company's business shall be reimbursed to the Managing Director. He shall however not be entitled to any Sitting Fees.

The Board recommends the resolution for approval of Shareholders. Except Mr. Anand Shah, himself and Mr. Aniket Shah, relative of him, none of the other Directors are interested or concerned in this resolution.

Item no. 5

Mr. Amit Shah was appointed as an Additional Director of the Company with effect from 14th February, 2013, pursuant to Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Accordingly, his term expire at the ensuing Annual General Meeting.

Your Director considered that it is in the interest of the Company to have above experience Director in the Board. Hence your Director recommend his appointment.

The Company has received notices from a Member alongwith deposits of Rs. 500/- for each Director, as required under Section 257 of the Companies Act, 1956, proposing his name as Director of the Company.

None of the Directors of the Company is concerned or interested in the Resolution, except Mr. Amit Shah himself.

Date: 30.05.2013
Registered Office :
404, Swagat Building,
C.G. Road, Ellisbridge,
Ahmedabad - 380 006.

For Satellite Engineering Limited

Anand A. Shah
Managing Director

DIRECTORS' REPORT

Dear Shareholder:

Your Directors are pleased to present the 51st Annual Report with the Audited Accounts of the Company for the year ended 31.3.2013.

FINANCIAL RESULTS :

| Particulars | (Rs. In Lacs) | |
|--|----------------|-----------|
| | 2012-2013 | 2011-2012 |
| Total Income | 1.40 | 22.15 |
| Profit /(Loss) before Depreciation & Tax | (12.25) | (14.04) |
| Less : Depreciation | 10.04 | 12.11 |
| Finance Cost | 2.87 | — |
| Profit /(Loss) Before Tax | (25.16) | (26.15) |
| Less : Provision for Tax | — | — |
| Current Taxes | — | — |
| Short/(Excess) Provisions | — | — |
| Net Profit/(Loss) After Tax | (25.16) | (26.15) |
| Balance brought forward | (386.51) | (360.36) |
| Balance carried to Balance sheet | (411.67) | (386.51) |
| Earnings per share | (0.74) | (0.76) |

FINANCIAL HIGHLIGHTS:

OPERATIONS:

During the year, the total turnover has been decreased and stood at Rs. 1.40 Lacs as compared to last year's Rs. 22.15 Lacs. The Company has incurred net loss after tax of Rs. 25.16 Lacs as compared to net loss of Rs. 26.15 Lacs of the last year. Overall working was affected due to general slowdown in the Industry.

DIVIDEND :

Your Directors do not recommended any dividend for the year, due to loss of the current year and carried forward loss of the past years.

FUTURE PROSPECTS:

At the beginning of the current year, the company have developed and started acquiring orders from the corporates. Further, the Company is already establishing an infrastructure, whose roots are already converting into shoots of growth. The Company is expecting to see drastic changes in the view point of Turnover and profitability. The Company is also exploring diversifications of business from the conventional lighting.

Since the production plant has seen and faced problems due to location, the Board of Directors are planning of moving the plant to the outskirts of Ahmedabad. The Company is also planning on refurbishing and repairing the structural damage done to the Gandhidham assets during this year.

RISKS AND CONCERNS:

The Company keeps facing stiff competition by our Asian neighbors and unhealthy competition form the Local markets. With an experience of 51 years, we have developed relations, and are soon working on countering the same.

Energy Conservation

(Information under section 217(1)(e) of the Companies Act, 1956.)

The company has a continuous focus on energy conservation. Regular studies are conducted to analyses quantitative energy conservation patterns, and variances are rigorously scrutinized. The company regularly benchmarks its energy conservation levels and consistently works towards improving efficiencies, towards getting the cost of energy down for every unit produced.

Satellite Engineering Limited

Total energy consumption and energy consumption per unit of production :

| Particulars | | <u>31-03-2013</u> | <u>31-03-2012</u> |
|---|-----|-------------------|-------------------|
| (A) Power and Fuel Consumption: | | | |
| Electricity: | | | |
| (a) Purchased | | | |
| Units | Kwh | 6892 | 14352 |
| Total Amount | Rs. | 56856 | 118407 |
| Rate/ Unit | Rs. | 8.25 | 8.25 |
| (b) Own Generation through Diesel Generator set | | | |
| Units | Kwh | — | — |
| Unit per liter of Diesel Oil | Kwh | — | — |
| Cost/Unit | Rs. | — | — |
| (B) Consumption per Unit of Production : | | | |
| Electricity consumed per vial (in units) | | — | — |

(C) Foreign Exchange Earnings & Outflow :

There is no foreign exchange earnings during the year (last year NIL), while foreign exchange outgo of the company is Nil (Last year Nil).

DIRECTORS:

In accordance with the provisions of the Articles of Association and of the Companies Act 1956, Mr. Aniket Shah, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The Board has re-appointed and revised the remuneration terms of Mr. Anand Shah, Managing Director of the Company, w.e.f. 1st April, 2013, for further period of 3 years at its Meeting held on 14th February 2013, subject to the approval of the members in general meeting.

During the year Mr. Janak Nanavaty has resigned from the Directorship of the Company, w.e.f 14th February, 2013 and Mr. Amit Shah was appointed as an additional Director of the Company, w.e.f. 14th February, 2013.

The Board appreciate the contribution made by the outgoing Director, during his tenure

The brief particular of Directors, for which approval of members for their appointment or re-appointment is sought, has been provided in the Corporate Governance Report pursuant to Clause 49 of the Listing Agreement.

PUBLIC DEPOSITS:

The company has not invited or accepted any deposits under Section 58A of the Companies Act, 1956, from the public, during the year.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance and certificate obtained from practicing Chartered Accountant confirming its compliance, is provided separately and forming part of this Report. The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

Report on Management Discussion and Analysis is provided in separate section and forming part of this report.

FORMATION OF VARIOUS COMMITTEES:

Details of various committees constituted/ reconstituted by the Board of Directors are given in the Corporate Governance Report annexed which forms part of this report.

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PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A):

The provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1988 as amended are not applicable to the company, as there are no employees whose remuneration is in excess of the limits prescribed.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 I would like to state the following:

In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March. 2013.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the attached statements of accounts for the year ended 31st March, 2013 on a going concern basis.

REVOCAION OF SUSPENSION ON BSE:

The Company's shares are presently under suspension category at Mumbai Stock Exchange (BSE), since last 5 years and trading of shares is not done. The Company had applied for the revocation of suspension for trading of shares at BSE and submitted all the necessary documents to BSE. The Board of Directors pleased to inform that In-principle approval for revocation of suspension in trading of equity shares was granted by BSE through letter dated July 23, 2012. It is expected that the company's shares will once again start trading at BSE, which will be helpful to all the Shareholders of the Company.

AUDITORS & AUDITORS REPORT:

M/s. Apaji Amin & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and have shown his willingness to re-appoint, if approved by the members in the ensuing Annual General Meeting. Shareholders are requested to appoint auditors from the conclusion of this Annual general Meeting up to the conclusion of the next Annual General Meeting and fix their remuneration.

Notes forming part of the accounts are self explanatory as far as Auditor's Report is concerned and therefore, it do not require any further comments.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their gratitude for the valuable assistance and co-operation extended by the Bankers, vendors, customers, advisors, the general public and for the valued efforts and dedication shown by the Company employees at all levels. Your Directors also sincerely acknowledge the confidence and faith reposed by the shareholders of the Company.

By order of the Board

**Anand A. Shah
Managing Director**

**30th May, 2013
Ahmedabad**

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 its output, as the Company has confirmed order from domestic market as well as export market. Many Indian Companies like Anchor, Havells etc, and foreign companies situated at different countries like Philippines, Holland, Singapore have confirmed their order for supply of engineering goods to our Company. The management of the Company is planning to launch the LED products, keeping in view, future demand of engineering goods market which saves lots of energy and electricity. 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 atomized 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 unorganized players. Also the Company was confronted by Labor 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 as and when, required are being taken by Head Office.

STATUTORY COMPLIANCE :

Managing Director of the company is the Compliance Office. 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 Labor 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. However, in the coming days. Labor will not affect the growth of the Company.

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for Listed Companies vide Clause 49 in the listing agreement with the Stock Exchanges.

Corporate Governance is Corporate discipline extended transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance stakeholders' value by focusing on long-term value creation without compromising on integrity, social obligations and regulatory compliances.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Satellite Engineering Limited has always been committed to the principal of sound Corporate Governance to promote the effective functioning of the Board and its Committee & to assist it in the exercise of its responsibility. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

The Company's continued endeavor is to achieve good governance which ensures our performance rules with integrity whereby ensuring the truth, transparency accountability & responsibility in all our dealings with our employees, shareholders, consumers & the community at large. Apart from compliance with the statutory provisions of Company Law, allied acts & Listing Agreements, our disclosure seeks to attend best practice in corporate governance. We believe that sound corporate governance is critical to enhance & retain stakeholders trust.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long term value by way of providing necessary guidance and strategic vision to the Company. The Board also ensure that the Company's management and employees operate with highest degree of ethical standard. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation & integrity.

BOARD OF DIRECTORS:

The Company's Board comprises of 4 Directors with a mix of executive/non-executive and promoter/independent directors. Out of total Board members, Chairman & Managing Director is Executive Promoter Director, One is Executive Promoter Director designated as Whole-time Director and other 2 are Non-Executive Independent Directors. The composition of Board complies with the requirements of the Corporate Governance code with 50% of the directors being non-executive Independent directors. During the year, Mr. Janak Nanavaty, has resigned as Director, w.e.f. 14/02/2013 and on the same day, Mr. Amit Shah was appointed as Non Executive Independent Director.

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, Board of Directors met 4 times, viz 15th May 2012, 14th August, 2012, 29th October, 2012, and 14th February, 2013 and the 50th Annual General Meeting was held on 29th September, 2012. The gap between any two meetings did not exceed four months.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of other directorship, chairmanship/membership of other companies.

| Name of the Director Designation & Age | Category | Date of Appointment | No. of other Directorship held in public companies in India | No. of other Board committees of which Member (M) /Chairman (C) | Board meeting attended | Attendance at the last AGM | No. of Shares held & % of holding (as on 31st March, 2013) |
|--|---|---------------------|---|---|------------------------|----------------------------|--|
| Mr. Anand A. Shah Chairman & Managing Director 54 Years | Promoter - Executive Non - Independent Director | 14/04/1992 | 0 | 0 | 4 | Yes | 1358714 (39.73%) |
| Mr. Aniket A. Shah Whole-time Director 30 Years | Promoter - Executive Non Independent Director | 20/01/2009 | 0 | 0 | 4 | Yes | 62500 (1.83%) |
| Mr. Vinodchandra Parikh Director 77 Years | Non Executive Independent Director | 20/01/2009 | 1 | 0 | 4 | Yes | — |
| * Mr. Amit N. Shah Director 55 Years | Non Executive Independent Director | 14/02/2013 | 0 | 0 | 1 | No | — |
| #Mr. Janakbhai G. Nanavaty Vaidya Director 57 Years | Non Executive Independent Director | 23/10/2000 | 2 | 0 | 3 | Yes | — |

* Appointed as an Additional Director, w.e.f. 14/02/2013

Resigned as Director, w.e.f. 14/02/2013

Notes:

- (1) This number excludes the directorships/committee memberships held in private companies and also of the Company. Committees include Audit Committee, Shareholders' Grievance and Remuneration Committee as per Clause 49 of The Listing Agreement.
- (2) As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies & membership of board committees (audit/remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship. Non-executive Directors have no transaction with the company. The details of sitting fees, commission and remuneration paid to each director appear later under the disclosure relating to Remuneration to Directors.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING :

| | | | |
|---|--|---|--|
| Name of Director | Mr. Aniket A. Shah | Mr. Anand Shah | Mr. Amit Shah |
| Date of Birth | 19.01.1983 | 25.07.1958 | 02.07.1957 |
| Date of appointment | 20.01.2009 | 14.04.1992 | 14.02.2013 |
| Qualifications | Computer Science (Nirma Institute), & Comp. Technology (Florida Atlantic University, USA.) | B.Com | B.Com, M.Com |
| Expertise in specific functional areas | He has an excellent hand on IT and related software thereby enabling the company to effectively implement the use of IT in industry and minimizing the cost. | He has rich experience of more than 3 decades in the field of operation, Marketing, Project Implementation. | He has rich experience of more than 3 decades in the field of Chemical Industry, finance and general administration. |
| List of Public Co. in which Directorship held | NIL | NIL | NIL |
| Chairman/ Member of the Committees of the Board of Directors of the Co. | Three – Member (Audit Committee, Shareholder Grievance Committee and Remuneration Committee) | NIL | One – Chairman Shareholder Grievance Committee Two – Member (Audit Committee and Remuneration Committee) |
| Chairman/ Member of the committees of Directors of other Co. | None | None | None |

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2013. A declaration to this effect duly signed by Chairman & Managing Director of the Company is attached herewith and forms part of Corporate Governance Report.

AUDIT COMMITTEE:

The Audit Committee comprises of 3 members, Mr. Vinodchandra Parikh as a Chairman of the Committee & Mr. Amit Shah and Mr. Aniket Shah as Members. Two members are Non-Executive Independent Directors and Mr. Aniket Shah is a Promoter – Executive Director. During the year, Mr. Janak Nanavaty, has resigned as Chairman of the committee, w.e.f. 14/02/2013 and Mr. Vinod Parikh was appointed as a Chairman of the Committee. Same way, Mr. Amit Shah was appointed as committee member w.e.f. 14/02/2013.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. Manager (Accounts) has acted as the Secretary of the Audit Committee. Statutory Auditors are invited as and when required.

During the year under review, 4 meetings were held on 15th May 2012, 14th August, 2012, 29th October, 2012, and 14th February, 2013. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 29th September, 2012. The Audit Committee at its meeting held on 15th May 2012, 14th August, 2012, 29th October, 2012, and 14th

Annual Report 2012-2013

February, 2013 reviewed the unaudited financial results for the quarter ended on March 31, 2012, June 30, 2012, September 30, 2012 and December 31, 2012, respectively. In the meeting held on 14th August, 2012, the committee has also reviewed the Audited Balance Sheet and Profit and Loss Account together with draft Auditor's Report for the Financial Year 2011-12 and recommended to be placed before the Board for their approval.

Details of attendance of members of the Audit Committee are as under:

| Name | Designation | Attendance |
|----------------------------|--------------------|-------------------|
| Mr. Vinodchandra Parikh | Chairman | 4 |
| Mr. Aniket Shah | Member | 4 |
| Mr. Amit Shah* | Member | 0 |
| Mr. Janakbhai G. Nanavati^ | Ex-Chairman | 4 |

*Appointed w.e.f. 14/02/2013

^Resigned w.e.f. 14/02/2013

BROAD TERMS OF REFERENCE

The broad terms of reference of the Committee as approved by the Board includes overseeing of the Company's financial reporting process, the appointment of statutory auditors and internal auditors, reviewing the quarterly and annual financial statements before submission to the Board for approval, compliance with listing and other legal requirements relating to financial statements, reviewing adequacy of the internal Control and internal audit function, etc.

In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations forming part of this Annual Report and other information as mentioned in Clause 49 (II)(E) of the Listing Agreement.

SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders Grievance Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders / Investors Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. The Shareholder Grievance Committee comprises of 2 members, Mr. Mr. Amit Shah as the Chairman of the Committee & Mr. Aniket Shah as the Member. The Chairman is Non-Executive Independent Director, while member is Non-Independent Director.

During the year, Mr. Janak Nanavaty, has resigned as Chairman of the committee, w.e.f. 14/02/2013 and on the same day, Mr. Amit Shah was appointed as Chairman of the committee.

During the year, 4 meetings were held on 15th May 2012, 14th August, 2012, 29th October, 2012, and 14th February, 2013. During the year, the Company had received two complaints (under SEBI- Score) from the Shareholders and same were resolved and no complaint was pending as on 31st March, 2013.

Manager (Accounts) has provided secretarial support to the Committee.

The equity shares of the Company are under suspended category at BSE and so there was no trading took place during the whole financial year.

The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to Share Transfer Committee. The Share Transfer Committee met 3 times and carried out transfer and/or dematerialization work, during the year. The Company has no transfers pending at the close of the financial year.

REMUNERATION COMMITTEE:

The Remuneration Committee as a committee of the Board has been constituted mainly to determine and recommend to Board, the company's policies on remuneration packages for executive and non- executive directors. The Remuneration Committee comprises of 3 members, Mr. Vinodchandra Parikh as the Chairman of the Committee & Mr. Amit Shah and Mr. Aniket Shah as Members. Chairman and One member are Non-Executive Independent Directors. During the year, Mr. Janak Nanavaty, has resigned as Chairman of the committee, w.e.f. 14/02/2013 and on the same day, Mr. Vinodchandra Parikh was appointed as Chairman of the Committee. Mr. Amit Shah was also appointed as committee member w.e.f. 14/02/2013.

The remuneration committee of the Company reviews the remuneration of Managing/Executive Directors. The remuneration of Managing Director is approved by the Remuneration Committee based on criteria such as industries benchmark, Company's performance, and industry performance/track record of the Managing Personnel of the Company. Such remuneration decided by the Remuneration committee with consultation of the board as per the current financial position and soundness of the Company.

One meeting was held as on 14th February, 2013, during the year under review, where all the members were present. In that meeting, Mr. Anand Shah was re-appointed as Managing Director of the Company for 3 years on the terms and conditions, as may be approved by the members in the ensuing Annual general meeting to be held on 30th September, 2013.

Satellite Engineering Limited

The Company has paid remuneration by way of salary of Rs.1.80 Lacs to Mr. Anand Shah, Managing Director of the Company and Rs. 1.44 Lacs to Mr. Aniket Shah, Whole-time Director of the Company. No perquisites and allowances were paid to both the persons, even though the same has been approved by the members in general meeting, due to loss made by the Company. Non- executive Directors have no transaction with the Company. The Company does not pay any sitting fees to any Director, for attending Board Meetings. The Company does not pay any severance fees.

SUBSIDIARY COMPANY :

The Company does not have any subsidiary Company.

OTHER COMPLIANCES :

The Company has no materially significant related party transactions with its promoters, the directors or the management or relatives etc. that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Notes on Accounts of the balance sheet of the Company.

There were no instances of non-compliance or Penalties, imposed on the Company by the Stock Exchange/(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years. However, the Company's shares are under suspended category at BSE and no trading was carried out during the whole financial year.

In preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

Business risk evaluation and management is an ongoing process within the Organization. During the period under review, a detailed exercise on the Business Risk Management was carried out covering all aspects of business operations.

The Company has already appointed Mr. Anand A. Shah, as Chairman, CEO & Managing Director. Certification from him was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2012-13.

General Body Meetings :

Details of the last three Annual General Meetings are as under :

| AGM | Date | Time | Venue | No. of special Resolutions passed |
|----------------------|----------------------------------|-------------|--|--|
| 48 th AGM | 30 th September, 2010 | 12.30 p.m. | Regd. Office : 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad - 380 006 | 0 |
| 49 th AGM | 30 th September, 2011 | 11.00 a.m. | Regd. Office : 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad - 380 006 | 1 |
| 50 th AGM | 29 th September, 2012 | 11.00 a.m. | Regd. Office : 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad - 380 006 | 0 |

At the AGM held on 30th September, 2011, 1 (One) special resolution was passed for appointment of. Mr. Aniket Shah as a Whole-time Director of the Company. The special resolution indicated above was passed by show of hands.

POSTAL BALLOT :

The Company has not passed any resolution through postal ballot during the year under reference. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed through Postal Ballot.

CEO/CFO CERTIFICATION :

The Company is duly placing a certificate to the Board from the Chairman, CEO & Managing Director in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman, CEO & Managing Director in respect of the financial year ended 31st March, 2013 has been placed before the Board and given elsewhere in this Annual Report.

MEANS OF COMMUNICATION :

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings .

The Company also informs by way of intimation to the stock exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

SHAREHOLDERS' INFORMATION:

REGISTERED OFFICE : 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad - 380 006

DATE, TIME, VENUE OF ANNUAL GENERAL MEETING

The 51st Annual General Meeting of the members of the company is scheduled to be held on Monday, 30th September, 2013 at 12.00 noon. at its Registered Office of the company at 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad - 380 006. All the members are invited to attend the meeting.

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The Members / Proxies who intend to attend the meeting are requested to bring the Attendance slip sent herewith duly filed in to the meeting.

FINANCIAL CALENDAR

- Financial year 2012-13 (April 1, 2012 to March 31, 2013)
Results were announced on
 - 14th August, 2012 - first quarter
 - 29th October, 2012 - half year
 - 14th February, 2013 - third quarter
 - 30th May, 2013 - fourth quarter and annual (Audited)
- Financial year 2013-14 (April 1, 2013 to March 31, 2014)
Results will be announced on
 - Last week of July, 2013 - first quarter
 - Last week of October, 2013 - half year
 - Last week of January, 2014 - third quarter
 - Last week of May, 2014 - fourth quarter and annual (Audited)

BOOK CLOSURE :

Saturday, the 28th September, 2013 to Monday, the 30th September, 2013 (both days inclusive)

DETAILS OF SHARES:

Types of shares : Equity Shares
No. of paid up shares : 34,20,000
Market lot of shares : 1 share

STOCK CODE : **Name of Stock Exchange** **Co.Code no.**
Mumbai Stock Exchange 522279

LISTING

The Company's shares are listed on the Stock Exchange at Mumbai. The Company has paid listing fees for financial year 2013-2014. However, the Stock Exchange, Mumbai has suspended the trading in the securities of the Company, due to some technical reason. The Company had applied for the revocation of suspension for trading of shares at BSE and submitted all the necessary documents to BSE. In-principle approval for revocation of suspension in trading of equity shares was granted by BSE through letter dated July 23, 2012. In near future, the company's shares will once again start trading at BSE and it will be helpful to all the Shareholders of the Company.

STOCK DATA

The shares of the Company have not been traded during last financial year and hence no information is submitted.

SHARE TRANSFER SYSTEM :

Applications for transfer of shares in physical form are processed by the Company's Registrar & Transfer Agent M/s. Computech Sharecap Limited. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters considers and approves the share transfer once in fortnight subject to transfer instrument being valid and complete in all respects.

The Company has obtained half yearly certificates from Company Secretary in Practice for compliance of share transfer formalities as per the requirement of Clause 47(c) of the Listing Agreement with Stock Exchange. The Company has also carried out quarterly Secretarial Audit for the reconciliation of Share Capital as required under SEBI circular no. 16 dated 31st December 2002.

DISTRIBUTION OF SHAREHOLDING (AS ON MARCH 31, 2013)

a. On the basis of Shares held

| Number of Equity Shares held (Range) | Number of shareholders | Percentage to total share-holders | Number of shares held | Percentage to total shares held |
|--------------------------------------|------------------------|-----------------------------------|-----------------------|---------------------------------|
| Up to 500 | 4139 | 90.33 | 551531 | 16.13 |
| 501 - 1000 | 233 | 5.09 | 196258 | 5.74 |
| 1001 - 2000 | 87 | 1.90 | 126041 | 3.69 |
| 2001 - 3000 | 26 | 0.57 | 65009 | 1.90 |
| 3001 - 4000 | 18 | 0.39 | 61197 | 1.79 |
| 4001 - 5000 | 15 | 0.33 | 72435 | 2.12 |
| 5001 - 10000 | 48 | 1.05 | 319382 | 9.34 |
| Above 10000 | 16 | 0.35 | 2028147 | 59.30 |
| Total | 4582 | 100.00 | 3420000 | 100.00 |

b. On the basis of Category

| Sr. Description | No. of members | | No. of shares | |
|-------------------------------------|----------------|---------------|----------------|---------------|
| | Nos. | % | Nos. | % |
| A Promoters Holding | | | | |
| Directors & Relatives | 7 | 0.15 | 1623014 | 47.46 |
| B Non Promoter Holding | | | | |
| Resident Individual (incl. HUF) | 4489 | 97.98 | 1596149 | 46.67 |
| Non Resident Individual | 52 | 1.13 | 72926 | 2.13 |
| Mutual Fund, Nationalized Bank etc. | 1 | 0.02 | 900 | 0.03 |
| Domestic Companies | 33 | 0.72 | 127011 | 3.71 |
| Total: | 4582 | 100.00 | 3420000 | 100.00 |

PAN REQUIREMENT FOR TRANSFER OF SHARES IN PHYSICAL FORM

The Securities & Exchange Board of India (SEBI) has mandated the submission Permanent Account Number (PAN) for securities market transactions & off market/private transactions involving Transfer of Shares in Physical Form of Listed Companies. Therefore it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/Registrar & Share Transfer Agents for Registration of such transfers. Members/Investors are therefore requested to make note of the same & submit their PAN Card copy to the Company/ Registrar & Share Transfer Agents.

DETAILS OF DIVIDEND

The Board of Directors has not recommended any dividend due to current year's losses.

DETAILS OF UNPAID DIVIDEND

As the Company has not paid any dividend, in past many years and so there is no unpaid dividend amount.

OUTSTANDING GDRS/ADRS/WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

The Company does not have any outstanding instruments of the captioned type.

NOMINATION FACILITY

It is in the interest of the shareholders to appoint nominee for their investments in the Company. Those members who are holding shares in physical mode and has not appointed nominee or want to change the nomination, are requested to send us nomination form duly filed in and signed by all the joint holders.

CHANGE IN SHAREHOLDERS DETAILS

In case you are holding your shares in dematerialised form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialisation of your share certificates or other inquiries should be addressed to your DP where you have opened your Demat Account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our R&T agent of the company M/s. Computech Sharecap Limited, as per address mentioned below.

INVESTORS COMMUNICATION

Share Transfers / Dematerialisation or other queries relating to Shares of the Company should be addressed to :

M/s. Computech Sharecap Limited.

Unit : Satellite Engineering Limited

147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai-400023

Ph. 22 – 22635000 / 01 / 02 Fax : 22 – 22635000 e-mail: umesh019@gmail.com

DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(I)(D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct of the Company. The Company has obtained confirmation for the compliance of Code of Conduct from the Board Members and Senior Management Personnel on an annual basis.

Ahmedabad
30th May, 2013

Anand Shah
Managing Director

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CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, Mr. Anand A. Shah, Chairman, CEO & Managing Director of Satellite Engineering Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the balance sheet and profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31st March, 2013 and that to the best of my knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
2. I also certify that based on my knowledge and information provided to me, there are no transaction entered into by the Company during the year which are fraudulent , illegal or violate the company's code of conduct.
3. I accept the responsibilities for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee
 - (a) significant change in internal control over financial reporting during the year.
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - (c) instances of significant fraud of which I have become aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Ahmedabad
30th May, 2013

Anand A. Shah
Chairman & Managing Director

AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

To the members of the Satellite Engineering Limited

We have examined the compliance of corporate governance by Satellite Engineering Limited for the financial year ended on 31st March, 2013 stipulated in clause 49 of the listing agreement of the said company with the stock exchange of India.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation there of, adopted by the company for ensuring the compliance of the condition of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanation 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 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 **M/s.Apaji Amin & Co**
Chartered Accountants

Place : Ahmedabad
Date : 30/05/2013

T. B. Sethna
(Partner)
M. No. 35476

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SATELLITE ENGINEERING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Satellite Engineering Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **M/s. Apaji Amin & Co**
Chartered Accountants
Firm Registration No.: 100513W

Place : Ahmedabad
Date : **30/05/2013**

Tehmul Sethna
(Partner)
M. No. 35476

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Annexure referred to in Paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Satellite Engineering Limited ('the Company')

1. In respect of its fixed assets:
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - ii) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner set out by the Company, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
 - iii) There was no substantial disposal of fixed assets during the year; hence the going concern concept has not been affected.
 2. In respect of its inventories:
 - i) Inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable.
 - ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - iii) The Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification of inventories.
 3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - i) The Company has not granted loans to parties, firms or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 - ii) During the year, the Company has taken loans from parties, firms or companies covered in the register maintained under section 301 of the Companies Act, 1956, maximum outstanding balance at any time during the year from such parties is Rs. 51.03 lacs and the year end balances from such parties is Rs. 50.63 lacs.
 - iii) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions, are not *prima facie* prejudicial to the interest of the Company.
 - iv) The loans taken/granted are re-payable on demand and the Company has received/repaid the loan fully during the year.
 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventories, fixed assets and for the sales of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct major weakness in internal control system of the Company in respect of these areas.
 5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - i) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
 - ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 6. The Company has not accepted any deposit from the public as per the provisions of sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under.
 7. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
 8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
-

Satellite Engineering Limited

9. According to the information and explanation given to us, in respect of statutory dues:
- i) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Service Tax, Income Tax, Sales Tax, Custom Duty, Cess and other material statutory dues applicable to it.
 - ii) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the year end, for a period of more than six months from the date they become payable.
 - iii) According to the information and explanations given to us, there are no dues outstanding for Income Tax, Service Tax, Customs Duty and Cess on account of any dispute.
10. The Company does has accumulated losses of Rs. 411.27 lacs at the end of the financial year. It has incurred cash losses of Rs. 35.21 lacs during the financial year covered by the audit and cash losses of Rs. 38.26 lacs in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year. Accordingly, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
12. In our opinion and 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. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loan.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties covered in the register under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Therefore, clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, which have been relied upon by us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/s.Apaji Amin & Co**
Chartered Accountants
Firm Registration No.: 100513W

Place : Ahmedabad
Date : **30/05/2013**

Tehmul Sethna
(Partner)
M. No. 35476

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BALANCE SHEET AS AT MARCH 31, 2013

| | Notes | March31,2013 In ₹ | March31,2012 In ₹ |
|--|-------|--------------------------|--------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 3 | 34,200,000 | 34,200,000 |
| (b) Reserves and Surplus | 4 | -24,359,958 | -21,843,502 |
| | | <u>9,840,042</u> | <u>12,356,498</u> |
| Non-current Liabilities | | | |
| (a) Long Term Borrowings | 5 | 5,080,123 | 3,709,573 |
| (b) Deferred Tax Liabilities (net) | | - | - |
| (c) Other Long Term Liabilities | | - | - |
| (d) Long Term Provisions | 6 | 2,450,406 | - |
| | | <u>7,530,529</u> | <u>3,709,573</u> |
| Current Liabilities | | | |
| (a) Short Term Borrowings | 7 | 3,086,805 | 4,583,559 |
| (b) Trade Payables | 8 | 373,817 | 598,145 |
| (c) Other Current Liabilities | 8 | 6,986,376 | 4,191,442 |
| (d) Short Term Provisions | 6 | 1,416,406 | - |
| | | <u>11,863,404</u> | <u>9,373,146</u> |
| TOTAL | | <u>29,233,975</u> | <u>25,439,217</u> |
| ASSETS | | | |
| Non-current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 9 | 7,840,766 | 7,840,766 |
| (ii) Intangible Assets | | - | - |
| (iii) Capital Work-In-Progress | | - | - |
| (iv) Intangible Assets under Development | | - | - |
| (b) Non-current Investments | 10 | 1,500 | 21,160 |
| (c) Long Term Loans and Advances | 11 | 6,331,187 | - |
| (d) Other Non-current Assets | | - | - |
| | | <u>14,173,453</u> | <u>7,861,926</u> |
| Current Assets | | | |
| (a) Inventories | 12 | 9,337,982 | 9,337,982 |
| (b) Trade Receivables | 13 | 5,575,829 | 6,829,949 |
| (c) Cash and Cash Equivalents | 14 | 146,712 | 405,203 |
| (d) Short Term Loans and Advances | 11 | - | - |
| | | <u>15,060,523</u> | <u>16,573,134</u> |
| TOTAL | | <u>29,233,976</u> | <u>24,435,060</u> |

Summary of Significant Accounting Policies 2
 The Accompanying Notes are an integral part of the Financial Statements.

As per our audit report of the even date
For APAJI AMIN & CO.
 Chartered Accountants
 Firm Registration No. : 100513W

Tehmul Sethna
 Partner
 Membership No.: 35476
 Place: Ahmedabad
 Dated: May 30, 2013

For and on behalf of
Anand A. Shah *Chairman & Managing Director*
Vinodbhai Parikh *Director*
Amit Shah *Director*
Aniket A. Shah *Director*
 Place: Ahmedabad
 Dated: May 30, 2013

Satellite Engineering Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

| | Notes | 2012 - 13 In ₹ | 2011 - 12 In ₹ |
|---|-----------------|--------------------|--------------------|
| Revenue from Operations (Gross) | 15 | 52,850 | 2,181,910 |
| Less: Excise Duty | | - | - |
| Revenue from Operations (Net) | | 52,850 | 2,181,910 |
| Other Income | 16 | 87,500 | 33,209 |
| Total Revenue | (I) | 140,350 | 2,215,119 |
| Expenses: | | | |
| Cost of Raw Materials and Packing Materials Consumed | | - | - |
| Purchases of Traded Goods | | 64,196 | 321,079 |
| Increase in Finished, Traded and Work-In-Progress Inventories | 17 | - | 982,188 |
| Manufacturing Expenses | 18 | - | 319,619 |
| Employee Benefits Expenses | 19 | 528,600 | 435,822 |
| Administrative and General Expenses | 20 | 772,986 | 1,560,002 |
| Selling and Marketing Expenses | | - | - |
| Share of Profit from Investment in Partnership Firm | | - | - |
| Total Expenses | (II) | 1,365,782 | 3,618,709 |
| Earnings before Interest, Tax, Depreciation and Amortisation | (I - II) | (1,225,432) | (1,403,590) |
| Depreciation and Amortisation Expenses | 9 | 1,004,157 | 1,211,438 |
| Finance Costs | 21 | 286,867 | - |
| Profit Before Tax | | (2,516,456) | (2,615,028) |
| Tax Expenses: | | | |
| (i) Current Tax | | - | - |
| (ii) Deferred Tax | | - | - |
| (iii) Excess Provision of Earlier Years | | - | - |
| Net Profit for the Year | | (2,516,456) | (2,615,028) |

Earnings Per Equity Share:

Basic and Diluted (in ₹) -0.74 -0.76

[Nominal value of Share ₹ 10 (March 31, 2011: ₹ 10)]

Summary of Significant Accounting Policies

2

The Accompanying Notes are an integral part of the Financial Statements.

As per our audit report of the even date

For APAJI AMIN & CO.

Chartered Accountants

Firm Registration No. : 100513W

Tehmul Sethna

Partner

Membership No.: 35476

Place: Ahmedabad

Dated: May 30, 2013

For and on behalf of

Anand A. Shah

Chairman & Managing Director

Vinodbhai Parikh

Director

Amit Shah

Director

Aniket A. Shah

Director

Place: Ahmedabad

Dated: May 30, 2013

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

1 CORPORATE INFORMATION

Satellite Engineering Ltd. (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a leading vertically integrated Indian Electrical company with global operations, engaged in the development, manufacture and marketing of Lighting products and accessories and are headquartered in India. Company has manufacturing locations situated at Gujarat, i.e. Ahmedabad and Gandhidham.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

(c) Tangible Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises Purchase Price, Borrowing Costs if capitalization criteria are met and any other directly attributable cost of bringing the asset to its working condition for the intended use, net off of any trade discounts and rebates. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized. Capital assets under erection/installation are stated in the Balance Sheet as "Capital Work-in-Progress".

(d) Impairment of Assets

(i) The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(e) Investments

Investments, which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Investments in share of foreign subsidiaries are reported in Indian Currency at the rate of exchange prevailing on the date of transaction. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(f) Inventories

- (i) Raw materials, Packing materials, fuel, stores and spares are valued at lower of cost and net realizable value. Cost includes Purchase Price and other directly attributable costs incidental thereto. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
- (ii) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- (iii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- (iv) Provision for diminution in value of inventories has been made for expired, obsolete, non-moving and slow-moving inventories as per the management's estimate.

(g) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in bonded warehouse. VAT and Sales Tax are charged to Revenue.

(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Export Incentives

Export Incentives are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(h) Retirement and Other Employee Benefits

(i) Defined Contribution Plan

Company's contribution paid/payable during the year to retirement benefit in the form of Provident Fund, Employees state Insurance Corporation and Labour Welfare Fund are recognized in the Statement of Profit and Loss. The Company has no obligation, other than the contribution paid/payable.

(ii) Defined Benefit Plan

The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of estimates done by the company at each year-end.

(i) Income Taxes

Tax Expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred Income Taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Income Taxes reflect the impact of Timing Differences between Taxable Income and Accounting Income originating during the Current Year and reversal of timing differences for the earlier years. Deferred Tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(j) Earnings Per Share

The Company reports basic Earning Per Share (EPS) in accordance with Accounting Standard 20 on Earning Per Share.

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus and preferential issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash on hand, cash at bank, short-term investments with an original maturity of three months or less and remittances in transit.

(l) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(m) Contingent Liabilities

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(n) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of Profit / (Loss) from continuing operations. In its measurement, the Company does not include Depreciation and Amortization expense, Finance Costs and Tax expenses.

3 SHARE CAPITAL

| | March 31, 2013 | | March 31, 2012 | |
|--|------------------|-------------------|------------------|-------------------|
| | No. | in Rupees | No. | in Rupees |
| Authorised Shares | | | | |
| Equity Shares of ₹ 10 each | 8,000,000 | 80,000,000 | 8,000,000 | 80,000,000 |
| | 8,000,000 | 80,000,000 | 8,000,000 | 80,000,000 |
| Issued, Subscribed and Fully Paid-up Shares | | | | |
| Equity Shares of Rs. 10/- each | 3,420,000 | 34,200,000 | 3,420,000 | 34,200,000 |
| | 3,420,000 | 34,200,000 | 3,420,000 | 34,200,000 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | March 31, 2013 | | March 31, 2012 | |
|---|------------------|-------------------|------------------|-------------------|
| | No. | in Rupees | No. | in Rupees |
| Equity Shares | | | | |
| At the Beginning of the year | 3,420,000 | 34,200,000 | 3,420,000 | 34,200,000 |
| Add: Issued During the Year | - | - | - | - |
| Outstanding at the End of the year | 3,420,000 | 34,200,000 | 3,420,000 | 34,200,000 |

(b) Details of shareholders holding more than 5% Shares in the Company

| Equity Shares | March 31, 2013 | | March 31, 2012 | |
|------------------------|----------------|-----------|----------------|-----------|
| | No. | % Holding | No. | % Holding |
| Rajesh M Sanghvi (HUF) | 225,600 | 6.6 | 225,600 | 6.6 |
| Anand A Shah | 1,358,714 | 39.73 | 1,358,714 | 39.73 |
| Anand A Shah (HUF) | 201,800 | 5.9 | 201,800 | 5.9 |

(c) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each equity shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4 RESERVES AND SURPLUS

| | March 31, 2013 | March 31, 2012 |
|--|---------------------|---------------------|
| | in Rupees | in Rupees |
| (a) Capital Reserve | | |
| Balance as per Last Financial Statements | 7,336 | 7,336 |
| Closing Balance | 7,336 | 7,336 |
| (b) Security Premium Account | | |
| Balance as per Last Financial Statements | 16,800,000 | 16,800,000 |
| Add: Security premium credited on Issue of Preference Shares | - | - |
| Less: Utilised on Redemption of Preference Shares | - | - |
| Closing Balance | 16,800,000 | 16,800,000 |
| (c) Surplus | | |
| Balance as per Last Financial Statements | (38,650,838) | (36,035,810) |
| Net Profit for the year | (2,516,456) | (2,615,028) |
| Net Surplus in the Statement of Profit and Loss | (41,167,294) | (38,650,838) |
| GRAND TOTAL | (24,359,958) | (21,843,502) |

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5 LONG TERM BORROWINGS

| | Non-current Portion | | Current Portion | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Loan From Directors | | | | |
| Anand A Shah | 5,024,191 | 3,613,191 | | |
| Aniket Anand Shah | 38,350 | 78,800 | | |
| N.S. Patel | 17,582 | 17,582 | | |
| | 5,080,123 | 3,709,573 | - | - |
| The above amount includes: | | | | |
| Secured Borrowings | | | | |
| Unsecured Borrowings | 5,080,123 | 3,709,573 | | |
| Amount disclosed under the head "Other Current Liabilities" (Note 10) | | | | |
| Net Amount | 5,080,123 | 3,709,573 | - | - |

6 PROVISIONS

| | Long Term | | Short Term | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Provision for Employee Benefits | | | | |
| Provision for Gratuity | 132,170 | - | | |
| Provision for Leave Encashment | 7,935 | - | | |
| | 140,105 | - | - | - |
| Other Provisions | | | | |
| Provision for Tax (net of advances) | 37,840 | - | | |
| Proposed Equity Dividend | - | - | | |
| Provision for Tax on Proposed Equity Dividend | - | - | | |
| Provision for Doubtful Debts | 2,272,461 | - | | |
| Provision for expenses | 1,416,406 | - | | |
| | 2,310,301 | - | 1,416,406 | - |
| | 2,450,406 | - | 1,416,406 | - |

7 SHORT-TERM BORROWINGS

| | Short Term | |
|--------------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Secured Borrowings From Banks: | | |
| Bank Overdraft * | 3,086,805 | 4,583,559 |
| | 3,086,805 | 4,583,559 |
| The above amount includes: | | |
| Secured Borrowings | 3,086,805 | 4,583,559 |
| Unsecured Borrowings | - | - |
| | 3,086,805 | 4,583,559 |

* Bank Overdraft is secured by first charge over inventory and book debts

8 OTHER CURRENT LIABILITIES

| | Short Term | |
|-----------------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Trade Payables | | |
| Dues to Related Parties (Note 34) | - | - |
| Other Payables | 373,817 | 598,145 |
| Other Liabilities | | |
| Sundry Creditors for Expense | 755,030 | 408,446 |
| Duties & Taxes | 231,346 | (110,145) |
| Others | 6,000,000 | 3,893,142 |
| | 6,986,376 | 4,191,442 |

Satellite Engineering Limited

9 TANGIBLE ASSETS

in Rupees

| | Gross Block | | | Accumulated Depreciation | | | | Net Block | | | |
|------------------------------------|-----------------------------|-----------|-----------|------------------------------|-----------------------------|---------------------|------------------------------|-----------|------------------------------|------------------------------|------------------------------|
| | Balance as at April 1, 2012 | Additions | Disposals | Balance as at March 31, 2013 | Balance as at April 1, 2012 | Charge for the year | Depreciation to written Back | Disposals | Balance as at March 31, 2013 | Balance as at March 31, 2013 | Balance as at March 31, 2012 |
| Freehold Land | 35,242 | - | - | 35,242 | - | - | - | - | - | 35,242 | 35,242 |
| Buildings | 6,789,434 | - | - | 6,789,434 | 4,478,121 | 205,449 | - | - | 4,683,570 | 2,311,313 | 2,105,864 |
| Plant and Machineries | 55,008,852 | - | - | 55,008,852 | 48,711,729 | 819,228 | (10,336) | - | 49,520,621 | 6,297,123 | 5,488,231 |
| Furniture, Fixtures and Equipments | 1,977,461 | - | - | 1,977,461 | 1,810,494 | 15,414 | (142) | - | 1,825,766 | 166,967 | 151,695 |
| Vehicles | 179,358 | - | - | 179,358 | 173,821 | - | (3,003) | - | 170,818 | 5,538 | 8,541 |
| Computers | 813,892 | - | - | 813,892 | 785,150 | 1,121 | (23,574) | - | 762,697 | 28,742 | 51,195 |
| GRAND TOTAL | 64,804,239 | - | - | 64,804,239 | 55,959,315 | 1,041,212 | (37,055) | - | 56,963,472 | 8,844,923 | 7,840,766 |

10 NON CURRENT INVESTMENTS

| | March 31, 2012 in Rupees | March 31, 2011 in Rupees |
|---|-----------------------------|-----------------------------|
| Non-trade Investments (Valued at Cost unless stated otherwise) | | |
| Maitry Society Ltd | 1,500 | 1,500 |
| Sand Plast Ltd | - | 1,000 |
| Modern Wollen Ltd | - | 18,660 |
| Birla MNS Fund | - | - |
| | 1,500 | 21,160 |
| Less: Provision for diminution in the value of investments | - | - |
| | 1,500 | 21,160 |

11 LONG-TERM LOANS AND ADVANCES

| | Non-current Portion | | Current Portion | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Capital Advances | | | | |
| Security deposit | | | | |
| Secured, considered good | (A) 4,039,885 | - | - | - |
| Advances recoverable in Cash or Kind | | | | |
| Unsecured, considered good | (B) 2,275,064 | - | - | - |
| Other Loans and Advances | | | | |
| Balances with Statutory Authorities | 16,238 | - | - | - |
| | (C) 16,238 | - | - | - |
| Total (A + B + C) | 6,331,187 | - | - | - |

12 INVENTORIES [Valued at lower of cost and net realisable value]

| | Short Term | |
|-------------------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Raw Materials and Packing Materials | 3,933,305 | 3,933,305 |
| Finished Goods | 1,339,848 | 1,339,848 |
| Traded Goods | 61,450 | 61,450 |
| Work-in-progress | 4,003,379 | 4,003,379 |
| | 9,337,982 | 9,337,982 |

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13 TRADE RECEIVABLES

| | Current Portion | |
|---|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 5,575,829 | 5,515,000 |
| Other receivables | | |
| Unsecured, considered good | - | 1,314,949 |
| | - | 1,314,949 |
| | <u>5,575,829</u> | <u>6,829,949</u> |

14 CASH AND CASH EQUIVALENTS

| | Current Portion | |
|-------------------------------|-----------------------------|-----------------------------|
| | March 31, 2013 in Rupees | March 31, 2012 in Rupees |
| Balances with Schedule Banks: | 115,911 | 110,836 |
| Cash on Hand | 30,800 | 294,367 |
| | <u>30,800</u> | <u>294,367</u> |
| | <u>146,712</u> | <u>405,203</u> |
| | 2012 - 13 | 2011 - 12 |
| | in Rupees | in Rupees |

15 REVENUE FROM OPERATIONS

| | | |
|--|---------------|------------------|
| Sale of Finished Goods | | |
| Domestic | - | 2,181,910 |
| Exports | - | - |
| Sale of Traded Goods | | |
| Domestic | 52,850 | - |
| Exports | - | - |
| Revenue from Operations (Gross) | <u>52,850</u> | <u>2,181,910</u> |
| Less: Excise Duty | - | - |
| Revenue from Operations (Net) | <u>52,850</u> | <u>2,181,910</u> |

16 OTHER INCOME

| | | |
|----------------------------|---------------|---------------|
| Other Non-operating Income | 87,500 | 33,209 |
| | <u>87,500</u> | <u>33,209</u> |

17 (INCREASE)/DECREASE IN INVENTORIES

| | | |
|--|------------------|-------------------|
| Inventory at the end of the Year | | |
| Raw Materials | 3,933,305 | 3,933,305 |
| Traded Goods | 61,450 | 61,450 |
| Work-in-progress (*) | 4,003,379 | 4,003,379 |
| Finished Goods | 1,339,848 | 1,339,848 |
| | <u>9,337,982</u> | <u>9,337,982</u> |
| Inventory at the beginning of the Year | | |
| Raw Materials | 3,933,305 | 3,933,305 |
| Traded Goods | 61,450 | 1,043,638 |
| Work-in-progress (*) | 4,003,379 | 4,003,379 |
| Finished Goods | 1,339,848 | 1,339,848 |
| | <u>9,337,982</u> | <u>10,320,170</u> |
| | - | <u>982,188</u> |

Satellite Engineering Limited

| | 2012 - 13 in Rupees | 2011 - 12 in Rupees |
|---|------------------------|------------------------|
| 18 MANUFACTURING EXPENSES | | |
| Carriage Outward Expenses | - | 2,615 |
| Casual Labour Charges | - | 120,234 |
| Consumable Stores Expense | - | 700 |
| Excise Duty Expenses | - | 32,303 |
| Carriage Inward Expenses | - | 2,060 |
| Electric Burning Expenses | - | 15,350 |
| Factory Expenses | - | 734 |
| Labour Charges Expenses | - | 103,722 |
| Freight Charges | - | 38,435 |
| Packing Charges | - | 3,466 |
| | - | 319,619 |
| 19 EMPLOYEE BENEFIT EXPENSES | | |
| Salaries, Wages and Bonus | 528,600 | 434,262 |
| Staff Welfare Expenses | - | 1,560 |
| | 528,600 | 435,822 |
| 20 ADMINISTRATIVE AND GENERAL EXPENSES | | |
| Office Administration Expenses | 753,379 | 1,530,002 |
| Labour Charges | 2,250 | - |
| Debit Credit Balances Written Off | 16,887 | - |
| Miscellaneous Expenses | 470 | - |
| | 772,986 | 1,560,002 |
| Payment to Auditor: | | |
| As Auditor: | | |
| Audit Fee | 30,000 | 30,000 |
| | 30,000 | 30,000 |
| 21 FINANCE COST | | |
| Bank Interest | 286,867 | - |
| | 286,867 | - |

22 EARNINGS PER SHARE (EPS)

| | March 31, 2013 | March 31, 2012 |
|--|------------------------|--------------------|
| Net Profit as per Statement of Profit and Loss | (2,516,456) | (2,615,028) |
| Opening number of Equity Shares | Nos. 3,420,000 | 34,200,000 |
| Equity Shares issued during the year | Nos. - | - |
| Weighted Average Number of Equity Shares in calculating Basic EPS | Nos. 3,420,000 | 34,200,000 |
| Weighted Average Number of Equity Shares in calculating Diluted EPS | Nos. 3,420,000 | 34,200,000 |
| Basic and Diluted Earning Per Share | (in Rs.) (0.74) | (0.08) |
| Nominal Value of Shares | (in Rs.) 10.00 | 10.00 |

23 Previous Year Comparatives

The figures of the Previous Year have been regrouped/rearranged wherever necessary to conform to Current Year's classifications.

As per our audit report of the even date

For APAJI AMIN & CO.

Chartered Accountants

Firm Registration No. : 100513W

Tehmul Sethna

Partner

Membership No.: 35476

Place: Ahmedabad

Dated: May 30, 2013

For and on behalf of

Anand A. Shah *Chairman & Managing Director*

Vinodbhai Parikh *Director*

Amit Shah *Director*

Aniket A. Shah *Director*

Place: Ahmedabad

Dated: May 30, 2013

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

| Particulars | For the year ended 31 March, 2013 ₹ | For the year ended 31 March, 2012 ₹ |
|--|--|--|
| A. Cash flow from operating activities | | |
| Net Profit / (Loss) before extraordinary items and tax | -2,516,456 | -2,615,028 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 1,004,157 | 1,211,438 |
| (Profit) / loss on sale / write off of assets | - | - |
| Interest Expense | 199,367 | - |
| | <u>1,203,524</u> | <u>1,211,438</u> |
| Operating profit / (loss) before working capital changes | -1,312,932 | -1,403,590 |
| <i>Changes in working capital:</i> | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Trade receivables | 1,254,120 | -537,343 |
| Short-term loans and advances | - | - |
| Long-term loans and advances | -6,331,187 | 1,612,200 |
| Decrease in Inventories | - | 982,188 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade payables | -224,327 | 28,101 |
| Other current liabilities | -3,205,066 | 1,540,946 |
| Short-term provisions | 1,436,066 | - |
| Long-term provisions | 2,450,406 | -2,272,461 |
| | <u>-4,619,989</u> | <u>1,353,631</u> |
| Cash generated from operations | -5,932,921 | -49,959 |
| Net income tax (paid) / refunds | | |
| Net cash flow from / (used in) operating activities (A) | <u><u>-5,932,921</u></u> | <u><u>-49,959</u></u> |
| B. Cash flow from investing activities | | |
| Capital expenditure on fixed assets, including capital advances | - | - |
| Proceeds from sale of fixed assets | - | - |
| Current Investments not considered as Cash and Cash equivalents | - | - |
| - Proceeds from sale | - | 9,134 |
| Net cash flow from / (used in) investing activities (B) | <u><u>-</u></u> | <u><u>9,134</u></u> |
| C. Cash flow from financing activities | | |
| Increase in Long term borrowing | 7,370,550 | 375,382 |
| Repayment of long term borrowing | - | - |
| Interest paid | -199,367 | - |
| Net increase / (decrease) in working capital borrowings | -1,496,754 | -581,891 |
| Net cash flow from / (used in) financing activities (C) | <u><u>5,674,429</u></u> | <u><u>-206,509</u></u> |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | <u><u>-258,492</u></u> | <u><u>-247,334</u></u> |
| Cash and cash equivalents at the beginning of the year | 405,203 | 652,537 |
| Cash and cash equivalents at the end of the year [Note No. 18] | <u><u>146,711</u></u> | <u><u>405,203</u></u> |
| Summary of Significant Accounting Policies | | 2 |

As per our audit report of the even date

For APAJI AMIN & CO.

Chartered Accountants

Firm Registration No. : 100513W

Tehmul Sethna

Partner

Membership No.: 35476

Place: Ahmedabad

Dated: May 30, 2013

For and on behalf of

Anand A. Shah Chairman & Managing Director

Vinodbhai Parikh Director

Amit Shah Director

Aniket A. Shah Director

Place: Ahmedabad

Dated: May 30, 2013

Satellite Engineering Limited

Satellite Engineering Limited

Registered Office : 404, Swagat Building, Besides Lal Bunglow, C.G. Road, Ahmedabad - 380006.

ATTENDANCE SLIP

51ST ANNUAL GENERAL MEETING, SEPTEMBER 30, 2013.

Reg. Folio No. _____

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 51st ANNUAL GENERAL MEETING of the Company being held on the Monday, the 30th September, 2013 at 12.00 Noon at Registered Office situated at 404, Swagat Building, C.G. Road, Ellisbridge, Ahmedabad-380006.

Member's/ Proxy's name in BLOCK letters

Member's/ Proxy's Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE MEETING PLACE.

----- (TEAR HERE) -----

Satellite Engineering Limited

Registered Office : 404, Swagat Building, Besides Lal Bunglow, C.G. Road, Ahmedabad - 380006.

FORM OF PROXY

I/We _____ of _____
in the district of _____ being a member/members of the above-named company hereby
appoint _____ of _____
in the district of _____ or failing him _____
of _____ in the district of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 51ST ANNUAL GENERAL MEETING of the Company to be held on 30th September, 2013 and/ or at any adjournment thereof.

Signed this _____ day _____ 2013.

Signature _____

Affix
Re. 1
Revenue
Stamp

Reg. Folio No. _____

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

BOOK-POST

To,

If Undelivered please return to :

Satellite Engineering Limited
404, Swagat Building,
Besides Lal Bungalow,
C.G. Road, Ahmedabad - 380006.