

SAB INDUSTRIES LIMITED

Regd. Office: S.C.O.49-50, Sector- 26, Chandigarh.

NOTICE

NOTICE is hereby given that the Annual General Meeting of the shareholders of the Company shall be held as scheduled below:

Day & Date : Monday, the 30th day of September, 2013.
Time : 12.30 P.M.
Venue : Regd. Office of the Company at S.C.O.49-50,
Sector- 26, Madhya Marg, Chandigarh.

To transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements Profit and Loss Account and Cash Flow for the year ended March 31, 2013, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To elect a Director in place of Shri S S Dawra who retires by rotation and being eligible offers himself for re-appointment.
3. To elect a Director in place of Shri Kanwarjit Singh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s S. C. Dewan & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, as amended from time to time, and subject to such approvals/ sanctions as may be required, Shri Avinash Sharma be and is hereby reappointed as Executive Director of the Company for a period of 5 Years w.e.f 01.04.2013 on the following terms and conditions:

(A)

Basic Salary	:	₹ 2,35,000/- per month
House Accommodation	:	Rent free unfurnished accommodation
Medical Reimbursement	:	Reimbursement of Medical Bills up to one months' basic salary in a year, or upto three months' salary in a period of three years.
Contribution to Provident Fund	:	@12% of basic salary.
Gratuity	:	Not exceeding half months basic salary for each completed year of service, subject to Gratuity Act.
Earned leave	:	As per Company's Rule (unused portion of the earned leave accumulated as per Company rules may be encashed at the end of the tenure, including extension in tenure, if any.

- Chauffeur Driven Car and Telephone at the residence for official use (the private use of Car and telephone shall be billed by the Company to the appointee).
- All payments are subject to TDS as per Income Tax Act, 1961.

(B) Commission: 5% of net profit inclusive of remuneration mentioned in (A) above. For the purpose of calculation of said commission of 5% on net profit, Net profit shall exclude the profit generated/to be generated by the sale of Land, by the sale of Investment in shares, dividend of investment in shares and due to any claim received / to be received for the Cases/ work done before 1st October, 2008 or any other receivable against the work executed by the Company before the said date of 1st October, 2008.

RESOLVED FURTHER THAT in the event of losses or inadequate profits in any financial year during the term of office of Shri. Avinash Sharma as Executive Director, the aforesaid salary and all other benefits, remuneration and other perquisites mentioned at (A) above, be paid to the appointee as minimum remuneration subject to the ceiling laid down in schedule XIII to the Companies Act, 1956 as amended/modified or enacted from time to time.

RESOLVED FURTHER THAT the above remuneration payable to the Executive Director shall be subject to such conditions or modifications as may be required or imposed by the Central Government or any other authority with the liberty to the Board of Director to alter and vary the terms and conditions of his appointment within the maximum

permissible limits in accordance with Schedule XIII of the Companies Act, 1956 or any amendments thereof as may be made from time to time.

RESOLVED FURTHER THAT for purpose of giving effect to this resolution, Shri H K Singhal, Director of the Company, be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deems necessary expedient and proper.”

By order of the Board of Directors
For SAB INDUSTRIES LIMITED

Place: Chandigarh
Dated: 20th August 2013

H.K.SINGHAL
DIRECTOR

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a member of the Company. The proxy duly executed and properly stamped should reach the Company's Registered Office at least 48 hours before the time of the meeting. The Blank Proxy Form is enclosed herewith.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 23.09.2013 to 28.09.2013 (both days inclusive).
3. The Company is maintaining the “INVESTORS SERVICE CELL” at its Regd. Office at SCO 49-50, Sector 26, Madhya Marg, Chandigarh 160019.
4. Members having any queries relating to Annual Report are requested to send their queries at Company's Registered Office at SCO 49-50, Sector 26, Madhya Marg, Chandigarh at least seven days before the date of the Meeting.
5. Copies of the relevant documents would be available for inspection by members at the Registered Office of the Company on all working days, between 10.00 a.m. to 12.00 noon, prior to the date of Annual General Meeting.
6. M/s Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Nr. PVR Naraina, New Delhi 110028 are acting as the Common Agency to carry out the Dematerialization and physical transfer of shares. Therefore the shareholders are requested to send the shares for transfer at the above mentioned address of the registrar.

EXPLANATORY STATEMENT PURSUANT OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Shri Avinash Sharma had been appointed as Executive Director of the Company w.e.f. 1.10.2008 and his appointment had been renewed from time to time with last reappointment made on 01.10.2011 for a period of five years valid upto 30.09.2016. Shri Avinash Sharma is a B.E. (Civil) by profession. He has a very wide and rich experience of over 20 years in Civil and Engineering Works. Shri Avinash Sharma had approached the Company to review his salary structure keeping in view the current trends as also the remuneration being paid by other Companies of our size. It is proposed to increase his remuneration suitably within the limits provided under Schedule XIII of the Companies Act 1956. Shri Avinash Sharma is also a Director on the Board of Malwa Chemtex Udyog Limited, SAB Udyog Limited and Bharatnet Technology Limited. Your directors are of the opinion that the Company shall be benefited tremendously from his rich experience and expertise.

Your directors have recommended the reappointment of Shri Avinash Sharma as Executive Director for a further period of five years from 01.04.2013 and payment of remuneration as per the terms set out in the proposed resolution.

This notice and explanatory statement may be treated as an abstract of the terms of the contract for the reappointment and payment of increased remuneration to Shri Avinash Sharma, Executive Director, within the meaning of Section 302 of the Companies Act, 1956. Abstract and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956 has already been circulated to the members on 06.06.2013.

None of the Directors except Shri Avinash Sharma is interested in the proposed resolution.

By order of the Board of Directors
For SAB INDUSTRIES LIMITED

Place: Chandigarh
Dated: 20th August 2013

H.K.SINGHAL
DIRECTOR

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Annual Report on Accounts for the Financial Year ending 31st March 2013.

FINANCIAL HIGHLIGHTS

<u>PARTICULARS</u>	(s in Lacs)	
	<u>2012-13</u>	<u>2011-12</u>
Turnover and Other Income	3266.43	1306.33
Operating Profit	2358.03	301.72
Financial Expenses	155.23	107.75
Depreciation	46.00	59.69
Net Profit/(Loss) before Income Tax	2156.80	134.28
Prior period Adjustments	29.45	89.31
Tax Expense	431.80	26.36
Profit/ (Loss) after Tax	1695.55	18.61

OPERATIONS AND FUTURE OUTLOOK

The gross revenue from operations and other Income of your Company has increased from s 1306.33 lacs in 2011-12 to s 3266.43 lacs in 2012-13, due to increase in sale of Real Estate and profit on sale of Investments in Subsidiary Companies. Earnings before Interest and Depreciation have also increased from s 301.72 lacs in 2011-12 to s 2350.03 lacs in 2012-13.

SEGMENT REPORT

Your Company has a number of activities in its fold. Its primary business activities include Construction and Engineering, Real Estate, Information Technology and Trading. The Company is registered with various Government Bodies like Uttranchal PWD (B&R), HP PWD (B&R), Haryana PWD (B&R) and PUDA as class-1 contractors. This segment has

the largest share of revenue and profits in the performance of the Company. This segment also provides consultancy in the field of civil engineering and preparation and award of claims.

The Infotech Division of the Company undertakes activities of an Internet Service Provider in Punjab Telecom Circle including Punjab, Chandigarh, Panchkula and parts of Haryana and Himachal Pradesh.

The other important segment of activities of your Company is Development and Sale of Real Estate. The Company is already in the process of developing a Housing Complex on Ambala-Chandigarh National Highway, at Derabassi in Punjab.

A breakup of the segment-wise performance is given in the 'Notes on Accounts' which forms a part of the Balance Sheet.

SUBSIDIARY COMPANIES

During the year 2004-05 the Company had entered into a joint venture, in Iran, for setting up a gas based fertilizer plant for which a subsidiary Company under the name and style of LAVAN CHEMICAL CO. IRAN had been incorporated. A sum of US \$ 611028 (equivalent to s 263.16 lacs) had been invested as Share Capital till 31.03.2012. During the year under consideration the whole of the investments had been sold to M/S SAB Fertilizers Pvt. Ltd, a wholly owned subsidiary Company, for a total consideration of s1250.00 lacs.

During the Financial Year 2012-13, the Company had further acquired 12500000 number of equity shares in SAB Fertilizers Pvt. Ltd., a Subsidiary Company. This investment has also been sold to Parus International FZE, AJMAN, UAE during the year under consideration.

Hence, these Companies ceased to be subsidiary Companies under Section 212 of the Companies Act, 1956.

DEMATERILISATION

Effective from 09/05/2011, dematerialization of shares has been permitted by National Securities Depository Limited (NSDL) and ISIN No. INE137M01017 has been allotted to the Company for this purpose.

FINANCIAL STATUS

There is no change in the 'Issued and Subscribed Capital' of ₹15,18,83,720, divided into 1,51,88,372 equity shares of ₹10/- each, during the year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri S S Dawra and Shri Kanwarjit Singh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

DIVIDEND

Keeping in view the business commitments, your Company has decided not to declare any dividend for the year 2012-13.

INTERNAL CONTROL SYSTEMS

The internal control systems and processes of your Company cover operational efficiency, accuracy and promptness in financial reporting, compliance with laws and regulations and development of mature, disciplined and effective processes. The processes are also designed to meet the goals of cost, schedule, functionality and quality, thus resulting in higher levels of customer satisfaction.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forms part of the Directors' Report in pursuance to Clause 49 of the Listing Agreement with Stock Exchanges.

FIXED DEPOSITS

The Company has accepted fresh deposits of ₹ 7.00 lac from the public during the year within the meaning of the provisions of Section 58-A of the Companies Act, 1956. Deposits of ₹ 230.50 lacs were brought forward from previous year. Also, there are no unpaid or unclaimed deposits of any previous years.

AUDITORS

M/s S.C. Dewan & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Auditors retire at the said meeting and, being eligible, have offered themselves for re-appointment. The company has received a certificate from them pursuant to Section 224 (IB) of the Companies Act, 1956, confirming their eligibility for reappointment.

Regarding valuation of Investments in quoted shares and Agricultural Lands & Buildings, the same has been done at cost, instead of market price, to comply with the Accounting Standards.

INSURANCE

All the insurable Properties and Assets of the Company have been adequately insured.

Management Discussion and Analysis

Your Company is engaged in 'Construction & Engineering', InfoTech, Real Estate and Trading business.

In spite of difficult economic scenario, your Company

has been able to improve its performance during the year under review.

Real Estate business is again picking up in the country. The Company is gearing up to seize this opportunity to grow. The Company has already launched a Housing Complex named “SSL HIGHWAY TOWERS” at Derabassi near Chandigarh. The business is expected to pick up in the near future.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors' confirm that :

- i) in preparation of the Balance Sheet and the Profit and Loss Account and Cash Flow Statement of the Company, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

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

(a) The provisions of Section 217(1)(e) of the Companies Act, 1956 with regard to Conservation of Energy and Technology Absorption are not applicable as your Company is not engaged in any Industrial activities.

(b) Foreign Exchange Earnings and Outgo:

	31.03.2013	31.03.2012
- Earnings	Nil	Nil
- Outgo	₹ 1438.13 Lacs	₹ 84.63 Lacs

PARTICULARS OF EMPLOYEES

Relations during the period under review continued to be peaceful and harmonious. There was no employee who was drawing a salary of ₹ 60,00,000/- and above per annum if employed for full year, or a salary of ₹ 5,00,000/- and above per month if employed for a part of the year.

ACKNOWLEDGMENTS

Your Directors would like to place on record their sincere appreciation for the wholehearted support and contributions made by all employees of the Company, Customers, Bankers and Government Authorities. The Directors also express their gratitude to the shareholders for their valuable and un-stinted support.

For and on behalf of Board,

Place : CHANDIGARH	H.K.Singhal	AVINASH SHARMA
Date : 25.05.2013	Director	Executive Director

CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

(I) A brief statement on Company's philosophy on code of governance:

SAB Industries Ltd. (SABIL) believes in practicing the principles of good corporate governance, disclosure and transparency in all its activities and processes. Towards this objective, SABIL has always focused on good corporate governance, which it considers as a key driver of sustainable corporate growth and long term value creation.

(II) BOARD OF DIRECTORS

Composition and category of Directors:

- (i) The Company's policy is to have appropriate mix of Executive and Non-Executive Directors to maintain the independence of the Board and to separate the Board functions of governance and management. At Present, the Board of Directors comprises of 8 Directors with a Non-Executive Chairman. Of the Eight Directors, 7 (i.e. 87.5%) are Non-Executive Directors, including 4 (i.e. 50%) Independent Directors. None of the Non-Executive/ Independent Directors has any material pecuniary relationship or transactions with the Company.
- (ii) Five Board Meetings were held during the year and gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are 29.05.12, 11.08.12, 12.09.12, 12.11.12 and 14.02.13.
- (iii) The names and categories of the directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year and the number of Directorships and Committee chairmanships/ memberships held by them in other companies is given below. Other Directorships do not include directorships of private limited companies, foreign companies, and companies under Section 25 of the Companies Act. Chairmanships/ Memberships of Board Committees include only that of Audit and Shareholders/ Investors Grievance Committees.

The detail of Board Meetings, number of Directorships and Committee Memberships held by Directors

Name of Director and Designation	Category	No. of Board meetings held during the year 2011-12		Whether attended last AGM held on 29th Sept., 2012	No. of Directorships in other Public companies		No. of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Sh. R.K.Garg, Chairman	Promoter NonExecutive Director	5	5	No	3	1	1	Nil
Sh. Avinash Sharma	Executive Director	5	5	Yes	Nil	3	Nil	Nil
Sh. Ram K Gupta	Non Executive Independent Director	5	4	No	Nil	3	Nil	Nil
Sh. Sanjay Garg	Non Executive Director	5	5	Yes	Nil	2	Nil	1
Sh. Vijay G Kalantri	Non Executive Independent Director	5	-	No	3	15	Nil	5
Sh. Kanwarjit Singh	Non Executive Independent Director	5	1	No	-	-	-	-
Sh. S. S. Dawra	Non Executive Independent Director	5	1	No	-	2	1	1
Sh. H. K. Singhal	Non Executive Director	5	5	Yes	Nil	6	Nil	7

- (iv) None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company. The Company has not entered into any materially significant transactions with its Directors/ Management or relatives etc. affecting the interest of the Company at large, except in normal course of business.
- (v) During the year, information as mentioned in annexure 1A to Clause 49 of the listing agreement has been placed before the Board for its consideration.
- (vi) **Directors retiring by rotation and being considered for reappointment:**
In accordance with the provisions of Companies Act, 1956, Shri S S Dawra and Shri Kanwarjit Singh, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

BRIEF DESCRIPTION OF DIRECTORS RETIRING BY ROTATION:

Shri S S Dawra

Shri S S Dawra, Retired as Secretary Personnel, Govt. of India. He holds Directorships in the following other Companies:

Name of the Companies/ Firms	Nature of interest
HDIL Ltd.	Director
Steel Strips Infrastructures Ltd.	Director
AMBIENCE Private Ltd.	Director

Shri S S Dawra is also Member/ Chairman of the following Committees of Board of other Companies:

Name of Company	Name of Committee	Designation (Member or Chairman)
HDIL	Audit Committee	Chairman

Shri Kanwarjit Singh

Shri Kanwarjit Singh, Retired as Secretary Member Engineering, Railway Board & Ex. Officio Secretary Govt. of India.

He does not hold any Directorships/ Membership in other Companies.

(III) AUDIT COMMITTEE

- (i) The terms of reference of Audit Committee are as per relevant guidelines and legislations. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure

accurate, timely and proper disclosures and transparency and to review the adequacy of internal control systems and functions. During the year under review, four Meetings of the Committee were held.

- (ii) The Composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings held during the year	
		Held	Attended
1. Sh. S. S. Dawra	Chairman	4	-
2. Sh. Ram K Gupta	Member	4	4
3. Sh. Kanwarjit Singh	Member	4	1
4. Sh. H.K. Singhal	Member	4	4

(IV) SHARE TRANSFER COMMITTEE

The Share Transfer Committee approves and expedites the process of share transfers.

The committee consists of the following members:

Name	Category	No. of Meetings held during the year	
		Held	Attended
1. Sh. H.K. Singhal,	Non- Executive Director	None	NA
2. Sh. Avinash Sharma,	Executive Director	None	NA

(V) INVESTORS GRIEVANCE COMMITTEE

- (i) The company has constituted an Investor Grievance Committee of Directors to look into the redressal of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares after transfer, non-receipt of dividends and recommends measures for overall improvement in the quality of investor services.

The committee consists of following members:

1. Sh. S. S. Dawra - Non Executive, Independent Director.
2. Sh. Avinash Sharma - Executive Director
3. Sh. H.K Singhal - Non Executive Director

The Company addresses all complaints, suggestions and grievances expeditiously and replies are sent/ issues resolved usually with in 15 days unless there is a dispute or other legal constraint.

- (ii) Name, Designation, Address & E-mail of Compliance Officer:

Sh. H. K. Singhal, Director
 SAB INDUSTRIES LIMITED
 Corporate & Regd. Office: S C O 49-50,
 Sector 26,
 Madhya Marg, Chandigarh-160019
 Telephone No. 0172- 2793112, 2792385
 E-mail : hksinghal@glide.net.in

(VI) DETAILS OF REMUNERATION PAID TO EXISTING DIRECTORS FOR THE YEAR ENDED MARCH 31, 2013

(A) Shri Avinash Sharma is Whole time director of the Company. His particulars and details of remuneration paid is as under:

Shri Avinash Sharma

-Designation : Executive Director
 -Last appointed on : 01/10/2011
 -Term : Three years
 -Salary : ₹ 1,00,000/- per month
 House Rent Allowance 35%
 of Basic Salary plus
 accommodation

- Commission

5% of net profit inclusive of remuneration mentioned above. For the purpose of calculation, net profit shall exclude the profit generated/ to be generated by the sale of Land, by the sale of Investment in shares, dividend of investment in shares and due to any claim received/ to be received for the cases/ work done before 1st October 2008 or any other receivable against the work executed by the company before the said date.

In addition to the above, the Executive Director shall also be eligible for the following perquisites, which shall not be included for computation of the ceiling as specified.

-Reimbursement of medical as per the rules of the Company;

-Contribution to Provident Fund @ 12% of basic salary;

-Gratuity Not exceeding half month's basic salary for each completed year of service, subject to Gratuity Act;

-Earned Leave As per Company's Rules (unused portion of the earned leave may be encashed at the end of the tenure, including

extension in tenure, if any, subject to a maximum of 30 days leave);

-Telephone at residence (private use of the telephone shall be billed by the Company to the appointee)

- Conveyance Reimbursement: Company's Car Expenses at actual as per Company's Rule.

(B) Details of sitting fee paid to the Directors for attending the Board Meetings / Committee Meetings held during 01.04.2012 to 31.03.2013

NAME OF DIRECTOR	SITTING FEE (In ₹)
1. Shri R.K. Garg	20,000
2. Shri Ram K Gupta	28,000
3. Shri Kanwarjit Singh	7,000
4. Shri Sanjay Garg	20,000
5. Shri Vijay G. Kalantri	-
6. Shri H.K. Singhal	28,000
7. Shri S S Dawra	-

(VII) DETAIL OF SHARES OF THE COMPANY HELD BY DIRECTORS AS ON 31ST MARCH, 2013.

Name	No. of Shares
1. Shri R.K. Garg	3404020
2. Shri Ram K Gupta	Nil
3. Shri Kanwarjit Singh	Nil
4. Shri S S Dawra	Nil
5. Shri Sanjay Garg	50
6. Shri Vijay G. Kalantri	Nil
7. Shri H.K. Singhal	70
8. Shri Avinash Sharma	50

(VIII)(i) GENERAL BODY MEETINGS

Date and venue of last few General Meetings:

	Date	Venue	Special Resolution(s) passed
AGM	30.09.2010	Regd Office of the Company at: SCO 49-50, Sector 26, Madhya Marg, Chandigarh.	Yes, Payment of remuneration & Commission to Shri R K Garg
AGM	30.09.2011	-do-	Yes, Reappointment of Executive Director
AGM	29.09.2012	-do-	-

The company's shareholders have passed Special Resolution for change of the Main Object Clause of the Memorandum and Articles of Association of the Company through postal ballot, as contained in a notice dated 12th April 2013 to the shareholders.

ii) DISCLOSURES:

- (i) Details of transactions entered into with related parties, during the year under review have been given in notes forming part of accounts.
- (ii) The Company has been complying with the SEBI Regulations and Listing Agreement with Stock Exchanges on issues related to Capital Market.
- (iii) The Company has adopted a Whistle Blower policy and has established the necessary mechanism for employees to report concerns to the Audit Committee about unethical behaviors. No person has been denied access to the Audit Committee.

(IX) INSIDER TRADING

“Code of Conduct for Prevention of Insider Trading” pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, has been followed by the Company through out the year.

(X) CEO/CFO Certification

A certificate from Executive Director and General Manager (A/c) on the financial statements of the company was placed before the Board.

(XI) CONSTITUANTS OF GROUP.

Following named Companies and individuals and HUF constitute the Group as defined in the MRTP Act 1969:

GROUP COMPANIES:

Indian Acrylics Ltd., Steel Strips Wheels Ltd., Steel Strips Ltd., Steel Strips Infrastructures Ltd., Steel Strips Industries Ltd., Indlon Chemicals Ltd., SAB Developers Pvt. Ltd., Malwa Chemtex Udyog Ltd., S.S. Credits Pvt.

Ltd., S.J. Mercantile Pvt. Ltd., Indian Acrylics Investments Ltd., Malwa Holdings Pvt. Ltd., Steel Strips Mercantile Pvt. Ltd., Steel Strips Financiers Pvt. Ltd., Steel Strips Holdings Pvt. Ltd., Munak International Pvt. Ltd., Munak Financiers Pvt. Ltd., Munak Investments Pvt. Ltd., S.A.B. Udyog Ltd., Chandigarh Developers Pvt. Ltd. and DHG Marketing Pvt. Ltd.

INDIVIDUALS/HUF:

Sh. R K Garg & Sons (HUF), Sh. R.K. Garg, Smt. Sunena Garg, Ms. Priya Garg, Mr. Dheeraj Garg., Ms. Ute Mayr

(XII) MEANS OF COMMUNICATION

The quarterly and annual results are generally published in “Business Standard/ Financial Express/ Jansatta” and have also been submitted to the stock exchanges as per the requirements of the Listing Agreements on which the Company's equity shares are listed to enable them to put them on their own web sites. These were also put up on Company's Website: www.sabindustries.in

(XIII) GENERAL SHAREHOLDER INFORMATION

- (i) Annual General Meeting will be held on Monday the 30th September, 2013 at the Registered Office of the Company.
- (ii) Financial Year : 1st April to 31st March
- (iii) Year Ending: March 31, 2013
- (iv) Financial Calendar: (tentative)
 - Results for quarter ending June 2013 -- Second week of Aug., 2013
 - Results for quarter ending Sept. 2013 -- Second week of Nov., 2013
 - Results for quarter ending Dec. 2013 -- Second week of Feb., 2014
 - Results for quarter ending March 2014 -- Last week of May, 2014
- (v) Book Closure date : 23rd September 2013 to 28th September, 2013
- (vi) Listing on Stock Exchange: The Ludhiana Stock Exchange Ltd. and the Delhi Stock Exchange Ltd.

(XIV) Share Transfer System

Transfer of shares is normally processed within 12-15 days from the date of receipt, if the documents are complete in all respects.

- (XV) The company did not have any outstanding GDRs/ADRs as at 31st March, 2013.

(XVI) Distribution of shareholding as on 31st March 2013

Share holding of		Shareholders		Share Amount	
Face Value (₹)	Face Value (₹)	Number	%age to Total	In ₹	%age to Total
10	To 5000	490	91.85	219440	0.14
5001	To 10000	2	1.06	12000	0.01
10001	To 20000	3	0.71	24000	0.02
20001	To 30000	-	-	-	-
30001	To 40000	-	-	-	-
40001	To 50000	-	-	-	-
50001	To 100000	1	0.35	90000	0.06
100001	and Above	17	6.03	151538280	99.77
		513	100.00	151883720	100.00

Shareholding Pattern as on 31st March, 2013

S.NO.	PARTICULARS	NO. OF SHARES	(%)
1.	Promoter & Persons Acting in Concert	11183356	73.63
2.	Bodies Corporate	3783101	24.91
3.	Financial Institutions, Banks & Mutual Funds	185611	1.22
4.	General Public	36304	0.24
	TOTAL SHAREHOLDING	15188372	100.00

(XVII) MARKET INFORMATION:

The Securities of the Company are not actively traded on the Stock Exchanges. As such, the market information on the company's Securities is not available.

(XVIII) DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company's script forms part of the "Compulsory demat segment" for all investors. The Company has established connectivity with National Securities Depository Limited (NSDL) through the Registrar M/s Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase I, Near PVR Naraina, New Delhi 110028.

Phone: +911141410592-94, Fax- +911141410591, Email:delhi@linkintime.co.in

The Company has also appointed them as Common Agency to look after dematerialization of shares as well as for physical transfer of shares. Members are requested to address all their correspondence with the Registrar at the above address.

As on 31.03.2013, 15083274 (99.31%) equity shares of the Company are held in demat form and the balance 105098 (0.69%) equity shares are held in physical form.

Demat ISIN Number allotted to the Company by NSDL for equity shares is INE137M01017.

(XIX) ADDRESS OF REGISTERED/CORRESPONDENCE OFFICE:

The Company Secretary
SAB Industries Ltd
S.C.O. 49-50, Sector 26, Madhya Marg,
Chandigarh-160019

On behalf of Board of Directors

Place: Chandigarh
Date: 25th May 2013

H.K.SINGHAL
DIRECTOR

AVINASH SHARMA
EXECUTIVE DIRECTOR

AUDITORS' CERTIFICATE ON COMPLIANCE OF
CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT.
CERTIFICATE OF CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by SAB Industries Limited for the year ended on 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

On the basis of our review of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company, we certify that the company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the Stock Exchanges.

For S. C. Dewan & Co.
Chartered Accountants

Place :Chandigarh
Date : 25.05.2013

S.C.DEWAN
PARTNER
M. No. 15678

**DECLARATION REGARDING COMPLIANCE BY
BOARD MEMBERS AND SENIOR MANAGEMENT
PERSONNEL WITH THE COMPANY'S CODE OF
CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for Director & Senior Management of the Company, the Code of Conduct is available on the website.

I confirm that the Company has in respect of the financial year ended March 31, 2013 received from the senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of conduct applicable to them.

For SAB Industries Limited

Place: Chandigarh
Date: 25.05.2013

Avinash Sharma
Executive Director

CEO'S/CFO'S Certificate

TO WHOMSOEVER IT MAY CONCERN

In Compliance to clause 49 of the Listing Agreement, we certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year,
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SAB Industries Limited

Place: Chandigarh
Date: 25.05.2013

Avinash Sharma
Executive Director

INDEPENDENT AUDITOR'S REPORT

To the Members of
SAB Industries Limited.

We have audited the accompanying financial statements of SAB Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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 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 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.

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 misstatement.

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 judgment, 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.

In our opinion and to the best of our information and according to the explanations given to us, the 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 Profit and Loss Account, 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.
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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and 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.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.C. Dewan & Co.
Chartered Accountants
(Registration No.: 000934N)

Place : Chandigarh
Date : 25.05.2013

S.C. Dewan
Partner
Membership No. : 015678

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of SAB Industries Limited. on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical 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.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does exceeds five lacs rupees in a financial year. Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has accepted deposits from the public covered under section 58A and further as required under 58AA of the Companies Act, 1956, the company has not made any default in repayment of any such deposits or part thereof or any interest thereon.
7. As per information & explanations given by the management, the Company has an internal

- audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management and as per the nature of its business activities the company is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
 9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
 10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
 11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
 14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
 15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
 16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
 17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
 18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
 19. The Company has no outstanding debentures during the period under audit.
 20. The Company has not raised any money by public issue during the year.
 21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For S.C. Dewan & Co.
Chartered Accountants
(Registration No.: 000934N)

Place : Chandigarh

S.C. Dewan

Date : 25.05.2013

Partner

Membership No. : 015678

BALANCE SHEET
as at 31st March, 2013

PARTICULARS	NOTE NO.	As On 31.03.2013 (s)	As On 31.03.2012 (s)
I. EQUITY AND LIABILITIES			
(1) Shareholders's Funds	1		
(a) Share Capital		15,18,83,720	15,18,83,720
(b) Reserve and Surplus		32,97,41,051	16,01,85,930
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities	2		
(a) Long-term borrowings		18,98,87,748	22,05,21,238
(b) Other Long term liabilities		3,67,56,254	3,71,65,128
(c) Long term provisions		2,35,89,014	2,37,85,248
(4) Current Liabilities	3		
(a) Short-term borrowings		6,70,477	72,03,092
(b) Trade payables		2,92,77,082	1,10,09,251
(c) Other current liabilities		12,27,09,409	17,22,58,899
(d) Short term provisions		4,29,37,537	92,74,827
TOTAL		<u>92,74,52,292</u>	<u>79,32,87,333</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	4		
Gross Block		28,93,76,254	28,92,46,171
Less : Depreciation		<u>12,51,32,368</u>	<u>12,16,22,906</u>
Net Block		16,42,43,886	16,76,23,265
(b) Non-current investments		12,02,42,298	15,56,97,730
(c) Deferred tax assets (net)		38,31,774	41,36,382
(2) Current assets	5		
(a) Inventories		36,51,31,761	38,15,77,761
(b) Trade receivables		11,47,90,388	1,89,18,467
(c) Cash and Bank Balances		2,90,56,224	3,03,48,090
(d) Short-term loans and advances		7,69,20,831	1,89,39,932
(e) Other current assets		5,32,35,130	1,60,45,706
TOTAL		<u>92,74,52,292</u>	<u>79,32,87,333</u>
NOTES ON ACCOUNTS	14		

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

for S.C.Dewan & Co
Chartered Accountants
(Registration No.000934N)

S.C. DEWAN
Partner
Membership No.015678

Place : Chandigarh
Dated : 25.05.2013

AVINASH SHASRMA
Executive Director

GURPREET KAUR
Company Secretary

H K SINGHAL
KANWARJIT SINGH
RAM K GUPTA
SANJAY GARG
S.S. DAWRA
Directors

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2013**

PARTICULARS	NOTE NO.	As On 31.03.2013 (s)	As On 31.03.2012 (s)
I. Revenue from operations	6	15,36,67,832	11,36,47,914
II. Other Income	7	17,29,75,527	1,69,84,960
III. Total Revenue (I +II)		<u>32,66,43,359</u>	<u>13,06,32,874</u>
IV. EXPENSES :			
Cost of materials consumed	8	85,85,500	3,71,51,452
Purchase of Stock-in-Trade		-	31,84,483
Changes in inventories of finished goods, work in-progress and Stock-in-Trade	9	1,64,46,000	23,65,000
Employee benefit expense	10	1,67,34,136	1,54,72,047
Financial costs	11	1,55,22,980	1,07,75,393
Depreciation and amortization expense	4 (a)	46,00,530	59,68,755
Other expenses	12	4,90,73,962	4,22,87,210
Total Expenses		<u>11,09,63,108</u>	<u>11,72,04,340</u>
V. Profit /Loss (-) before exceptional and extraordinary items and tax(III - IV)		21,56,80,251	1,34,28,534
VI. Extraordinary Items		-	-
Prior period adjustments (Income tax paid/adjusted)		29,45,522	89,31,373
Profit on sale of Investments/Other Income		-	-
VII. Profit before tax (VII - VIII)		<u>21,27,34,729</u>	<u>44,97,161</u>
VIII. Tax expense:			
(1) Current tax		4,28,75,000	27,00,000
(2) Deferred tax Liability / (Assets)	13	<u>3,04,608</u>	<u>(64,154)</u>
IX. Profit(Loss) for the period from continuing operations		16,95,55,121	18,61,315
EARNING PER SHARE - BASIC AND DILUTED		<u>11.16</u>	<u>0.12</u>

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

for S.C.Dewan & Co
Chartered Accountants
(Registration No.000934N)

Place : Chandigarh
Dated : 25.05.2013

S.C. DEWAN
Partner
Membership No.015678

AVINASH SHASRMA
Executive Director

GURPREET KAUR
Company Secretary

H K SINGHAL
KANWARJIT SINGH
RAM K GUPTA
SANJAY GARG
S.S. DAWRA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013	(₹ in Lacs)	
	2012-2013	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS	21,56,80,251	1,34,28,534
ADJUSTMENT FOR :		
PROFIT(-)/LOSS(+) ON SALE OF FIXED ASSETS	(39,765)	(1,66,538)
DEPRECIATION	46,00,530	59,68,755
DIVIDEND RECEIVED	(19,73,293)	(19,63,917)
INTEREST & OTHER FINANCIAL CHARGES	1,55,22,980	1,07,75,393
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES	23,37,90,703	2,80,42,227
ADJUSTMENT FOR TRADE AND OTHER RECEIVABLES	(19,10,42,244)	3,37,26,407
INVENTORIES	1,64,46,000	(5,42,592)
TRADE PAYABLES	3,42,48,499	(14,03,47,745)
CASH GENERATED FROM OPERATIONS	9,34,42,958	1,41,35,083
INTEREST AND OTHER FINANCIAL EXPENSES PAID	1,55,22,980	1,07,75,393
DIRECT TAXES PAID/ADJUSTED	4,58,20,522	6,13,43,502
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	3,20,99,456	1,16,31,373
INCOME TAX REFUND RECEIVED	-	-
CASH FLOW FROM OPERATING ACTIVITIES	3,20,99,456	5,29,54,359
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(12,92,085)	(6,38,32,678)
SALE OF FIXED ASSETS	1,10,700	4,21,966
PURCHASE OF INVESTMENT	(3,99,561)	(99,990)
INVESTMENTS written off	3,58,54,993	91,920
DIVIDEND RECEIVED	19,73,293	19,63,917
DEFERRED REVENUE EXPENDITURE	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES	3,62,47,340	(6,14,54,865)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE APPLICATION MONEY	-	-
PROCEEDS FROM LONG TERM BORROWINGS	-	78,50,000
PROCEEDS FROM UNSECURED LOANS	-	3,66,50,000
PROCEEDS FROM SHORT TERM BORROWINGS	-	-
REPAYMENT OF SHORT TERM BORROWINGS	(65,32,615)	(43,26,539)
REPAYMENT OF LONG TERM BORROWINGS	(6,31,06,046)	(3,19,83,964)
NET CASH RECEIVED FROM FINANCING ACTIVITIES	(6,96,38,661)	81,89,497
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(12,91,865)	(3,11,009)
CASH AND CASH EQUIVALENTS AS AT 01.04.2012/01.04.2011 (OPENING BALANCE)	3,03,48,090	3,06,59,099
CASH AND CASH EQUIVALENTS AS AT 31.03.2013/31.03.2012 (CLOSING BALANCE)	2,90,56,225	3,03,48,090

For and on behalf of the Board

AVINASH SHARMA
Executive Director

H.K.SINGHAL
KANWARJIT SINGH
RAM K GUPTA
SANJAY GARG
S.S. DAWRA
Directors

Place : Chandigarh
Dated : 25.05.2013

GURPREET KAUR
Company Secretary

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of SAB Industries Limited derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2013 and found the same in agreement therewith.

For S.C DEWAN & COMPANYY
Chartered Accountants
(Registration No.000934N)

Place : Chandigarh
Dated : 25.05.2013

S.C.DEWAN
PARTNER
Membership No.015678

PARTICULARS	As On 31.03.2013 (s)	As On 31.03.2012 (s)
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDD 31ST MARCH, 2013

NOTE '1' : SHAREHOLDERS' FUND

(a) Share Capital

AUTHORISED CAPITAL

2,00,00,000 Equity shares of s 10/- each (PREVIOUS YEAR 20000000 Equity shares of s10/- each)	20,00,00,000	20,00,00,000
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ISSUED, SUBSCRIBED & PAID-UP

15188372 Equity shares (Previous year 15188372 shares) of s10/- each	15,18,83,720	15,18,83,720
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TOTAL	<u>15,18,83,720</u>	<u>15,18,83,720</u>
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DETAILS OF SHAREHOLDERS HOLDING 5% OR MORE SHARES IN THE COMPANY

Name of shareholders	AS ON 31.03.2013		AS ON 31.03.2012	
	No of shares	%age	No of shares	%age
SHRI R K GARG	3404020	22.41%	3404020	22.41%
SHRI DHEERAJ GARG	1307808	8.61%	1307808	8.61%
STEEL STRIPS INDUSTRIES LTD.	805172	5.30%	805172	5.30%
STEEL STRIPS HOLDING PVT. LTD.	1200060	7.90%	1200060	7.90%
STEEL STRIPS FIN. PVT. LTD.	1200060	7.90%	1200060	7.90%
MUNAK FINANCIERS PVT. LTD.	1560720	10.28%	1560720	10.28%
MUNAK INVESTMENTS PVT. LTD.	1200000	7.90%	1200000	7.90%
STEEL STRIPS WHEELS INVT. LTD.	1214630	8.00%	1214630	8.00%
PRIYA TOOLS PVT. LTD.	1214632	8.00%	1214632	8.00%
BLOOMEN FLORA LTD.	1336438	8.80%	1336438	8.80%

(b) Reserve & Surplus

1.	General Reserve	9,01,46,426	9,01,46,426
	ADD : Amount transferred from Profit & Loss a/c	10,00,00,000	-
	Total (1)	<u>19,01,46,426</u>	<u>9,01,46,426</u>
2.	Capital Reserve	4,19,99,490	4,19,99,490
	Total (2)	<u>4,19,99,490</u>	<u>4,19,99,490</u>
3.	Profit & Loss A/C		
	As per last Balance Sheet	2,80,40,014	2,61,78,699
	Add : Profit for the year	16,95,55,121	18,61,315
		<u>19,75,95,135</u>	<u>2,80,40,014</u>
	Less : Amount transferred to General Reserve a/c	10,00,00,000	-
	Total (3)	<u>9,75,95,135</u>	<u>2,80,40,014</u>
	Total (1+2+3)	<u>32,97,41,051</u>	<u>16,01,85,930</u>

NOTE '2' : NON-CURRENT LIABILITIES

(a) Long-Term Borrowings

PARTICULARS	As On	As On	As On	As On
	31.03.2013	31.03.2013	31.03.2012	31.03.2012
	Non-Current	Current	Non-Current	Current
SECURED				
FROM BANKS				
TERM LOAN FROM HDFC BANK				
(Secured against Mortgage of properties of Directors and Associate Concerns)	-	8,99,296	9,12,051	2,09,69,844
VEHICLES/EQUIPMENTS LOANS FROM BANKS				
(Secured against hypothecation of respective vehicles/equipments and counter guarantees of the company)	2,02,088	18,10,303	20,23,527	1,17,12,311
OTHERS				
1.Secured by Bank Guarantees (From Customers)	1,33,01,858	-	1,33,01,858	-
2.Secured against security furnished by Company/ Associate**Companies/third party and against Security Bonds	16,01,33,802	-	16,01,33,802	-
UN-SECURED				
Fixed Deposits	1,62,50,000	75,00,000	1,30,50,000	1,00,00,000
From Directors/Associate concerns	-	-	3,11,00,000	-
TOTAL	18,98,87,748	1,02,09,599	22,05,21,238	4,26,82,155

** The company had received the following amounts in earlier years against the claims :-

- FROM U.P.STATE GOVERNMENT	156.02
- FROM PB.PWD.HOSHIARPUR	12.14
- FROM PB.PWD.LUDHIANA	25.93
- FROM H.P.S.E.B.,SHIMLA	100.13
	294.22

Appeals have been filed against these awards and the matter is pending in the High Courts. In terms of the interim order of the High Courts, the Company has furnished securities of immovable properties situated at village Raisaina (Haryana) belonging to S.S. Credits Private Limited, S.A.Holdings Pvt. Ltd and Malwa Holding Pvt. Ltd and its own property situated at Banur.Dist. Mohali (Pb) besides undertaking by the company that these amounts shall be deposited back in the courts in case decisions go against the company in final verdicts. Surety bonds of associates companies have also been submitted. Accordingly, these amounts were considered as 'Secured Loans' instead of income as per the policy of the Company.

The company have also received ₹ 1307.12 lacs from M/S Suttlej Constructions Ltd (SCL), Manimajra, Chandigarh in previous years.SAB Industries Ltd (SABIL) have entered into Joint Venture agreements with SCL in connection with Arbitration cases of said company whereby SCL and SABIL shall share the amount of award received, if any, equally between them. The amounts so released in earlier years have been released against furnishing of security by way of mortgaging land/title deeds of lands both of SABIL and SCL and submission of surety bonds. As the cases are subjudice and claims have been released against submission of surety bonds/title deeds of lands, the amount received has been treated as "Secured Loan" only as having been released against the above said securities. The amount shall be treated as Income as and when Surety Bonds/title deeds of land are released and cases are decided by the Court finally.The outstanding balance received from SCL stands at ₹1307.12 lac for above cases as on 31.03.2013.

(b) Other Long Term Liabilities

PARTICULARS	As On	As On
	31.03.2013	31.03.2011
- Liabilities for employees retirement benefits	31,93,807	24,35,674
- Security Deposit	3,35,62,447	3,47,29,454
TOTAL	3,67,56,254	3,71,65,128

(c) Long Term Provisions

Provision for Sales Tax	10,44,288	10,44,288
Provision for Bank Guarantee	26,74,000	26,74,000
Provision for Expenses	1,98,70,726	2,00,66,960
TOTAL	2,35,89,014	2,37,85,248

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
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NOTE '3' : CURRENT LIABILITIES

(a) Short-Term Borrowings

SECURED FROM BANKS

WORKING CAPITAL FROM BANKS :

(Working Capital is secured against hypothecation of stocks & Book debts, further secured by way of Pledge of five lac equity shares of STEEL STRIPS WHEELS LTD , Equitable mortgage of immovable properties admeasuring 6 bigha, 6 bishwa and 5 biswaisi, 5 bigha 16 bishwa & 7 bigha 16 bishwa situated at Vill-Ajjipur, Derabassi, Mohali in the name of M/S SAB Udyog Ltd as collateral Security and personal guarantee of Sh.R.K.Garg, Chairman of the company.)	6,70,477	72,03,092
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TOTAL	6,70,477	72,03,092
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(b) Trade Payables

- Trade Payables*	34,08,843	80,32,137
- Cheques issued but not preseted for payment	2,58,68,239	29,77,114
TOTAL	2,92,77,082	1,10,09,251

* Trade Payables include a sum of ₹ Nil (Previous year ₹ Nil) due to Micro and Small Undertakings, which are outstanding for more than 45 days as at 31.03.2013. This information is required to be disclosed under the Micro, Small and Medium Enterprises development Act 2006, as determined to the extent the parties have been identified on the basis of information with the company.

(c) Other Current Liabilities

- Current maturities of Long-term Debts (Refer Note No.2)	1,02,09,599	4,26,82,155
- Statutory dues	13,55,565	9,70,843
- Advance from customers	4,89,27,995	10,03,63,721
- Advances from others **	5,00,00,000	2,50,00,000
- Expenses payable	1,22,16,250	32,42,180
TOTAL	12,27,09,409	17,22,58,899

** During the year under consideration, the company has received an advance of ₹ 5.00 crores in pursuance to a MOU entered on its behalf and on behalf of associates companies with a developer against the land at Village Raisina, Gurgaon, Haryana.

(d) Short Term Provisions

- Provision for Expenses	62,537	1,34,827
- Provision for taxation	4,28,75,000	91,40,000
TOTAL	4,29,37,537	92,74,827

NOTE '4' : NON CURRENT ASSETS

(a) Fixed Assets

A)CONSTRUCTION DIVISION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2012	Additions During The year	Sales/ Adjustment During the year	As at 31.03.2013	As on 1.4.2012	During the period	Sale/ Adjustment During the period	As on 31.03.2013	As at 31.03.2013	As at 31.03.2012
	S	S	S	S	S	S	S	S	S	S
1. AGRICULTURE LAND	12,67,41,791	-	-	12,67,41,791	-	-	-	-	12,67,41,791	12,67,41,791
2. LAND & BUILDINGS	1,78,68,050	-	-	1,78,68,050	-	-	-	-	1,78,68,050	1,78,68,050
3. PLANT & MACHINERY	71,81,935	-	-	71,81,935	66,47,447	74,347	-	6,721,794	4,60,141	5,34,488
4. TRACTOR & TROLLY	2,98,678	-	-	2,98,678	2,97,148	459	-	297,607	1,071	1,530
5. JCB MACHINE	17,20,486	-	-	17,20,486	15,41,031	53,836	-	1,594,868	1,25,618	1,79,455
6. SOIL COMPACTOR	18,65,198	-	-	18,65,198	16,63,975	60,367	-	1,724,342	1,40,856	2,01,223
7. BATCHING PLANT	10,22,180	-	-	10,22,180	8,83,565	41,584	-	9,25,150	97,030	1,38,615
8. CONCRETE PUMP	33,00,000	-	-	33,00,000	16,81,860	4,85,442	-	2,167,302	11,32,698	16,18,140
9. VIBRATORS	1,78,419	-	-	1,78,419	1,26,334	36,459	-	1,62,794	15,625	52,085
10. OFFICE EQUIPMENT	14,66,655	25,308	-	14,91,963	12,30,611	44,092	-	1,274,703	2,17,260	2,36,044
11. FURNITURE & FIXTURE	37,50,749	2,98,876	-	40,49,625	29,83,573	1,48,924	-	3,132,497	9,17,128	7,67,176
12. VEHICLES	3,25,72,123	-	11,62,002	3,14,10,121	2,60,36,059	16,92,187	10,91,067	26,637,179	47,72,942	65,36,064
13. TELEVISION	53,440	2,00,000	-	2,53,440	49,266	5,913	-	55,180	1,98,260	4,174
14. AIR CONDITIONERS	10,35,303	70,00,00	-	17,35,303	9,03,568	1,05,557	-	1,009,125	7,26,178	1,31,735
15. GENERATORS	86,299	-	-	86,299	80,526	803	-	81,329	4,970	5,773
16. COMPUTERS	14,67,780	67,901	-	15,35,681	14,24,338	20,353	-	1,444,691	90,990	43,442
17. TUBEWELL	23,50,432	-	-	23,50,432	10,58,064	1,79,768	-	1,237,833	11,12,599	12,92,368
18. AGRICULTURE EQUIPMENTS	4,55,022	-	-	4,55,022	3,56,340	13,727	-	3,70,066	84,956	98,682
19. LABORATORY EQUIPMENT	6,19,332	-	-	6,19,332	3,95,328	31,159	-	4,26,487	1,92,845	2,24,004
20. STEEL SHUTTERINGS	1,42,57,411	-	-	1,42,57,411	55,01,598	1,217,934	-	6,719,532	75,37,879	87,55,813
	21,82,91,283	12,92,085	11,62,002	21,84,21,370	5,28,60,631	4,212,913	10,91,067	5,59,82,477	16,24,38,889	16,54,30,651

B)INFOTECH DIVISION

1. PLANT & MACHINERY & EQUIPMENT	14,89,965	-	-	14,89,965	8,39,516	70,773	-	9,10,289	5,79,676	6,50,449
2. ELECTRICAL INSTALLATION	10,30,021	-	-	10,30,021	7,35,107	48,926	-	7,84,033	2,45,988	2,94,914
3. FURNITURE & EQUIPMENTS	73,98,380	-	-	73,98,380	71,87,025	-	-	71,87,025	2,11,357	2,11,357
4. DATA PROCESSING EQUIPMENTS	6,10,36,520	-	-	6,10,36,520	6,00,00,626	2,67,918	-	6,02,68,544	7,67,976	10,35,894
T O T A L (B) :-	7,09,54,886	-	-	7,09,54,886	6,87,62,274	3,87,617	-	6,91,49,891	18,04,997	21,92,614
TOTAL (A+B+C)	28,92,46,173	12,92,085	11,62,002	28,93,76,254	12,16,22,905	46,00,530	10,91,067	12,51,32,368	16,42,43,886	16,76,23,265
PREVIOUS YEAR	22,82,82,121	6,38,32,654	28,68,602	28,92,46,171	11,82,67,324	5,968,755	26,13,174	12,16,22,906	16,76,23,265	11,00,14,795

WDV ON 31.03.13(NET OF LAND)	1,96,34,045
WDV ON 31.03.13(INCOME TAX)	3,14,44,104
	1,18,10,059
DEFERRED TAX ASSETS	38,31,774
DEPLESS CLAIMED IN I.TAX	
ALREADY BOOKED	41,36,382
BALANCE TO BE BOOKED	(3,04,608)
	-

PARTICULARS

**As On
31.03.2013
(S)**

**As On
31.03.2012
(S)**

(B) Non-Current Investments

INVESTMENT IN EQUITY INSTRUMENTS OF ASSOCIATE CONCERNS

QUOTED & VALUED AT COST PRICE

12,93,686 (Previous Year 12,93,686) fully paid equity shares of s10/- each of M/s Steel Strips Wheels Limited	2,99,63,059	2,99,63,059
1,47,93,772 fully paid up equity shares of Indian Acrylics Ltd (Previous Year 14793772) of s10/- each	5,95,19,719	5,95,19,719
3900 fully paid (Previous year 3900) equity shares of s10/- each of M/s Steel Strips Infrastructures Limited (Formerly known as Steel Strips & Tubes Ltd)	12,671	12,671
528265 (Previous year 5,28,265) fully paid equity shares		

SAB INDUSTRIES LIMITED

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
of ₹10/- each of M/S Steel Strips Limited,	1,84,893	1,84,893
INVESTMENT IN EQUITY INSTRUMENTS - OTHERS		
QUOTED & VALUED AT COST PRICE		
165 (Previous Year 165) fully paid equity share of ₹10/- each of M/s Kamla Dials & Devises Limited	2,550	2,550
105 fully paid (Previous year 105) equity shares of ₹10/- each of M/s Asian Hotels Limited	500	500
10000 fully paid (Previous year Nil) equity shares of ₹10/- each of M/s PUNJAB & SIND BANK	12,89,356	12,89,356
200 Shares of BOICON (Previous Year 100) of ₹10/- each	44,545	44,545
100 Nos fully paid up equity shares of Vallabh Steels Ltd (Previous Year 100) of ₹10/- each	2,820	2,820
37 Nos fully paid up equity shares of Consolidated Fibres & Chemicals Ltd (Previous Year 37) of ₹10/- each	64	64
153 fully paid up equity shares of Wheels India Ltd (Prev.Year 153) of ₹10/-each.	46,703	46,703
10000 Nos fully paid up equity shares (Previous year Nil) of Vikas WSP Ltd	3,99,561	-
AGGREGATE AMOUNT OF THE QUOTED INVESTMENTS	9,14,66,441	9,10,66,880
INVESTMENT IN EQUITY INSTRUMENTS OF ASSOCIATE CONCERNS		
UNQUOTED & VALUED AT COST		
Nil equity shares of ₹10/- each of M/s Malwa Chemtex Udyog Ltd.- (Previous year 907640 equity Shares of ₹10/- each)	-	94,39,145
5368630 equity shares of ₹10/-each of M/S SAB Udyog Ltd (Previous year 5368630)	2,87,75,857	2,87,75,857
INVESTMENT IN SUBSIDIARY COMPANIES		
UNQUOTED & VALUED AT COST		
Nil Equity Shares Of Iranian Rials 8500000 Each ** (Previous Year 660) Of Lavan Chemical Company - A Subsidiary Company In Jv In Iran Where Company had 55% Share(Total Value Of Shares In USD 611028)	-	2,63,15,831
Nil equity shares of ₹10/-each of M/S SAB Fertilizers Pvt. Ltd *** (Previous year 9999)	-	99,990
AGGREGATE AMOUNT OF THE UN-QUOTED INVESTMENTS	2,87,75,857	6,46,30,823
AGGREGATE AMOUNT OF THE QUOTED & UN-QUOTED INVESTMENTS	12,02,42,298	15,56,97,730
Aggregate Market value of Quoted Investments	24,56,31,985	30,79,72,581

** During the year 2004-05 the company had entered into a joint venture, in Iran, with i) NPC International (a company incorporated in London, England), ii) Arak Petrochemicals Co. Iran and iii) Bank Melli Iran Investments Co., Iran, for setting up a gas based fertilizer plant for which a subsidiary company under the name and style of LAVAN CHEMICAL CO. IRAN had been incorporated. A sum of US \$ 611028 (equivalent to ₹263.16 lacs) had been invested as Share Capital till 31.03.2012. During the year under consideration the whole of the investments have been sold to M/S SAB Fertilizers Ltd, a wholly owned subsidiary company, for a total consideration of ₹1250.00 lacs. The said Investments in SAB Industries Ltd, as such, stands Nil as on 31.03.2013

*** During the F.Y. 2012-13, the company has further acquired 12500000 no of equity shares in SAB Fertilizers Pvt. Ltd. The whole investment has been sold to Parus International FZE, AJMAN, UAE and the investment in subsidiaries stands at Nil at the year end.

SAB INDUSTRIES LIMITED

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
NOTE '5' : CURRENT ASSETS		
(a) Inventories		
1. WORK IN PROGRESS	28,42,000	1,92,88,000
Total 1.	28,42,000	1,92,88,000
2. COMMERCIAL PROPERTY UNDER DEVELOPMENT (Land, Development expenses thereon (valued at cost) and Misc. Expenditure Pending Allocation to above commercial property)	22,57,84,131	22,57,84,131
(a) Cost Of Land Including Registration And (b) Development Expenses Fees & Taxes (Land Dev. Fee) Architect/Other Fee	31,25,878 41,86,822 73,12,700	31,25,878 41,86,822 73,12,700
	23,30,96,831	23,30,96,831
(c) Misc. Expenditure Pending Allocation To Above Commercial Property Direct Cost Administration Exps Employee Cost Selling & Advt. Exps Interest And Bank charges Depreciation	7,79,93,808 59,01,744 84,60,345 46,78,483 3,02,96,191 18,62,359 12,91,92,930	7,79,93,808 59,01,744 84,60,345 46,78,483 3,02,96,191 18,62,359 12,91,92,930
Total 2.	36,22,89,761	36,22,89,761
Total 1+2	36,51,31,761	38,15,77,761
(b) Trade Receivables		
- Outstanding for a period exceeding six months	11,92,10,345	1,08,95,817
- Others	47,90,388	80,22,650
	12,40,00,733	1,89,18,467
Less : Provision for bad and doubtful debts	92,10,345	-
SUB - TOTAL	11,47,90,388	1,89,18,467
(c) Cash and Bank Balances		
- Balances With Banks	28,83,177	98,00,263
- Cheques/Drafts In Hand	44,15,267	-
- Cash In Hand	80,930	2,13,968
- Others		
- Under Lien With Banks As Margin Money	2,03,02,200	1,85,84,209
- Under Lien With Pwd, Uttarakhand, Dehradun	2,49,650	2,49,650
- Fixed Deposits- (kept agst Public Deposits maturing during the next financial year)	11,25,000	15,00,000
TOTAL	2,90,56,224	3,03,48,090

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
(d) Short-Term Loans and Advances		
LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED)		
A) Loans And Advances To Related Parties	-	-
B) Others		
- Suppliers/Petty Contractors	2,86,348	3,87,692
- Advances For Purchase Of Land	1,00,00,000	1,39,56,876
- Others		
- Corporate Loans (Secured) (Secured by way of registered mortgage of land admeasuring 13 bigha in favour of the company)	2,00,00,000	-
- Corporate Loans (Un-Secured)	4,00,00,000	-
- Others (Un-secured)	66,34,483	46,95,364
	<u>7,69,20,831</u>	<u>1,90,39,932</u>
- Less : Provision For Doubtful Advances	-	1,00,000
TOTAL	<u>7,69,20,831</u>	<u>1,89,39,932</u>

(e) Other Current Assets

Security Deposit	81,44,043	81,53,744
Interest Accrued But Not Due	23,76,290	6,85,155
Prepaid Expenses	3,22,779	2,44,460
Income Tax Deducted At Sources **	23,92,018	61,14,622
Advance Tax Deposited	4,00,00,000	-
Withheld By Clients	-	8,47,725
TOTAL	<u>5,32,35,130</u>	<u>1,60,45,706</u>

** The tax deducted at source during the year under consideration is to the tune of ₹ 17.87 lac. Out of ₹ 17.87 lac, TDS to the tune of ₹ 12.65 lac has already been updated in Form 26AS. As such, TDS to the tune of ₹ 5.22 lac is yet to be updated in Form 26AS/ TDS certificates are to be received yet.

NOTE '6' : REVENUE FROM OPERATIONS

Sales Isp	46,66,701	61,66,682
Sales Trading-Network Equipments	-	3,49,061
Gross Work Done	3,90,01,131	8,25,23,411
Trading Sale (Cement)	-	36,08,760
Sale of Real Estate	11,00,00,000	-
Sale Of Land/Property In Stock	-	2,10,00,000
TOTAL	<u>15,36,67,832</u>	<u>11,36,47,914</u>

NOTE '7' : REVENUE FROM OTHER INCOME

Profit On Sale Of Investments	15,56,87,547	-
Profit On Sale Of Assets	39,765	1,66,538
Interest Received	95,46,031	18,77,583
Insurance Claim	-	56,580
Miscellaneous Income	3,58,192	29,848
Provision For Bank Guarantee Written back	-	34,28,000
Bad Debts Recovered	-	21,90,000
Agriculture Receipts	53,70,699	72,72,494
Dividend Received	19,73,293	19,63,917
TOTAL	<u>17,29,75,527</u>	<u>1,69,84,960</u>

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
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NOTE '8' : COST OF MATERIAL CONSUMED

Opening Stock Of Building Materials And Net Working Equipments/Materials	-	-
Add : Purchases During The Year -		
- Purchase - Network Equipments	1,09,907	5,31,224
- Building Material	1,10,75,999	2,17,04,223
- Purchase Of Property In Stock	-	2,10,00,000
	1,11,85,906	4,32,35,447
Less - Sale/Material Issued To Sub-Contractors	26,00,406	60,83,995
- Closing Stocks Of Building Materials and Networking Equipments/Materials	-	-
TOTAL	85,85,500	3,71,51,452

Note : Building Material purchased/ consumed includes cost of the material involved in the payments made to Sub-Contractors for work done by them wherever building material is involved in executing their work.

NOTE '9' : CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

- Opening Work In Progress	1,92,88,000	2,16,53,000
- Closing Work In Progress	28,42,000	1,92,88,000
TOTAL	1,64,46,000	23,65,000

NOTE '10' : EMPLOYEE BENEFIT EXPENSES

Salaries, Wages And Others Allowances ** Including Directors Remuneration	1,50,70,875	1,41,97,167
Bonus	1,69,991	1,41,112
Contribution To Provident Funds & Other Funds	7,17,201	8,43,357
Welfare Expenses	7,76,069	2,90,411
TOTAL	1,67,34,136	1,54,72,047

SAB INDUSTRIES LIMITED

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
** The detail of managerial remuneration paid to Directors is as under:		
Salary	12.00	23.05
Perquisite	7.07	14.18
Contribution Towards PF	1.44	2.77
Commission on Profits	21.80	1.37
	42.31	41.37

The Computation of Net Profits in accordance with Section 198 read with Section 349 of Companies Act, 1956 is given hereunder for the purpose of calculation of commission payable to Sh.R.K.Garg, Director & Chairman of the company.

Profit as per Profit & Loss A/c	16,95,55,121	18,61,315
Add : Depreciation as per P&L A/c	46,00,530	59,68,755
Chairman's Remuneration	21,79,629	1,36,783
Sitting Fee	1,03,000	1,13,000
Income Tax for the year	4,28,75,000	27,00,000
Income Tax paid/adjusted for earlier years	29,45,522	89,31,373
Total :	22,22,58,802	1,97,11,226
Less : Depreciation calculated for Managerial Remuneration	46,00,530	59,68,755
Deferred Tax Assets(Liability)	(3,04,608)	64,154
Available Profits	21,79,62,880	1,36,78,317
Commission / Remuneration @ 1% of available profits	21,79,629	1,36,783

However, commission is not payable to Sh.Avinash Sharma, Executive Director in view of the terms of his appointment and remuneration has been paid to him as per provisions of schedule XIII of the Companies Act, 1956.

NOTE '11' : FINANCIAL COST

Interest	1,37,80,659	82,00,317
Other Financial Charges	17,06,644	21,49,825
Fluctuation In Foreign Exchange	35,677	4,25,251
TOTAL	1,55,22,980	1,07,75,393

NOTE '12' : OTHER EXPENSES

(a) <u>Direct Cost</u>		
Labour & Wages **	55,92,113	2,17,13,524
Hire Charges Of Machinery	2,65,330	16,16,916
Bandwidth Expenses	16,85,060	24,82,870
Total (a)	75,42,503	2,58,13,310
(b) <u>Selling and Distribution Expenses</u>		
Business Promotion Exps	1,42,202	37,075
Advertisement & Publicity	61,393	27,436
Subscription & Membership Fees	41,591	12,250
Total (b)	2,45,186	76,761

PARTICULARS	As On 31.03.2013 (₹)	As On 31.03.2012 (₹)
(c) <u>Establishment Expenses</u>		
Travelling Expenses - Foreign		
- Directors	10,47,259	-
- Others	2,63,140	-
Travelling Expenses - Inland		
- Directors	7,13,819	2,23,944
- Others	6,92,803	11,10,881
Printing & Stationery	2,79,367	3,16,485
Postage, Telegram & Telephone	2,78,769	4,32,308
Vehicle Repairs & Maintenance	10,48,235	13,08,041
Repairs & Maintenance	86,658	1,01,416
Insurance	4,79,383	6,39,994
Audit Fee	5,72,100	5,51,500
Legal & Professional Charges	53,90,646	18,66,257
Directors' Sitting Fee	1,03,000	1,13,000
Rates & Taxes	2,85,431	1,25,929
Newspapers & Periodicals	5,251	5,653
Office Maintenance Exp.	9,50,682	2,66,284
Donation	13,05,000	1,00,000
Rent	35,28,776	44,69,474
Electricity & Water Charges	4,46,163	2,99,620
Tender Expenses	6,260	35,030
Agriculture Expenses	46,56,850	37,24,930
Debit Balances Written Off	82,53,349	-
Provision for bad and doubtful debts	92,10,345	-
Investments Written Off	-	91,920
Security Guards Expenses	4,80,876	2,59,676
Service Tax Paid	6,87,739	-
Other Miscellaneous Expenses	5,14,372	3,54,797
Total (c)	4,12,86,273	1,63,97,139
Total (a+b+c)	4,90,73,962	4,22,87,210

- Note : 1) Labour wages includes cost of labour involved in the payments made to Sub-Contractors for work done by them.
- 2) Audit fee for the year under consideration, includes ₹10300/- related to previous year on account of service tax.

NOTE '13' : DEFERRED TAX

W.D.V. as per Income Tax Act.(Net of Land)	3,14,44,104	3,51,82,867
W.D.V as on 31.03.12 (As per books)		
	(Net of Land)	(Net of Land)
W.D.V. as per books (Net of Land)	1,96,34,045	2,30,13,454
Depreciation excess claimed in books	1,18,10,059	12,169,413
Deferred tax assets	38,31,774	41,36,382
Less : Provision already made	41,36,382	40,72,228
Provision for current year	(3,04,608)	64,154

In compliance with AS 22 issued by ICAI on Accounting for the Taxes on Income, the company has recognised Deferred Tax Assets in its books as per detail given herein above. In the opinion of the management, considering the

NOTE NO. 14 : NOTES ON ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES****a) CONVENTION**

The Financial statements are prepared under the historical cost convention in accordance with the applicable Accounting standards and relevant presentational requirements of the Companies Act, 1956.

b) RECOGNITION OF INCOMES/EXPENDITURE: -

All revenue & expenses are accounted for on accrual basis.

Work done is accounted for on the basis of certified bills, and Escalation in the year of actual receipt including Arbitration Claims received/security released during the year.

Construction scrap is accounted for on receipt basis.

Export Incentives, if any, are accounted for on receipt basis.

c) FIXED ASSETS

The Agriculture land has been stated at cost price. Other fixed assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of duties, taxes and other incidental expenses.

d) DEPRECIATION

Depreciation is provided for on Plant and Machinery on the basis of the life of the Machinery as specified by valuer appointed by the company in accordance with Section-205 (2) of the Companies Act, 1956 and/or on the basis of Techno Commercial evaluation made by the Company.

PARTICULARS	RATES APPLIED (WDV METHOD)
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Vibrators, Welding Set, Mixers,	70%
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Batching Plant, Tractor Trolley,	30%
----------------------------------	-----

JCB Machine & Soil Compactor	
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Depreciation on Furniture and Fixtures, Vehicles and other equipments has been charged as per rates specified in schedule XIV of the Companies Act, 1956 as amended upto date on written down value method.

However, depreciation, in our "Infotech Division", on Plant & Machinery, Data Processing equipment, Furniture & Fixture and other assets is provided on single shift basis, straight-line method as per rates specified in Schedule XIV to the Companies Act, 1956 as amended upto date.

e) INVENTORIES

1 Stocks of building materials and stores and shuttering material are valued at cost.

Inventory of Networking Equipments lying in the offices & godowns is valued at cost price. Work-in-progress is valued on proportionate basis where certified bills have been raised in the next year, and on the best estimate basis by the management where certified bills are not available.

2 Stocks of Buildings & Buildings under construction have been valued at cost.

f) RETIREMENT BENEFITS :

Gratuity and earned leave encashment have been provided for in the Books of Accounts on actuarial valuation basis at the end of the year.

g) CONTRIBUTION TO PF AND PENSION SCHEME

Contribution to PF and Pension Scheme is made in accordance with the employees Provident Fund and Misc. Provision Act, 1952.

h) INTEREST

Interest in respect of fixed deposits, margin money and Security deposits have been accounted for on accrual basis.

i) VALUATION OF INVESTMENTS

Long Term quoted and unquoted investments are stated at Cost as at the close of the year. Investments in subsidiary companies are also valued at cost. Income from Investments is accounted for when realized.

j) FOREIGN CURRENCY FLUCTUATIONS/TRANSACTION IN FOREIGN CURRENCY

Any income or expense on account of exchange difference is recognized in the Profit and Loss Account.

2. CONTINGENT LIABILITIES

	AS ON	AS ON
	<u>31.03.2013</u>	<u>31.03.2012</u>
	(sin lacs)	(sin lacs)
Counter Guarantees issued by the company against Bank Guarantees/FLC	549.06	549.06

3. In the opinion of the Board, the current assets, loans & advances, if realised in the ordinary course of business, have the value on realization at least equal to the amount as stated in the Balance Sheet. The Stocks of building material, Raw material, finished goods and other consumable goods have been valued at cost and wastes have been valued at net realizable value and taken as certified by the Management. The provision for all known liabilities is adequate and not in excess of amount considered reasonably necessary.

4. Figures have been rounded off to the nearest rupee.

5. Previous year figures have been regrouped /rearranged wherever considered necessary to make them comparable with those of current year.

6. The company has filed claims arising out of contractual disputes with various clients, which have not been accounted for in books of accounts. Similarly, there are counter claims filed against the Company by clients, which have also not been accounted for. It is difficult to quantify the same, as these are at different stages of adjudication. These shall be accounted for as and when they are received/paid.

7. Sales Tax has been paid as per the Sales Tax returns filed. Any additional liability arising out of pending Assessments shall be provided for on the completion of Sale Tax Assessments.

8. Schedules 1 to 14 form an integral part of the Balance Sheet, Profit & Loss Account and Cash Flow Statement.

9. SEGMENT REPORT

Segment wise revenue, results and capital employed for the year-ended 31.03.13 is as under:

		(S in lacs)
Sr. No. Particulars	<u>31.03.2013</u>	<u>31.03.2012</u>
1 SEGMENT REVENUES		
a) Construction Division	482.78	899.95
b) Real Estates Division	1100.00	210.00
c) Investments (in shares)	1576.6	19.62
d) Agriculture	53.70	72.72
e) Infotech Division	53.36	67.95
f) Trading Division	-	36.09
TOTAL	<u>3266.44</u>	<u>1306.33</u>

2. SEGMENT RESULTS

Profit/(Loss)		
(Before tax and interest from each segment)		
a) Construction Division	(335.87)	189.26
b) Real Estates Division	1100.00	-
c) Investments (in shares)	1576.60	19.62
d) Agriculture	(22.80)	35.48
e) Infotech Division	5.61	(2.28)
f) Trading Division	(11.50)	(0.04)
TOTAL :	<u>2312.04</u>	<u>242.04</u>
Less: Interest & financial charges	155.23	107.75
TOTAL PROFIT BEFORE TAX	<u>2156.81</u>	<u>134.29</u>
Provision for Taxation	428.75	27.00
Provision for Deferred Tax	3.05	(0.64)
(Assets) Liability		
Income Tax paid/adj. for earlier years	29.45	89.31
Net Profit /(Loss)	<u>1695.56</u>	<u>18.62</u>

3. CAPITAL EMPLOYED

(Segment assets-Segment liabilities)		
a) Construction Division	(631.51)	(22.52)
b) Real Estates Division	4165.04	2737.46
c) Investments (in shares)	1198.34	1556.90
d) Agriculture	707.61	737.54
e) Infotech Division	29.04	27.24
f) Trading Division	7.46	18.96
g) Unallocable assets less liabilities	1090.33	90.33
TOTAL	<u>6566.31</u>	<u>5145.91</u>

10. The company has identified its business segments as its primary reporting format which comprises of Construction Division, Real Estate business, Infotech Division Investment business, Agriculture and Trading Division. The main business is Construction activities. Infotech Division, which has come into existence after merger of SAB Infotech Ltd into our company, deals basically in ISP business besides other allied activity related to this business. Real Estate business is linked to construction activities but has been identified as a separate activity in view of its different nature. Long term Investment in shares have also been treated as a separate activity. Agriculture activities have also been identified as separate activities of the company. Under Trading Division, cement from Pakistan is imported and is sold off in India. Fractionally, the imported cement is consumed in our own projects of construction activities / in Real Estate Business. The Construction Division Segment operates through a single geographical segment. Secondary/other segment disclosures have been made accordingly.

11. EARNINGS PER SHARE (EPS)

Basic/Diluted Earnings per share	(₹ in lacs)	
	Current Year	Previous Year
Profit/(Loss) after tax as per Profit & Loss A/C	1695.55	18.62
No of equity shares	15188372	15188372
Earnings per share (₹) (basic & diluted)	11.16	0.12

Note: Diluted Earnings per share is not applicable as the same is non-dilutive.

12. DETAIL OF PROVISIONS AS PER AS-29

	Income Tax	Others
Balance as at April 1, 2012	91.40	264.55
Provision made during the year	428.75	7.59
Provision paid/ written off/back during the period	91.40	3.69
Balance as at 31st March 2013	428.75	268.45

13. Leases

The company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to three years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹35.29 lacs (previous year ₹44.69 lacs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2013 are:

S.No. Particulars	As at 31.03.13	As at 31.03.12
a) not later than one year	31.10	0.76
b) later than one year but not later than five year	52.50	--
C) later than five year	--	--

Further, the company had leased facilities for rent receivable under cancellable operating leases arrangements with a lease term ranging from one to three years, which were subject to renewal at mutual consent thereafter. The cancellable arrangements were subject to termination by either party after giving due notice. However, at the end of the year, there were no leased rent receivable facilities as on 31.03.2013. The lease rent income recognized during the year amounts to ₹8.81 lacs (previous year ₹17.16 lacs). As presently we don't have any non-cancellable/ cancellable lease rent receivable agreement, no income has been recognized for future.

14. RELATED PARTY DISCLOSURES:

Detail of transactions entered into with Related Parties during the year as required by Accounting Standard-18 on "Related Party Disclosures" issued by Institute of Chartered Accountants of India are as under:-

Particulars	Subsidiaries Company	Key Management Personal (KMP)	Enterprise Relatives over which KMP is able to exercise significant influence	Total for this year	Total For previous year
Lease Rent Paid against shared accommodation	-	-	31.50	31.50	48.00
Lease Rent Received against shared accommodation	-	-	8.81	8.81	14.40
Lease line/cable net charges received	-	-	15.95	15.95	25.49
Electricity & Water Charges paid	-	-	0.53	0.53	0.81
Vehicle Expenses Received	-	-	0.24	0.24	0.02

SAB INDUSTRIES LIMITED

Particulars	Subsidiaries Company	Key Management Personal (KMP)	Enterprise Relatives over which KMP is able to exercise significant influence	Total for this year	Total For previous year
Electricity & Water Charges received	-	-	0.04	0.04	0.24
Dividend received	-	-	19.41	19.41	19.41
Sale of Shares	-	-	150.10	150.10	-
Management contract (salaries)	-	42.31	-	42.31	41.37
Finance					
1. Loan received	-	-	-	-	311.00
Loan Re-paid	-	-	311.00	311.00	-
Outstanding at the end of the year	-	-	-	Nil	-

Note:

- Key management: Sh.R.K. Garg, Chairman, Sh.Avinash Sharma, Executive Director, Sh.H.K.Singhal, Director
- Enterprises over which Key Management Personal (KMP) are able to exercise significant influence and with whom transactions have taken place during the year:
 - Indian Acrylics Ltd
 - Steel Strips Wheels Ltd
 - Steel Strips Infrastructures Ltd.
 - R.K.Garg & Sons (HUF)
 - SAB Udyog Ltd
- Relatives of the Key Management Personnel (with whom transactions have taken place) Sh.R.K.Garg himself is Chairman of the company, Also Sh R.K.Garg is Karta of R.K.Garg & Sons (HUF) and Ms Priya Garg who is daughter of Sh.R.K.Garg..
- ADDITIONAL INFORMATION PERSUANT TO PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II, SCHEDULE VI, OF COMPANIES ACT, 1956

		Qty.(Bags) 31.03.2013	Qty.(Bags) 31.03.2012	
Opening Stock of Trading goods		--	--	
Purchase during the year		--	24400	
Sales during the year		--	24400	
Own Consumptions		--	--	
Closing Stock		--	--	
16. Expenditure in Foreign Currency.	As on 31.03.2013	As on 31.03.2012		
Particulars	Amount (\$ in lacs)	Amount in foreign currency	Amount (\$ in lacs)	Amount in foreign currency
Traveling (Staff/Others)	3.89	USD 7204	--	--
Purchases/Payments made under				
Buyers' Credit for purchases	--	--	84.63	177438(USD)
Sale of Investment	1431.30	AED 9542000	--	--
Flat booking amount refunded	2.94	GBP 3300	--	--

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

for S.C.Dewan & Co
Chartered Accountants
(Registration No.000934N)

S.C. DEWAN
Partner
Membership No.015678

Place : Chandigarh
Dated : 25.05.2013

AVINASH SHASRMA
Executive Director

GURPREET KAUR
Company Secretary

H K SINGHAL
KANWARJIT SINGH
RAM K GUPTA
SANJAY GARG
S.S. DAWRA
Directors