
ISGEC HEAVY ENGINEERING LIMITED



**Reports and Accounts for the year ended
30th September, 2012**

ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Directors

Mr. C.R. Thompson
Mr. Vinod K. Nagpal
Mr. Tahir Hasan
Mr. Vinod Kumar Sachdeva
Mr. Arun Kathpalia

Whole Time Director

Mrs. Nina Puri

Managing Director

Mr. Aditya Puri

Chairman

Mr. Ranjit Puri

Audit Committee

Mr. Vinod K. Nagpal - Chairman
Mr. Arun Kathpalia
Mr. Aditya Puri

Executive Director & Company Secretary

Mr. S.K. Khorana

Bankers

State Bank of Patiala
Corporation Bank
State Bank of India
Punjab National Bank
Standard Chartered Bank
ICICI Bank Ltd.
State Bank of Mysore
State Bank of Hyderabad
The Hongkong & Shanghai Banking Corporation Ltd.
IndusInd Bank
State Bank of Travancore
Export Import Bank of India
The Royal Bank of Scotland
ING Vysya Bank Ltd.
State Bank of Bikaner & Jaipur

Registered Office

Yamunanagar, Haryana

Contents

Directors' Report	3-6	Consolidated Auditors' Report	68-69
Annexure to the Directors' Report	7	Consolidated Balance Sheet	70
Directors' Responsibility Statement	9	Consolidated Statement of Profit and Loss	71
Management Discussion and Analysis	10	Consolidated Cash Flow Statement	72-73
Report on Corporate Governance	11-20	Notes forming part of Consolidated Financial Statement	74-111
Auditors' Report	21-25		
Balance Sheet	26		
Statement of Profit and Loss	27		
Cash Flow Statement	28-29		
Notes forming part of Financial Statement	30-65		
Statement Pursuant to Section 212	66		

Directors' Report

1.00 The Directors are pleased to present their Seventy-ninth Annual Report on the business and operations of the Company and financial results for the year ended September 30, 2012.

2.00 **FINANCIAL RESULTS:**

The financial results of the Company for the year are given below:-

	(Figures in ₹ Lacs)
Profit before Depreciation	14,583.53
Depreciation	4,513.07
Profit before Taxes (PBT)	10,070.46
Less: Provision for Tax (including deferred tax)	3,066.70
Profit after taxes and available for appropriations	7,003.76
Less: a) Dividend @ ₹ 10/- per Equity Share of ₹ 10/- each	736.95
b) Tax on Dividend	Nil
c) Transfer to General Reserve	700.40
Balance carried to Profit & Loss Account	5,566.41

3.00 **DIVIDEND:**

3.01 The Board has decided to recommend Dividend of ₹ 10/- per Equity Share of ₹ 10/- each, i.e. equal to the dividend declared in the preceding year.

4.00 **OPERATIONS:**

4.01 The Company increased its revenues yet again. The revenue was ₹ 2,700 crores against ₹ 2,382 crores in the preceding year.

4.02 As you are aware the market conditions are not good due to sluggishness of the Indian and Global economy. Projects are held up due to issues relating to land, environment and finance. There were fewer potential orders, which were chased by many competitors. This led to pressures on margins. Efforts continued to cut costs and improve productivity and efficiency.

4.03 In spite of bad conditions, the overall order book position of the Company was not unsatisfactory. However, there are certain sections where there is significant capacity available.

4.04 Intensive efforts continued for the development of the export market and this has resulted in record export orders and revenues, this year. The export revenues were 46% of the total revenues.

4.05 During the year, besides our traditional territories, we made an aggressive entry in the Latin American market.

4.06 Your Company booked its first domestic order for Pulverised Coal Fired (Utility) Boiler based upon Foster Wheeler technology. This is a major breakthrough.

4.07 We also secured our first order for a Biomass Pin Hole Grate Boiler.

4.08 Your Company secured a repeat order from the Aditya Birla Group for a 33 MW Power Plant.

4 ISGEC HEAVY ENGINEERING LIMITED

- 4.09 Your Company completed the installation and commissioning of 27 Boilers during the year including 11 outside India. During the year we also commissioned India's largest Travelling Grate Boiler.
- 4.10 To cater to the increased requirement of pressure parts for Boilers, capacity expansion was undertaken during the year. Most of the equipments have been installed and commissioned.
- 4.11 In the Sugar Machinery business, your Company booked orders for six complete Sugar Plants with Co-generation including order for one sugar plant from Africa. The market share in the domestic market improved during the year. However, there were less orders in the market due to uncertainty in the Policies of State and the Central Governments with regard to sugar.
- 4.12 We successfully installed and commissioned Phase-I of Boiler and Sugar Process House Equipments (12000 Tonnes Cane crush power day capacity) of 24000 Tonnes cane crush per day capacity sugar plant for our customer in Sudan. Phase-II is expected to be commissioned in early 2013.
- 4.13 The Automobile Sector had a cautious approach towards investment during the year. Therefore, there were few orders for Presses in the domestic market. Your Company could, however, book significant orders from the export market including orders for the technologically advanced Transfer Presses for Lear, China, a group company of Lear, USA (1200 Tonnes) and Delga, Brazil (2500 Tonnes), which helped to maintain the order booking for Presses.
- 4.14 The Process Plant Equipment Division had lower order booking due to very few investments in the Oil & Gas and Fertilizer Sectors. Export market including West Asia was also bad. In order to increase scope of the business of this Division, Technology Agreements have been signed for Feed Water Heaters, Surface Condensers and Breech Lock Exchangers. We expect to book good orders in the current year for these products.
- 4.15 The order booking in the Container sub-division of the Process Plant Equipment Division continued to be good. The first order for 380 Containers for Europe is under execution. The Company would be manufacturing Containers of European specification for the first time in India.
- 4.16 The downtrend in Power Sector affected the customers of Steel Castings Unit in the Steam Turbine Sector. The market for Hydro Turbine was, however, good. The Steel Casting Unit increased its efforts to book orders from other Sectors namely Pumps and Valves and had a few successes.

5.00 DIVERSIFICATION:

In order to diversify into new products, your Company has:-

- i) bought drawings and the brand Morando for manufacture of Vertical Turning Lathes (VTL) from an Italian Company;
 - ii) acquired the technology to manufacture Electrostatic Precipitators (ESP) from a German company namely Envirotherm GmbH. At present ESP, which is a pollution control device, is supplied by your Company along with almost every Boiler by purchasing this from suppliers in India. With the acquisition of this technology, the Company would be designing, manufacturing and supplying ESPs to the market;
 - iii) signed Technology Agreement with M/s. Belleli, Italy for the manufacture of Breech Lock Exchangers;
 - iv) signed Technology Agreement with Foster Wheeler of USA for the supply of design for Feed Water Heaters and Surface Condensers.
-

6.00 JOINT VENTURE COMPANY, ISGEC HITACHI ZOSEN LIMITED:

- 6.01 During the year your Company formed a Joint Venture namely Isgec Hitachi Zosen Limited along with Hitachi Zosen Corporation, Japan. It involved investment of ₹ 51 crores representing 51% of the equity of the Joint Venture Company. Hitachi Zosen Corporation, Japan contributed balance 49% of the equity.
- 6.02 The Joint Venture Company will benefit from the state-of-the-art technical & engineering skills of Hitachi Zosen and the manufacturing expertise of Isgec. The Joint Venture Company will cater to the specialised and critical Process Equipment requirements of refineries, fertilizer and Petrochemical Industries, across the world.
- 6.03 The Joint Venture Company got a breakthrough when it booked its first order, which was an EO Reactor from Reliance Industries.

7.00 SARASWATI SUGAR MILLS LIMITED (SUBSIDIARY COMPANY):

- 7.01 The working of the Saraswati Sugar Mills Limited during the year ended 30th September 2012 was satisfactory.
- 7.02 In view of higher free-sale sugar prices prevailing during the year, the financial results of the subsidiary company namely Saraswati Sugar Mills Limited were good. The profit before tax was ₹ 42.81 crores against ₹ 19.63 crores last year.
- 7.03 As for the season starting from October 2012, the Haryana Government has fixed State Advised Price for sugarcane at ₹ 235/-, ₹ 240/-, and ₹ 251/- per quintal for late, mid and early varieties against ₹ 221/-, ₹ 226/- and ₹ 231/- per quintal in the preceding year. The cane availability is likely to be same as last year. The All India sugar production is likely to decrease in view of drought in the sugar producing States of Western and Southern India. The financial results of the subsidiary company for the coming year will depend upon recovery, cane availability and sugar prices this sugar season.
- 7.04 Saraswati Sugar Mills Limited has declared dividend @ ₹ 21/- per Equity Share for the year ended 30th September 2012. It consists of interim dividend of ₹ 10.50 per Equity Share, which has since been disbursed and final dividend of ₹ 10.50 per Equity Share, which will be disbursed after approval by the Annual General Meeting of the subsidiary company.

8.00 Industrial relations remained peaceful.

9.00 CONSOLIDATED FINANCIAL STATEMENTS:

9.01 The consolidated financial statements are attached hereto.

10.00 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO UNDER SECTION 217(1) OF THE COMPANIES ACT, 1956:

10.01 The statement giving the required information is annexed hereto.

11.00 PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975:

11.01 Annexure giving certain details about the employees, in receipt of remuneration of not less than ₹ 60 lacs during the year or ₹ 5 lacs per month during any part of the year, is not annexed with the Directors' Report. In accordance with Section 219(1)(b)(iv) of the Companies Act, the Annexure is available for inspection by any member at the registered office of the Company during working hours, 21 days before the date of the AGM.

6 ISGEC HEAVY ENGINEERING LIMITED

12.00 DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

12.01 The Statement is annexed hereto.

13.00 MANAGEMENT DISCUSSION & ANALYSIS REPORT UNDER OF CLAUSE 49 OF THE LISTING AGREEMENT:

13.01 Management Discussion & Analysis Report is annexed hereto.

14.00 CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

14.01 Report on Corporate Governance is annexed hereto.

15.00 FIXED DEPOSITS:

15.01 The amount of deposit with the Company, as at the close of the year, was well within the limits prescribed under the provisions of the Companies Act. 128 depositors of the Company had, as on September 30, 2012, not claimed their deposits upto the due dates for repayment. The amount involved was ₹ 102.99 lacs.

16.00 SUBSIDIARY COMPANIES:

16.01 The audited statements of the subsidiary companies along with the report of the Board of Directors and the Auditors and other statements are not attached and the company has availed exemption allowed by the Government of India, Ministry of Corporate Affairs, vide its General Circular No. 2/2011 - file no. 51/12/2007- CL-III dated 8th February, 2011, under Section 212(8) of the Companies Act, 1956.

16.02 The Company has made disclosure in the consolidated balance sheet the following information in aggregate for each subsidiary as per condition of the aforesaid Circular:-

(a) capital (b) reserves (c) total assts (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

16.03 Annual accounts of the subsidiary companies are kept for inspection by any shareholders at the registered office of the holding company as well as at the registered office of the subsidiary companies.

16.04 Hardcopy of the details of accounts of the subsidiaries shall be furnished to any shareholder on demand.

17.00 PERSONNEL:

17.01 The Board wishes to express their appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year.

18.00 ACKNOWLEDGEMENT:

18.01 Your Directors take this opportunity to thank the Financial Institutions, Banks, Government Authorities, Regulatory Authorities, Stock Exchanges and the Shareholders for their continued co-operation and support to the Company.

18.02 With these remarks, we present the Accounts for the year ended September 30, 2012.

By order of the Board

Vinod K. Nagpal
Director

Aditya Puri
Managing Director

Dated: 24 November 2012

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:

(a, b & c) Energy Conservation Measures taken, Proposed and Impact of Measures taken:

Efforts for energy conservation are a continuing process. These efforts continued in 2011-12 also.

d) Total energy consumption and energy consumption per unit of production.

These are detailed in Form 'A' enclosed.

B. TECHNOLOGY ABSORPTION:

e) Efforts made in Technology Absorption:

These are detailed in Form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(f) Activities relating to export, initiative taken to increase exports, development of new export market for products and services and export plans.

Please refer to paragraphs 5.03 and 5.04 of the Directors' Report.

(g) Total Foreign Exchange used and earned (2011-12):

		(₹ in crores)
-	Total Foreign Exchange earned	1,059.24
-	Total Foreign Exchange used	390.11

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(A) Power & Fuel Consumption :-

		Current Year 2011-2012	Previous Year 2010-2011
1	Electricity		
(a)	Purchased (Units)		
	Total Amount	1,22,11,200 (KWH)	1,53,21,520
	Cost / Unit	7,37,66,279 (Rupees)	9,02,37,780
		6.04 (Rs. Per Unit)	5.89
(b)	Own Generation (Units)		
	(Through Diesel Generator)	7,88,452 (KWH)	4,52,369
	Unit per Litre of Diesel Oil	3.77 (Units)	3.97
	Cost / Unit	10.20 (Rs. Per Unit)	9.15
2	Other		
(a)	Hard Coke		
	Quantity	19,750 (Tonnes)	14,885
	Total Cost	2,67,398 (Rupees)	1,32,502
	Average Rate	13,539 (Rs. Per Tonne)	8,900
(b)	Furnace Oil		
	Quantity	21,18,871 (Litres)	18,75,181
	Total Cost	8,52,02,977 (Rupees)	5,81,66,337
	Average Rate	40.21 (Rs. Per Litre)	31.02
(c)	High Speed Diesel Oil		
	Quantity	4,28,688 (Litres)	9,29,253
	Total Cost	1,64,49,820 (Rupees)	3,31,23,823
	Average Rate	38.37 (Rs. Per Litre)	35.65

(B) Consumption Per Unit Production :-

1	Ingots		
(i)	Production	190.160 (Tonnes)	472.345
(ii)	Electricity Per M.T.	759 (KWH)	685
2	Castings		
(i)	Production	4,364.399 (Tonnes)	5,432.776
(ii)	Electricity Per M.T.	1594 (KWH)	1638

Reasons for variance in the consumption of power & fuel from previous year :-

- Electricity purchase cost per unit has increased over last year due to increase in maximum demand causing increase in fixed electricity charges.
- In case of own generation, cost per unit is higher due to increase in rate of Diesel.
- The power consumption per M.T. of castings produced was higher in last year due to trial runs undertaken upon installation of new ladle refining furnaces. Power consumption per M.T. of castings produced in this year is normal.
- Power consumption per M.T. of Ingots produced is higher because more high Alloys Ingots were produced & all heats were processed through Ladle Refining Furnace for producing better quality product as required by the customers.

FORM -B

FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION, 2011-2012 TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

BOILER DIVISION

The Company has three Agreements for technology transfer with Foster Wheeler:

- (i) For Circulating Fluidized Bed Combustion (CFBC) Boilers upto 99.9 Mega Watt electricals, valid upto 2022.
- (ii) For Oil & Gas Shop Assembled Water Tube Packaged Boilers upto 260 Tonnes per hour, valid upto 2017.
- (iii) For Pulverized Coal Fired Sub-Critical (60 MW to 1000 MW) and Super-Critical Boiler (550 MW to 1000 MW), valid upto 2030.

The Company is working to assimilate these new generation technologies for which continued support of Foster Wheeler is available for further technology innovation and advancements.

SUGAR MACHINERY DIVISION:

The Company has an Agreement with BOSCH Projects, South Africa, for transfer of technology for manufacture of Chainless Cane Diffusers and other sugar machinery equipments. During the year, the Company had successfully supplied two Sugar Plants with Cane Diffusers, which were designed and manufactured under this technology. Efforts for adaptation and absorption of the new technology are continuing.

PROCESS EQUIPMENT DIVISION (PED)

The Company has an Agreement with M/s. Hitachi Zosen Corporation, Japan, for critical equipments for Fertilizer and Oil & Gas Sectors with their back-up for engineering and supervision during manufacturing in India. First order for 2 Nos. Critical equipment for Fertilizer plant in India were successfully supplied.

Efforts for adaptation and innovation are a continuing process. These efforts continued in the year under report.

Directors' Responsibility Statement under Section 217 (2AA) of the Companies Act, 1956

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 ('the Act') and based on the representations received from the operating management, your Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for 2011-12, the applicable Accounting Standards have been followed and there are no material departures,
 - (ii) they have selected such accounting policies with the concurrence of the Statutory Auditors 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 and of the profit of the Company for the financial year,
 - (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
 - (iv) they have prepared the Annual Accounts on going concern basis.
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Management Discussion & Analysis

1. Management Discussion and Analysis, as required under Clause 49 of the Listing Agreement, giving further Analysis, Review, Outlook and Threats is given below:-

As communicated in the previous pages, the global and domestic markets remain very uncertain. In addition, fluctuation of the Indian Rupee also lends an uncertainty in business operations. Though we do expect a reasonable order booking in most areas of our businesses, certain sections are likely to be under-loaded.

With a view to broadening our portfolio and keep our manpower and shops fully occupied, we have ventured into new products, example, Feed Water Heaters, Surface Condensers, Breech Lock Heat Exchangers and Electrostatic Precipitators, Castings for Pumps and Valves. With an expanded basket of offerings, we do hope to achieve a better order booking than the previous year.

The association with Hitachi Zosen has enabled the Company to book orders which would not have been booked otherwise. The improvement in working methods and productivity which Hitachi Zosen are able to bring about, will certainly make us more competitive.

We continue to scout for new technologies and products which would be complimentary to our existing line of businesses and which would also broadly use the skill set your Company possesses.

2. **CAUTIONARY STATEMENT:**

The statements may be “forward looking statements” within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied depending upon economic conditions, government policies, regulations, environmental laws, tax regimes and other factors.

Report on Corporate Governance

1. **A brief statement on company's philosophy on code of governance:**

Clause 49 of the Listing Agreement with Stock Exchanges set the benchmark compliance rules for a listed company and the baseline for governance standards. The Company adheres to the prescribed corporate practices as per Clause 49. It also follows transparency in business dealings, timely disclosures, effective internal and external communications.

2. **Board of Directors:**

i. **Composition:**

As on 30th September 2012, the Board of Directors comprises of a Non- Executive Chairman, two Executive Directors and five Non-Executive Independent Directors.

ii. **Attendance of each Director at the Board Meetings and at the last Annual General Meeting, and**

iii. **Number of other Boards or Board Committees in which he/she is a Member or Chairperson:**

Name of the Director	No. of Board Meetings attended	Whether attended the last Annual General Meeting	Directorships in other companies as disclosed			
			Public	Private	Committee Member ship	Committee Chairmanship
Non-Executive Chairman & Promoter						
Mr. Ranjit Puri	6	Yes	4	-	1	-
Executive Directors & Promoters						
Mr. Aditya Puri, Managing Director	6	Yes	8	-	1	-
Mrs. Nina Puri, Whole-time Director	5	No	1	-	-	-
Non-Executive Independent Directors						
Mr. Vinod K. Nagpal	5	No	1	3	-	-
Mr. Tahir Hasan	5	Yes	5	1	-	1
Mr. C.R. Thompson	Nil	No	-	-	-	-
Mr. Arun Kathalia	6	Yes	1	2	-	-
Mr. Vinod Kumar Sachdeva	6	Yes	2	-	-	-

iv. **Number of Board Meetings held, dates on which held:**

During the year six Board Meetings were held as under:

- November 25, 2011
- January 13, 2012
- February 11, 2012
- February 25, 2012
- May 15, 2012
- August 13, 2012

12 ISGEC HEAVY ENGINEERING LIMITED

3. Audit Committee:

i. Brief description of terms of reference:

The Board, as required under section 292A of the Companies Act, 1956 has laid down terms of reference, which briefly are:-

- To discuss with Auditors (a) Internal Control System and suggest modification and (b) scope of audit including observations of audit;
- To review Quarterly, Half Yearly and Annual Financial Statements;
- To ensure compliance of Internal Controls;
- To discuss with Internal Auditor (a) Periodical Reports and (b) Scope of internal audit.

In addition, the Audit Committee keeps in view its role as provided under Clause 49 of the Listing Agreement.

ii. Composition, Name of Members and Chairman:

S. No.	Name of the Committee Member	Position	No. of Meetings attended
1.	Mr. Vinod K. Nagpal	Chairman	4
2.	Mr. Arun Kathpalia	Member	4
3.	Mr. Aditya Puri	Member	4

Mr. S. K. Khorana, Company Secretary, is the Secretary of the Audit Committee.

iii. Meetings and attendance during the year:

During the year four meetings of the Audit Committee were held as under:-

- November 25, 2011
- February 11, 2012
- May 15, 2012
- August 13, 2012

Detail of attendance by each Member is given in the above table.

4. Remuneration Committee:

i. Brief description of Terms of Reference:

The Remuneration Committee reviews and recommends remuneration of Executive Directors as and when required.

ii. Composition, Name of Members and Chairman:

S. No.	Name of the Committee Member	Position	No. of Meetings attended
1.	Mr. Arun Kathpalia	Chairman	-
2.	Mr. Vinod K. Nagpal	Member	-
3.	Mr. Tahir Hasan	Member	-

Mr. S. K. Khorana, Company Secretary is the Secretary of the Remuneration Committee.

iii. Attendance during the year:

During the year, no meeting of the Remuneration Committee was required to be held.

iv. Remuneration policy:

Remuneration to Executive Directors is in accordance with the limits prescribed under the Companies Act, 1956.

v. Details of remuneration paid to Directors:

Details are given in 'Note no. 30.1 of Notes on Financial Statements'.

vi. Details of Remuneration paid to Non-Executive Directors:

Sl.No.	Name of Director	Nature of Payment & Amount (₹/'000)		Total Amount (₹/'000)
		Remuneration	Sitting Fees	
01.	Mr. Vinod K. Nagpal	25	92	117
02.	Mr. Tahir Hasan	25	51	76
03.	Mr. Ranjit Puri	25	61	86
04.	Mr. Arun Kathpalia	25	103	128
05.	Mr. Vinod Kumar Sachdeva	25	62	87
06.	Mr. C. R. Thompson	25	—	25
			Total	519

5. Shareholders/ Investors Grievance Committee:

i. Composition, Name of Members and Chairman:

Mr. Ranjit Puri- Chairman;

Mr. Vinod Kumar Sachdeva -Member.

ii. Name and designation of Compliance Officer:

Mr. S.K. Khorana, Company Secretary.

iii. Number of Shareholders' complaints received:

Nil.

iv. Number of complaints not solved to the satisfaction of Shareholders:

Nil.

v. Number of pending complaints:

Nil.

6. General Body Meetings:

i. Location and time of last three Annual General Meetings (AGM) held:

Date	Location	Time
March 20, 2010	Office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar-135001 (Haryana)	12:00 Noon
March 26, 2011		12:00 Noon
February 25, 2012		12:00 Noon

ii. Whether any Special Resolutions passed in the previous three AGM:

Yes. Special Resolutions regarding alteration of Articles of Association and Re-appointment of Mrs. Nina Puri as Whole Time Director were passed in the AGM held on March 20, 2010 and February 25, 2012 respectively.

iii. Whether any Special Resolution passed last year through postal ballot – details of voting pattern:

No.

iv. Person who conducted the postal ballot exercise:

Not applicable.

v. Whether any Special Resolution is proposed to be conducted through postal ballot:

No.

vi. Procedure for Postal Ballot:

Not applicable.

7. **Disclosures:**

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:

Nil.

ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Delhi Stock Exchange or Bombay Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

None.

iii. Code of Conduct for Directors and Senior Executives:

The Company has laid down a Code of Conduct for all Board Members and Senior Executives of the Company. The Code of Conduct is available on the Company's website www.isgec.com. The Managing Director has given a declaration that all the Directors and concerned Executives have affirmed compliance with the Code of Conduct.

iv. CEO/ CFO certification:

A certificate, duly signed by the Managing Director and Executive Director (Chief Financial Officer) & Company Secretary relating to financial statements, internal controls and internal control systems for financial reporting as per the format provided in Clause 49(V) of the Listing Agreement, was placed before the Board, who took the same on record.

v. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

Complied with all mandatory requirements as detailed above.

8. **Means of Communication:**

i. Financial Results:

Yes. Published in Newspaper.

- ii. Newspapers wherein results normally published:
(a) Business Standard (English), or (b) Financial Express (English) and (c) Vir Arjun (Hindi).
- iii. Any website, where displayed:
(a) On Company's website : www.isgec.com
(b) On SEBI's website: www.corpfilings.co.in
(c) On BSE's website: www.bseindia.com
- iv. Whether it also displays official news releases:
There was no official news release.
- v. The presentations made to institutional investors or to the analysts:
No presentation was made to institutional investors or to the analysts.

9. **Shareholding of Non-executive Independent Directors:**

Sl. No.	Name of Directors	Number of Shares held
01.	Mr. Vinod K. Nagpal	610
02.	Mr. Tahir Hasan	1640
03.	Mr. Arun Kathpalia	120
04.	Mr. Vinod Kumar Sachdeva	390
05.	Mr. C. R. Thompson	Nil

10. **General Shareholder information:**

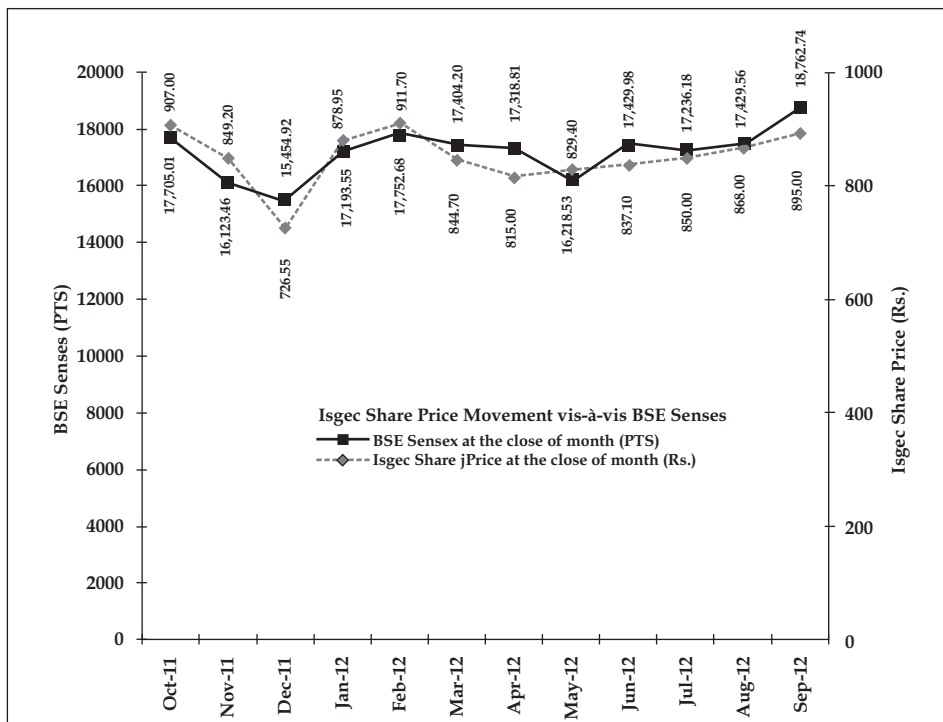
- i. Annual General Meeting date, time and venue:
Annual General Meeting will be held on February 9, 2013 at 12:00 Noon at the office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar- 135001 (Haryana).
- ii. Financial Year:
1st October to 30th September.
- iii. Dates of Book closure:
From January 31, 2013 to February 9, 2013 (both days inclusive).
- iv. Dividend Payment Date:
By February 18, 2013.
- v. Listing on Stock Exchange:
Listed on Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).
- vi. Stock Code
The Stock Code Number is ISIN - INE858B01011.
Bombay Stock Exchange has allotted scrip name as SARASWATI and scrip code as 533033.
-

vii. Stock Market Price Data: High and Low during each month in last financial year on BSE and DSE:

Month	Bombay Stock Exchange	
	Highest (₹)	Lowest (₹)
October, 2011	978.95	781.00
November, 2011	944.95	751.00
December, 2011	929.95	725.00
January, 2012	898.00	690.50
February, 2012	1076.00	855.20
March, 2012	940.00	820.00
April, 2012	899.00	760.00
May, 2012	939.90	765.00
June, 2012	865.00	809.20
July, 2012	930.00	821.00
August, 2012	944.40	817.50
September, 2012	951.30	848.00

As there was no trading on DSE, quotations were not available for the year ended on 30th September, 2012.

viii. Share Price Performance in comparison to BSE Sensex:



ix. Registrar and Transfer Agents:

M/s. Alankit Assignments Limited, 'Alankit House', 2E/21, Jhandewalan Extension, New Delhi - 110055.

Phone: +91-11-42541234, 23541234, Fax : +91-11-41540064,

Email: alankit@alankit.com

x. Share Transfer System:

The share transfers are attended, registered and returned within 30 days from the date of receipt, if the documents are in order in all respects.

xi. Distribution of shareholding:

The Distribution of shareholding as on September 30, 2012 is

Shareholding of Nominal Value		Shareholders		Share Amount	
₹	₹	Number	% of Total	(In ₹)	% of Total
Up-to	5,000	4,411	91.268	34,74,650	4.715
5,001	- 10,000	148	3.062	11,23,330	1.524
10,001	- 20,000	106	2.193	16,22,710	2.202
20,001	- 30,000	48	0.993	11,86,750	1.611
30,001	- 40,000	34	0.703	11,93,450	1.619
40,001	- 50,000	12	0.249	5,56,400	0.755
50,001	- 1,00,000	27	0.559	20,11,230	2.729
1,00,001	and above	47	0.973	6,25,26,880	84.845
TOTAL		4,833	100.00	7,36,95,400	100.00

Shareholding pattern as on September 30, 2012:

<u>Category</u>	<u>No of Shareholders</u>	<u>No. of shares held</u>	<u>Percentage</u>
Promoters	5	45,34,445	61.53
FIs, Banks & Mutual Funds	6	4,020	0.05
Others (Public)	4,822	28,31,075	38.42

xii. Dematerialization of shares and liquidity

87.796% of share capital has been dematerialized as on September 30, 2012.

xiii. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:

There is no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments and therefore there is no impact on equity.

xiv. Compliance under Listing Agreement:

Company is regularly complying with the provisions of the Listing Agreement. Information, certificates and returns as required under Listing Agreement are sent to the Stock Exchanges within the prescribed time.

xv. Information on deviation from Accounting Standards, if any:

There has been no deviation from the Accounting Standards in preparation of Annual Accounts for the financial year 2011-2012.

xvi. Plant locations:

<u>Plant Location</u>	<u>Item of Manufacture</u>	<u>Address for correspondence</u>
a) Isgec Radaur Road, Yamunanagar	Pressure Vessels & Heat Exchangers, Presses- Mechanical & Hydraulic, Boilers, Container, Castings, Sugar and other Industrial Machinery.	Radaur Road, Yamunanagar-135001 Haryana.
b) Isgec Rattangarh Yamunanagar	Pressure Parts for Water Tube Boilers	Rattangarh Yamunanagar-135001 Haryana.
c) Isgec Dahej	Pressure Vessels, Columns, Heat Exchangers and Boilers	13/B, G.I.D.C Industrial Estate, Dahej, Taluka- Vagara, Distt. Bharuch - 392 130. Gujarat.
d) U.P. Steels, Muzaffarnagar	Castings - Steel & Iron	Village Nara, P.O. Mansurpur -251 203, Distt. Muzaffarnagar, U.P.
e) Isgec Bawal	Standard Mechanical Presses and other Industrial Machinery	Plot No. 123, Sector-6, HSIIDC, Industrial Growth Centre, Bawal, Distt. Rewari-123501 Haryana.

xvii. Engineering, Procurement & Construction Division:

<u>Name</u>	<u>Item</u>	<u>Address</u>
a) Isgec	Boilers	A-5 and A-7, Sector - 63, Noida - 201 301, U.P.
b) Isgec	Sugar Machinery	A-4, Sector - 24, Noida - 201 301, U.P.

xviii. Address for correspondence:
Corporate Office:

A-4, Sector - 24,
Noida - 201 301, U.P.
Tel. : +91-120-408 5001/ 5002
Fax.: +91-120-241 2250
e-mail: skkhorana@isgec.com

Registered Office:

Radaur Road,
Yamunanagar 135 001, Haryana.
Tel: 01732-307 611/ 614
Email : roynr@isgec.com

xix. Details of the Director seeking re-appointment in Annual General Meeting to be held on February 9, 2013 (In pursuance of Clause 49 of the Listing Agreement).

Name of the Director	Mr. Vinod K. Nagpal	Mr. C.R. Thompson
Date of Birth	23.01.1948	14.12.1927
Date of Appointment	30.03.1996	30.05.1991
Qualification	B.Com, F.C.A	MI Mech. E
Board position held	Non-Executive Director	Non-Executive Director
Nature of his /her expertise in specific function areas	Practising Chartered Accountant	Company Director
Other Directorship	The Yamuna Syndicate Limited The Lake Palace Hotels & Motels Pvt. Limited South Asia Consultants Pvt. Limited Calcon Consultants India Pvt. Limited	-
Chairman / Member of Committee of the Board of Companies of which he/she is a Director	Isgec Heavy Engineering Limited Audit Committee – Chairman Remuneration Committee – Member	-
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (v)	610 Shares 0.01 %	-

Annual Declaration by Managing Director pursuant to Clause 49(1) (D) (ii) of the Listing Agreement

As required under Clause 49(1)(D)(ii) of the Listing Agreement with the Stock Exchange, I declare that all Board Members and Senior Management Personnel of the Company have affirmed compliances with the Company's Code of Conduct and Ethics for the year ended September 30, 2012.

Dated: November 24, 2012.

Aditya Puri
Managing Director

Auditors' Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s)

TO THE MEMBERS

ISGEC HEAVY ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by **ISGEC Heavy Engineering Limited (the company)** during the year ended September 30, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 according to the explanations given to us and the representation made by the Directors and Management, we certify that the Company has substantially complied with the conditions of the 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 S. S. KOTHARI MEHTA & CO.

Chartered Accountants

Firm Regn.No. 000756N

(K. K. TULSHAN)

Partner

Membership No. 085033

Dated: 24 November,2012

AUDITORS' REPORT

To The Members of

Isgec Heavy Engineering Limited

(formerly The Saraswati Industrial Syndicate Limited)

1. We have audited the attached balance sheet of Isgec Heavy Engineering Limited (formerly The Saraswati Industrial Syndicate Limited), as at 30th September, 2012, and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
 - (v) On the basis of written representations received from the directors, as on 30th September, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 30th September, 2012;
 - b) In the case of the statement of profit and loss, of the profit for the year ended on that date; and;
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For S S Kothari Mehta & Co.
Firm Registration Number: 000756N
Chartered Accountants

(K K Tulshan)

Partner

Membership Number: 085033

Place: Noida

Date: 24th November 2012

Annexure to Auditors' Report referred to in paragraph 3 of the Auditors' Report of even date to the members of Isgec Heavy Engineering Limited on the financial statements for the year ended 30 September 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company are physically verified during the year by the management in accordance with a program designed to cover all assets except for certain building and vehicles situated in Pakistan (carrying value - ₹ 1/-) and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed by the Company.
 2. (a) The inventory has been physically verified during the year by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw material. Further, stock in the possession and custody of third parties and stock in transit as at 30th September, 2012 have been verified by the management with reference to confirmation or statement of accounts or correspondence of the third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
 3. (a) The Company has granted unsecured loan to its two subsidiary companies listed in the register maintained under section 301 of the Companies Act, 1956. Apart from these loans, the Company has not granted any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹ 6892.52 Lacs and year end balances of such loans are ₹ 735.17 Lacs.
(b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
(c) In respect of the aforesaid loan, we are informed that these are repayable on demand. The parties are regular in payment of interest.
(d) In respect of the aforesaid loan, we are informed that there is no overdue amount more than Rupees One Lakh.
(e) The Company has taken unsecured loans of ₹ 29.68 lacs in the form of fixed deposits from its three Directors and one related party in earlier years and outstanding at the beginning of the year, the terms & conditions of which are, prima facie, not prejudicial to the interest of the Company. Maximum amount outstanding during the year with respect to these loans was ₹ 29.68 Lacs and the year end balance of such loans is ₹ 29.36 Lacs, now due to three Directors and one related party. There are no other loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
(f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
(g) in respect of the aforesaid loans, there are no overdue amounts of principal and interest.
-

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 purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, 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) in our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices were made available.
6. The Company has accepted deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under. In our opinion and according to the information and explanations given to us, the provisions of section 58A and section 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975 have been complied by the Company with respect to fixed deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost accounting records, maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales – tax, wealth – tax, service – tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales – tax, wealth – tax, service – tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of Statute	Duty/Tax	Year	Forum where dispute is pending	Total (₹ Lacs)
Central Excise Act	Excise Duty	1994-95	Hon'ble High Court, Allahabad	5.00
		1994-96	Tribunal New Delhi	8.00
		2002-08	CESTAT, New Delhi	59.92
		2003-05	Add. Dy. Commissioner, Yamuna Nagar	0.06
		2009-10	Commissioner Appeal- Gurgaon	0.40
		2007-11	CESTAT, New Delhi	49.04
Service Tax	Service Tax	2004-06	CESTAT, New Delhi	6.00
		2005-07	CESTAT, New Delhi	22.31
		2008-10	CESTAT, New Delhi	6.92
		2008-09	Commissioner (Appeals), New Delhi	8.36
		2009-12	Assisstant Commissioner, YNR	63.56

		2011-12	Commissioner Central Excise	61.28
		2007-10	Commissioner (Appeals)- Gurgaon	0.34
Sales Tax Act	Sales Tax	1993-94	Sales Tax Tribunal, Orissa	9.02
		1995-96	Sales Tax Tribunal, Orissa	17.00
		1996-97	Sales Tax Tribunal, Orissa	5.00
		1996-2000	Assessing Authority (AO, Yamuna Nagar)	2.34
		1992-93	Appellant Tribunal - West Bengal	90.00
		1993-94	Appellant Tribunal - West Bengal	155.00
		1971-73	Commissioner Sales Tax, Lucknow	6.00
		2000-05	Sales Tax Tribunal, Yamuna Nagar	6.63
		2005-06	Commissioner Appeals, Muzaffarnagar	3.00
		1995-96	Addl. Commissioner of Appeals	3.60
		1996-97	Addl. Commissioner of Appeals	7.60
		1987-88	Dy Comm. of Commercial Taxes, Kolkata	4.00
		1995-96	Dy Comm. of Commercial Taxes, Kolkata	34.00
		1994-95	Commercial Tax Officer, Kolkata	61.00
		2006-07	Commercial Tax Officer, Kolkata	0.82
		2007-08	Adl.CTO Tamilnadu	2.41
		2008-09	Adl.CTO Tamilnadu	0.58
		2009-10	Dy Comm. of Commercial Taxes, Kolkata	14.23
		2008-09	Joint Commissioner (Appeal), UP	13.76
		2008-09	Assessing Authority (AO)	2.81
2008-09	Sales Tax Tribunal Muzaffarnagar	3.31		
2008-09	Adl Commissioner, Saharanpur	2.48		
Local Area development Tax Act, 2002	Local area tax	2006-07	Hon'ble High Court of Punjab & Haryana	8.00
Haryana State Pollution Control Law	Water Cess	1992-93	Hon'ble High Court of Haryana and Punjab	109.66
	Entry Tax	2008-09	Sales Tax Tribunal Muzaffarnagar	0.75
			Total	854.18

10. There are no accumulated losses of the Company as at 30 September 2012. The Company has neither incurred cash losses in the financial year ended on that date or during the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For S S Kothari Mehta & Co.
Firm Registration Number: 000756N
Chartered Accountants

Place: Noida
Date: 24th November 2012

(K K Tulshan)
Partner
Membership Number: 085033

BALANCE SHEET As At 30th September, 2012

(₹ in Lacs)

Particulars	Note No.	As at 30.09.2012	As at 30.09.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	736.95	736.95
(b) Reserves and Surplus	4	53,692.74	47,425.93
		54,429.69	48,162.88
(2) Non-current Liabilities			
(a) Long-term Borrowings	5	12,898.62	10,255.46
(b) Deferred Tax Liabilities (Net)	6	1,226.02	676.55
(c) Other Long-term Liabilities	7	9,526.19	10,712.04
(d) Long-term Provisions	8	9,630.02	7,653.28
		33,280.85	29,297.33
(3) Current Liabilities			
(a) Short-term Borrowings	9	6,355.16	5,111.43
(b) Trade Payables	10	55,828.25	50,331.15
(c) Other Current Liabilities	11	52,220.55	60,643.14
(d) Short-term Provisions	12	7,904.77	8,964.82
		122,308.73	125,050.54
Total		210,019.28	202,510.75
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		33,438.94	26,258.34
(ii) Intangible Assets		3,552.64	3,888.33
(iii) Capital Work-in-progress		4,593.97	4,468.72
		41,585.55	34,615.39
(b) Non-current Investments	14	12,330.80	7,230.80
(c) Deferred Tax Assets (Net)		-	-
(d) Long-term Loans and Advances	15	1,464.37	575.19
(e) Other Non-current Assets	16	3.19	128.34
		55,383.91	42,549.72
(2) Current Assets			
(a) Current Investments	17	14,807.53	18,830.15
(b) Inventories	18	44,485.01	45,300.09
(c) Trade Receivables	19	69,076.14	63,130.81
(d) Cash and Bank Balances	20	7,767.65	14,747.80
(e) Short-term Loans and Advances	21	18,454.48	17,719.64
(f) Other Current Assets	22	44.56	232.54
		154,635.37	159,961.03
Total		210,019.28	202,510.75
Company Overview and Significant Accounting Policies Notes to the financial statements	1 & 2 1 to 43		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.

for S.S. Kothari Mehta & Co.

Chartered Accountants

(Firm Registration No. 000756N)

Sanjay Kumar

Deputy General Manager(Accounts)

Kishore Chatnani

Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan

Partner

M.No. 085033

S. K. Khorana

Executive Director & Company Secretary

Aditya Puri

Managing Director

Place : Noida

Dated : 24 November, 2012

Vinod K. Nagpal

Director

STATEMENT OF PROFIT & LOSS For The Year Ended 30th September, 2012
(₹ in Lacs)

Particulars	Note No.	Year Ended 30.09.2012	Year Ended 30.09.2011
I. Revenue from Operations	24	274,948.87	244,198.96
Less: Excise Duty		8,591.45	8,279.66
		266,357.42	235,919.30
II. Other Income	25	3,678.84	2,354.77
III. Total Revenue		270,036.26	238,274.07
IV. Expenses:			
(a) Cost of Material Consumed	26	55,585.72	56,978.57
(b) Purchase of goods for resale		99,299.71	95,477.88
(c) Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade	27	(3194.33)	(6585.08)
(d) Employee Benefits Expenses	28	17,972.76	16,319.18
(e) Financial Costs	29	2,549.95	1,782.54
(f) Depreciation		4,513.07	3,809.37
(g) Erection & Civil Cost		22,169.63	15,919.07
(h) Other Expenses	30	61,069.29	43,791.35
Total Expenses (IV)		259,965.80	227,492.88
V. Profit before Tax (III-IV)		10,070.46	10,781.19
VI. Tax Expense:			
(a) Current Tax	31	2,517.23	3,238.59
(b) Deferred Tax	6	549.47	30.41
		3,066.70	3,269.00
VII. Profit after Tax for the period (V-VI)		7,003.76	7,512.19
VIII. Basic /Diluted earning per share of ₹ 10/- Each (₹)	32	95.04	101.94
Company Overview and Significant Accounting Policies	1 & 2		
Notes to the financial statements	1 to 43		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.
for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Registration No. 000756N)

Sanjay Kumar
Deputy General Manager(Accounts)

Kishore Chatnani
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan
Partner
M.No. 085033

S. K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 24 November, 2012

Vinod K. Nagpal
Director

CASH FLOW STATEMENT for the year ended 30th September, 2012

(₹ in Lacs)

	Year ended 30.09.2012	Year ended 30.09.2011
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional /extraordinary items	10,070.85	10,781.19
Adjustments for:		
Depreciation	4,513.07	3,809.37
Interest Expense	2,549.96	1,782.54
Interest Income	(1,542.83)	(702.10)
Income from Investment - Dividends	(745.55)	(618.64)
(Profit)/Loss on Sale/Revaluation of store	(0.99)	(2.33)
(Profit)/Loss on Fixed Assets sold (Net)	(58.27)	7.71
(Profit)/Loss on Sale of Investment	(1,072.48)	(719.22)
Debts / Advances Written off	77.45	104.96
Provision for Bad & Doubtful Debts	-	(95.98)
Liability no longer required written back	(1,091.73)	(759.41)
Operating profit before working capital changes	12,699.48	13,588.09
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Trade Receivables	(5,906.77)	(10,384.95)
- (INCREASE)/DECREASE in Other Receivables	(1,624.02)	(4,224.53)
- (INCREASE)/DECREASE in Inventories	816.07	(8,623.25)
- INCREASE/(DECREASE) in Trade, Other Payables and Provisions	(3,902.24)	32,099.94
Cash generated from operations	2,082.52	22,455.30
- Taxes (Paid) / Received (Net of TDS)	(3,068.82)	(2,569.60)
Net cash from operating activities	(986.30)	19,885.70
B. Cash flow from Investing Activities		
Purchase of fixed assets	(11,707.48)	(8,266.55)
Proceeds from Sale of fixed assets	282.52	54.20
(Investment)/Repayment of Inter Corporate Deposit	2,000.00	(2,000.00)
Proceeds from Sale of Share in Joint Venture Company : ISGEC Haco Metal Forming Machinery Pvt. Ltd.	-	1,041.74
Sale/(Purchase) of Investments	(2,004.90)	(2,304.01)
Dividend Received	745.55	618.64
Interest Received (Revenue)	1,739.96	476.09
Net cash used in investing activities	(8,944.35)	(10,379.89)

C Cash flow from Financing activities:		
Proceeds/ (Repayment) from Secured loans	8,209.41	1,710.89
Proceeds/ (Repayment) of unsecured loans	(1,978.15)	914.87
Interest and other Borrowing cost Paid	(2,561.87)	(1,365.34)
Dividend Paid	(718.89)	(77.84)
Net cash used in financing activities	2,950.50	1,182.58
Net Increase/(Decrease) in Cash & Cash Equivalents	(6,980.15)	10,688.39
Cash and cash equivalents as at 30.09.2011	14,747.80	4,059.41
Cash and cash equivalents as at 30.09.2012	7,767.65	14,747.80
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	127.81	1,616.05
Current accounts(dividend account)	92.44	74.38
Balance with Scheduled Banks	2,856.30	1,057.83
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	4,691.10	11,999.54
	7,767.65	14,747.80

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method setout in Accounting Standard - 3.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- 4 Following non cash transactions have not been considered in the cash flow statement.
- Tax deducted at source (on income)

As per our report of even date.
for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Registration No. 000756N)

Sanjay Kumar
Deputy General Manager(Accounts)

Kishore Chatnani
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan
Partner
M.No. 085033

S. K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 24 November, 2012

Vinod K. Nagpal
Director

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 1. Overview

Isgec Heavy Engineering Limited (the "Company") is a diversified heavy engineering company and is engaged in manufacture of Process Plant equipments, Mechanical and Hydraulic Presses and Castings, Contract Manufacturing and execution of projects for setting up Boilers, Sugar Plants and EPC Power Plants for customers in India and abroad.

The company is a Public limited company and its shares are listed on Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

Note 2. Significant Accounting Policies

i) Basis of Preparation of Financial Statements

The financial statements of the Company are prepared under the historical cost convention and in accordance with applicable Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of income. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification- S.O. 447(E), dated 28th February 2011 (As amended by Notification No F.NO. 2/6/2008-CL-V, dated 30th March'2011). The aforesaid Schedule does not impact recognition and measurement principles followed for the preparation of financial statements. However it has necessitated significant changes in the presentation of and disclosures in financial statements. The Company has reclassified its previous year figures to confirm to the classification as per the aforesaid Schedule.

ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known.

iii) Inventories

Raw Materials, Stores & Spares are valued at lower of weighted average cost or net realisable value. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost.

Work-in-Progress and Finished Goods are valued at lower of cost or net realisable value.

Cost in case of finished goods and work-in-progress includes material cost and applicable direct manufacturing and administrative overheads. Value of finished stock is inclusive of excise duty.

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.

Standing crops are valued at estimated cost of material & labour.

Profit included in closing inventory on account of inter-unit transfers is eliminated to the extent practicable.

iv) Fixed Assets

a) Tangible Assets.

Tangible assets are stated at their cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Costs incurred on up-gradation of the Computer Hardware are capitalised. Capital spares directly attributable to the fixed assets are capitalised with the related assets.

b) Intangible Assets

Intangible assets are recognised on the basis of recognition criteria specified in Accounting Standard AS-26.

Costs incurred on acquisition of specialised software & technical know how are capitalised.

v) Depreciation and Amortization

Depreciation is provided on fixed assets at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as per the written down value method except in respect of certain Plant & Machinery which are depreciated as per the straight line method. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing not more than ₹ 5,000/- are fully depreciated in the year of their acquisition. Intangible assets are amortised over a period not exceeding ten years on a straight line basis as per Accounting Standard - 26 on Intangible Assets.

vi) Revenue Recognition

Revenue is recognised in case of traded & manufactured products on despatch of goods from the factory / other locations when substantial risks & rewards of ownership are transferred to the buyer.

Revenue in case of erection & commissioning jobs carried out is recognised on stage of completion as per the terms of related agreements / job orders.

Sales are net of inter-unit transfers except where such elimination is not practicable.

Insurance Claims, export incentives, escalation, etc. are accounted for as and when the estimated amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

Interest income is recognised on a time proportion basis taking into account the amounts outstanding and the rate applicable.

Dividend from investments in shares are recognised when the right to receive payment is established.

vii) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution

in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

viii) Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

ix) Employee Benefits

As per AS-15 notified by Companies (Accounting Standards) Rules, 2006, (as amended) the provision for employee benefits is charged on accrual basis as under:

a) Provident Fund:

The Company operates a Provident Fund Trust for its employees where contributions are deposited on the basis of services rendered by the employees and are expensed as and when incurred.

b) Gratuity:

The Company operates a Gratuity Fund Trust which in turn has taken Group Gratuity cum Life Assurance policy with the Life Insurance Corporation of India for all the employees. Provision for liability on account of gratuity being defined benefit plan, is determined as per actuarial valuation and charged to statement of Profit & Loss.

c) Leave Encashment:

Provision for leave encashment is made in respect of eligible employees as per actuarial valuation done at the balance sheet date.

d) Pension

Liability on account of pension payable to employees covered under Company's erstwhile pension scheme has been accounted for on accrual basis.

e) **Superannuation**

The company operates a Superannuation fund scheme with Life Insurance Corporation of India where contributions are deposited on the basis of services rendered by employees who have opted for the scheme. These contributions are expensed on accrual basis.

x) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

xi) **Leases**

Payments made under Leases for land, being in the nature of operating leases, are charged to statement of Profit and Loss on straight line basis as per terms of the Lease Agreement over the period of lease. Payments made under cancellable operating leases for other assets are charged to statement of profit & loss as per respective lease agreements.

Rental income is recognized on accrued basis over the lease term.

xii) **Earnings 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

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.

xiii) **Taxation**

Tax Expense/(Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the statement of Profit and Loss for the year in accordance with Accounting Standard- 22- "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006 and measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

a) **Current Year Charge**

Provision for taxation for the company's financial year ended September 30th, 2012, being different from tax year, has been determined based on the results for the six months ended March, 2012 (assessment year 2012-13) and on actual tax return filed and for the six months ended September 2012 (assessment year 2013-14) based on result for the period. The ultimate liability for the assessment year 2013-14 however will be determined on the total income of the Company for the year ending March 31, 2013.

The provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessments pending appeals, as considered appropriate, depending on the merits of each case.

b) Deferred Tax

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, (as amended), deferred taxes resulting from timing differences between book and tax profits are accounted for at tax rate to the extent the timing difference are expected to be crystallised. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

xiv) Impairment of Assets:

- a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine
- i) the provision for impairment loss, if any, required or
 - ii) the reversal, if any, required of impairment loss recognised in previous periods.
- b) Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount which is determined
- i) in the case of an individual asset, at the higher of the net selling price and the value in use.
 - ii) in the case of a cash generating unit (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.
- c) Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset/cash generating unit and from its disposal at the end of its useful life.

xv) Provisions, Contingent Liabilities & Contingent Assets

a) Provisions

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event,
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

b) Contingent Liabilities

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii) a possible obligation, unless the probability of outflow of resources is remote.

c) Contingent Assets : Contingent Assets are neither recognised, nor disclosed.

d) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

xvi) Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and fixed deposits with banks, excluding investment in mutual fund.

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 3 : SHARE CAPITAL

Particulars	As at 30.09.2012		As at 30.09.2011	
	Number of shares	(₹ in lacs)	Number of shares	(₹ in lacs)
Authorised:				
Equity shares of ₹ 10/-each with voting rights	8,500,000	850.00	8,500,000	850.00
Issued:				
Equity shares of ₹ 10/-each with voting rights	7,369,540	736.95	7,369,540	736.95
Subscribed and Fully Paid-up				
Equity shares of ₹ 10/-each with voting rights	7,369,540	736.95	7,369,540	736.95
	7,369,540	736.95	7,369,540	736.95

Notes:

- (a) **The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital are as under:**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each share holder is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to number of equity shares held by each of the equity share holders.

- (b) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year :**

Particulars	As at 30.09.2012		As at 30.09.2011	
	Number of shares	(₹ in lacs)	Number of shares	(₹ in lacs)
Equity shares outstanding at the beginning of the year	7,369,540	736.95	7,369,540	736.95
Add: Issued during the year	-	-	-	-
Less: Shares bought back	-	-	-	-
Equity shares outstanding at the close of the year	7,369,540	736.95	7,369,540	736.95

Notes to the Financial Statements as at and for the year ended 30th September 2012

(c) Detail of Shares held by each shareholder holding more than 5% Shares:

Class of shares/Name of the shareholders:	As at 30.09.2012		As at 30.09.2011	
	Number of shares held	% Holding in that class of shares	Number of shares held	% Holding in that class of shares
Equity shares with voting rights				
(i) Yamuna Syndicate Ltd.	3,277,161	44.47%	3,212,504	43.59%
(ii) Mr. Ranjit Puri (individually and/ or jointly with others)	659,201	8.94%	654,176	8.88%
(iii) Mr. Aditya Puri (individually and/ or jointly with others)	456,808	6.20%	452,858	6.14%
(iv) Mr. Ranjan Tandon (individually and/ or jointly with others)	438,900	5.96%	425,400	5.77%

(d) 40 Equity shares of ₹ 10/- each are yet to be allotted by way of Bonus Shares on receipt of fractional certificates, value of which has been shown under capital reserve.

Note 4: RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Capital Reserve		
Balance outstanding at the beginning of the year	0.01	0.01
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	0.01	0.01
(b) Capital Redemption Reserve		
Balance outstanding at the beginning of the year	1.58	1.58
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	1.58	1.58
(c) Securities Premium Account		
Balance outstanding at the beginning of the year	450.22	450.22
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	450.22	450.22

Notes to the Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(d) General Reserve		
Balance outstanding at the beginning of the year	14,120.48	13,369.26
Add: Additions during the year	700.40	751.22
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	14,820.88	14,120.48
(e) Surplus in Statement of Profit and Loss		
Balance outstanding at the beginning of the year	32,853.64	26,949.17
Add: Additions during the year	7,003.76	7,512.19
Less: Appropriations		
- Proposed Dividend	736.95	736.95
- Dividend Tax	-	119.55
- Transfer to General Reserve	700.40	751.22
Balance outstanding at the close of the year	38,420.05	32,853.64
Total	53,692.74	47,425.93

Note 5 : LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Term loan						
(a) From Banks						
External Commercial Borrowings (Refer Note-5.1 below)	11,756.10	-	11,756.10	5,882.28	-	5,882.28
(b) Deposits - (Refer Note 5.2 below)						
Public	-	957.36	957.36	-	4,344.95	4,344.95
Shareholders	-	184.50	184.50	-	-	-
Directors	-	0.66	0.66	-	28.23	28.23
TOTAL	11,756.10	1,142.52	12,898.62	5,882.28	4,373.18	10,255.46

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 5.1

(₹ in lacs)

Initial Loan Amount	Loan outstanding as at 30.09.12	Current maturity	Long term	Rate of Interest (p.a.)	Term of repayment	Security
3,284.00 (-)	- (410.50)	- (410.50)	- (-)	9.75% (-)	Repayable in quarterly installments. Last installment due on 30.03.2012. Loan has been fully repaid	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
1,198.00 (-)	374.44 (673.99)	299.55 (299.55)	74.89 (374.44)	7.51% (-)	Repayable in quarterly installments of ₹ 74.89 lacs each. Last installment of ₹ 74.89 lacs due on 31.12.2013	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
980.00 (-)	490.00 (735.00)	245.00 (245.00)	245.00 (490.00)	9.40% (-)	Repayable in quarterly installments of ₹ 61.25 lacs each. Last payment of ₹ 122.50 lacs due on 09.06.2014	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
1,446.00 (-)	632.89 (994.54)	361.65 (361.65)	271.24 (632.89)	9.60% (-)	Repayable in quarterly installments of ₹ 90.41 lacs. Last installment of ₹ 90.41 lacs due on 23.06.2014	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the company'
5,658.00 (-)	4,384.95 (5,658.00)	1,461.65 (1,273.05)	2,923.30 (4,384.95)	8.23% (-)	Repayable in quarterly installments. First installment of ₹ 176.81 lacs was due and paid on 24.10.2011 and balance repayable in equal quarterly installments of ₹ 365.41 lacs. Last installment of ₹ 365.41 lacs due on 22.07.2015	Exclusive charge on specific movable and immovable fixed assets
9,890.00 (-)	9,890.00 (-)	1,648.33 (-)	8,241.67 (-)	7.10% (-)	Repayable in quarterly installments. First installment of ₹ 329.67 lacs due on 05.01.2013 and balance in equal installments of ₹ 659.33 lacs. Last payment of ₹ 329.67 lacs due on 05.10.2016	Exclusive charge on specific movable and immovable fixed assets
Total	15,772.28 (8,472.03)	4,016.18 (2,589.75)	11,756.10 (5,882.28)			

Note 5.2

(₹ in lacs)

Deposits	Loan outstanding as on 30.09.12	Current maturity	Short term	Long term	Period of Deposit : Rate of Interest (p.a.)	Term of repayment	Security
Public	3,816.18 (6,893.20)	2,838.12 (2,548.25)	20.70 (-)	957.36 (4,344.95)	6 Months 6.00% 1 Year 6.00% 2 Year 7.00% 3 Year 9.00%	Repayment on due maturity date	Unsecured
Shareholder	819.64 (-)	635.14 (-)	- (-)	184.50 (-)			
Director	29.36 (29.02)	28.70 (0.79)	- (-)	0.66 (28.23)			
Total	4,665.18 (6,922.22)	3,501.96 (2,549.04)	20.70 (-)	1,142.52 (4,373.18)			

Note 5.3 : Figures in parenthesis pertains to previous year.

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 6 : DEFERRED TAX

The Company estimates the Deferred tax (charge)/ credit for the year using the applicable tax rate based on the impact of timing differences between items in the financial statements and the estimated taxable income for the current year. The movement in provision for Deferred tax is given below:

(₹ in lacs)

Element of Deferred Tax	As at 01.10. 2010	Credit / (Charge) during the year	As at 01.10.2011	Credit / (Charge) during the year	As at 30.09.2012
Depreciation	(1,675.65)	(179.18)	(1,854.83)	(548.07)	(2,402.90)
Other Timing Differences	1,029.51	148.77	1,178.28	(1.40)	1,176.88
Net Deferred Tax	(646.14)	(30.41)	(676.55)	(549.47)	(1,226.02)

Note 7 : OTHER LONG TERM LIABILITIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Trade Payables other than to Micro & Small Enterprises	14.88	39.19
(b) Others:		
(i) Interest accrued but not due on Public Deposits	100.86	485.69
(ii) Advance from Customers	9,258.59	10,053.01
(iii) Security and Other Deposits	148.28	121.52
(iv) Sundries	3.58	12.63
Total	9,526.19	10,712.04

Note 8 : LONG-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Provision for Employee Benefits:		
(i) Provision for Pension (Unfunded)	1,241.22	81.99
(ii) Provision for Gratuity (Funded) (Refer Note 28.1)	28.42	33.20
(iii) Provision for Leave Encashment (unfunded) (Refer Note 28.1)	960.78	854.06
(b) Provision Others		
(i) Provision for Performance Warranties/ After Sales Service (Refer Note 8.1)	7,399.60	6,684.03
Total	9,630.02	7,653.28

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 8.1 : MOVEMENT OF PROVISION FOR LIABILITIES

Disclosure in terms of Accounting Standard AS - 29 on Provisions, Contingent Liabilities and Contingent Assets:-

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Movement of provision for Performance Warranties / After Sales Services		
(i) Opening Balance	11,088.17	8,107.31
(ii) Provided for during the year	4,602.10	4,841.74
(iii) Used during the year	1,179.45	1,475.26
(iv) Reversed during the year	818.95	385.62
(v) Closing Balance	13,691.87	11,088.17
Break up of Closing Balance(v)		
Long term provisions	7,399.60	6,684.03
Short term provisions	6,292.27	4,404.14
(b) Timing of outflow/uncertainties	Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.	

Note 9 : SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Secured		
(i) Cash Credit (Refer note 9.1 and 9.2)	4,551.79	3,642.63
(ii) Buyers' Credit (Refer note 9.1)	728.86	-
	5,280.65	3,642.63
b) Unsecured		
(i) Public Deposits		
Public	20.70	-
Shareholders	-	-
Related Parties	-	-
(ii) Packing Credit Foreign Currency Loan from Banks	1,053.81	1,468.80
	1,074.51	1,468.80
Total	6,355.16	5,111.43

Note 9.1 Secured by hypothecation of inventories and by a charge on book debts and other assets of the company, on pari passu basis to working capital consortium bankers

Note 9.2 Repayable on demand

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 10 : TRADE PAYABLES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) To Micro & Small Enterprises (Refer Note 10.1)	54.59	72.57
(b) To Other than Micro & Small Enterprises	54,916.68	50,227.59
(c) To Related Parties	856.98	30.99
Total	55,828.25	50,331.15

Note 10.1 : TRADE PAYABLES TO MICRO AND SMALL ENTERPRISES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) <u>Amount remaining unpaid to any supplier</u>		
Principal Amount	54.59	72.57
Interest due thereon	-	-
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.02	0.01
c) Interest due (Other than (b) above)	-	-
d) Interest accrued and unpaid	-	-
e) Interest due and payable till actual payment	-	-

Note 11 : OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Current maturities of long-term debt *		
(i) External Commercial Borrowing (Refer note 5.1)	4,016.18	2,589.75
(ii) Deposits (Refer note 5.2)		
Public	2,838.12	2,548.25
Shareholders	635.14	-
Directors	28.70	0.79
(b) Interest accrued but not due on borrowings	1,006.38	646.30
(c) Advance from customers	37,908.24	50,893.54
(d) Unpaid dividends	92.44	74.38
(e) Unpaid matured deposits	102.99	54.64
(f) Interest accrued on unpaid matured deposits	28.77	15.94

Notes to the Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(g) Creditors for Capital expenditure	773.59	39.70
(h) Other creditors	399.22	426.57
(i) Other creditors related parties	3.68	0.34
(j) Statutory remittances	1,417.33	1,375.75
(k) Security and Other Deposits	59.63	12.03
(l) Director's Current Account	1.93	0.63
(m) Book Overdraft	26.39	61.37
(n) Director's Remuneration	1,037.92	669.79
(o) Payables to Employees	1,047.03	593.31
(p) Other Liabilities	796.87	640.06
Total	52,220.55	60,643.14

* For details of Security for Current maturities of long term debt please refer Note 5.1

Note 12 : SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Provision for Employee Benefits:		
(i) Provision for Leave Encashment (Refer note 28.1)	119.49	88.06
(ii) Provision for Pension	167.79	2,616.96
(iii) Provision for Contribution to Superannuation Fund	21.18	-
(b) Provision Others:		
(i) Provision for Contingencies, Performance Warranties / After Sales Services (Refer Note 8.1)	6,292.27	4,404.17
(ii) Provision for Income Tax	1426.83	2,502.35
Less: Prepaid Taxes	859.74	1,503.22
Net Tax Provision	567.09	999.13
(iii) Provision for Proposed Equity Dividend	736.95	736.95
(iv) Provision for Tax on Proposed Dividend	-	119.55
Total	7,904.77	8,964.82

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 13 : FIXED ASSETS

	Gross Block				Depreciation				Net Block	
	Balance as at 01.10.2011	Additions	Deductions/ Adjustments	Deduction of Assets Leased to IHZL	Balance as at 30.09.2012	For the year	Deduction on disposal of assets	Deduction on assets Leased to IHZL	Balance as at 30.09.2012	Balance as at 30.09.2011
Tangible Assets										
Free Hold Land	422.12	805.92	-	-	1,228.04	-	-	-	1,228.04	422.12
Lease Hold Land	2,767.39	-	109.50	132.65	2,525.24	71.05	-	7.10	2,143.09	2,449.19
Building	12,195.64	2,144.90	0.36	6,149.31	8,190.87	632.76	0.34	1,755.45	5,469.40	8,351.14
Plant and Equipment	24,553.38	7,748.87	168.68	7,325.56	24,808.01	2,223.05	157.57	1,543.44	12,958.35	13,225.76
Furniture & Fixture	986.62	93.47	9.10	143.81	927.18	79.88	1.99	72.69	347.45	412.09
Office Equipments	2,590.69	250.82	148.60	97.95	2,594.96	260.04	115.20	56.51	777.48	861.54
Vehicle	1,093.08	290.36	151.26	5.85	1,226.33	174.97	88.15	1.85	584.78	536.50
TOTAL	44,608.92	11,334.34	587.50	13,855.13	41,500.63	3,441.75	363.25	3,437.04	23,508.59	26,258.34
Previous Year - Tangible Assets	39,926.86	4,952.07	270.01	-	44,608.92	3,223.91	208.10	-	18,350.58	-
Intangible Assets										
Software	922.47	85.66	-	13.38	994.75	159.41	-	3.92	332.80	416.01
Tech.Know How	4,063.44	162.93	-	-	4,226.37	423.60	-	-	3,211.65	3,472.32
TOTAL	4,985.91	248.59	-	13.38	5,221.12	583.01	-	3.92	3,544.45	3,888.33
Previous Year - Intangible Assets	4,781.61	204.30	-	-	4,985.91	585.53	-	-	3,888.33	-
GRAND TOTAL	49,594.83	11,582.93	587.50	13,868.51	46,721.75	4,024.76	363.25	3,440.96	27,053.04	30,146.67
PREVIOUS YEAR	44,708.47	5,156.37	270.01	-	49,594.83	3,809.44	208.10	-	19,448.16	-

Notes :

- Borrowing costs capitalised during the year Rs. 56.16 lacs (Previous year Rs. 60.36 lacs).
- Cost of software includes Purchase Price, Duties & taxes (Other than recoverable from taxing authorities).
- IHZL stands for Isgec Hitachi Zosen Ltd.
- Useful Life of Additions under Software is 5 years and for Technical know how is 10 years.
- Depreciation capitalised during the year Rs. 0.64 lacs (Previous year NIL).

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 14 : NON-CURRENT INVESTMENTS - AT COST

Particulars	Face Value (₹)	As at 30.09.2012		As at 30.09.2011	
		No. of Shares	Value (₹ in lacs)	No. of Shares	Value (₹ in lacs)
Investments (at cost)					
Investment in Equity Instruments					
a) Subsidiary Companies fully paid up (Unquoted) - Non Trade					
Isgec Covema Limited	10	1999900	199.99	1999900	199.99
Isgec Exports Limited*	10	100000	10.00	100000	10.00
Saraswati Sugar Mills Limited*	10	7099900	7,009.99	7099900	7,009.99
ISGEC Engineering & Projects Ltd*	10	50000	5.00	50000	5.00
b) Joint Venture Companies (Unquoted) - Trade					
ISGEC Hitachi Zosen Ltd.* (Refer note 14.1)	10	5100000	5,100.00	-	-
			12,324.98		7,224.98
c) Other Companies (Quoted) - Non Trade:					
Haryana Oxygen Limited	10	2500	0.25	2500	0.25
Less : Provision for diminution in the value of Investment ((Market value of the investment Nil) (Previous year Nil))			(0.25)		(0.25)
Reliance Industries Ltd. (Market Value ₹ 5.89 Lacs(Previous Year ₹ 5.69 Lacs))	10	704	3.36	704	3.36
Reliance Power Ltd (Market Value ₹ 0.85 Lacs (Previous Year ₹ 0.67 Lacs)).	10	872	2.46	872	2.46
			5.82		5.82
Total			12,330.80		7,230.80
Aggregate Value of Investments :					
Unquoted			12,324.98		7,224.98
Quoted (Aggregate market value 6.74 Lacs (Previous year 6.36 Lacs))			6.07		6.07
Provision for diminution in value of Investments			(0.25)		(0.25)
Total			12,330.80		7,230.80
*					
Includes Equity shares held by Nominees			No of Shares		No of Shares
ISGEC Exports Ltd.			9		9
Saraswati Sugar Mills Limited			600		600
ISGEC Engineering & Projects Ltd			6		6
ISGEC Hitachi Zosen Ltd.			3		3

Note 14.1 : Classified as joint venture in accordance with Accounting Standard (AS) 27-Financial Reporting of Interest in Joint Ventures as per joint venture agreement between Isgec Heavy Engineering Limited and Hitachi Zosen Corporation, Japan. It may be noted that the Company holds 51% equity shares in the said company.

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 15: LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured, considered good	Unsecured, considered good	Total	Secured, considered good	Unsecured, considered good	Total
(a) Capital Advance	-	602.33	602.33	-	36.85	36.85
(b) Security Deposits	-	540.06	540.06	-	444.20	444.20
(c) Loans and Advances to employees	193.99	125.49	319.48	56.31	37.83	94.14
(d) Advance to suppliers	-	2.50	2.50	-	-	-
Total	193.99	1,270.38	1,464.37	56.31	518.88	575.19

Note 16 : OTHER NON-CURRENT ASSETS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Long-term Trade Receivables		
(i) Secured, considered good	-	116.00
(ii) Unsecured, considered good	-	-
(b) Security and Other Deposits	-	0.02
(c) Others	3.19	12.32
Total	3.19	128.34

Note 17 : CURRENT INVESTMENTS

Particulars	Face Value (₹)	As at 30.09.2012		As at 30.09.2011	
		No. of Units	Value (₹ in lacs)	No. of Units	Value (₹ in lacs)
Investments (at cost) - Non Trade					
Investment in Mutual Funds (Unquoted)					
SBI SHF Ultra Short Fund Institutional Plan - Daily Growth	10	-	-	17934318.542	2,375.75
SBI Debt Fund Series-13Months-11-Growth	10	-	-	5000000.000	500.00
SBI Premier Liquid Fund - Super Institutional -Growth	10	-	-	6213959.038	1,000.00

Notes to the Financial Statements as at and for the year ended 30th September 2012

Reliance Fixed Horizon Fund-XXI-Series-3 Growth Plan	10	-	-	15134532.829	1,513.45
Reliance Liquid Fund-Cash Plan-Growth Option -Growth Plan	10	-	-	84559940.932	1,400.00
Kotak FMP-Series-59-Growth	10	-	-	5000000.000	500.00
Kotak Quarterly Interval Plan Series-2-Growth	10	-	-	3711484.074	500.00
Kotak Liquid-Institutional Premium Plan -(Growth)	10	-	-	4817419.790	1,000.00
ICICI Prudential Flexible Income Plan Premium -Growth	100	-	-	1569616.039	2,977.55
DSP Blackrock FMS S5-3M-Growth	10	-	-	2000000.000	100.48
HDFC FMP 92D August 2011 (1) - Growth	10	-	-	2000000.000	200.00
Reliance Money Manager Fund-Institutional Option -Growth	1000	352596.353	5,330.37	85575.629	1,183.98
Kotak Floater Long Term- Growth	10	2849587.380	500.00	14687312.480	2,378.94
ICICI Prudential Liquid Super Institutional Plan-Growth	100	184270.339	304.93	331657.798	500.00
DSP BlackRock Liquidity Fund- Institutional Plan-Growth	1000	78405.947	1,237.94	47926.828	700.00
SBI SHF Ultra Short Term Fund Institutional Plan - Growth	1000	34690.545	500.00	-	-
SBI Premier Liquid Fund - Super Institutional - Growth	1000	297917.557	5,239.88	-	-
Reliance Liquid Fund-Treasury Plan-Institutional Option-Growth Plan	10	3457.308	94.41	-	-
HDFC Liquid Fund -Premium Plan- Growth	10	7167699.377	1,600.00	-	-
Inter Corporate Deposit (Unquoted)					
Investments in Inter Corporate Deposit with HDFC Limited		-	-	-	2,000.00
Total			14,807.53		18,830.15
Aggregate Value of Investments :					
Unquoted			14,807.53		18,830.15
Quoted			-		-
Provision for diminution in value of Investments			-		-
Total			14,807.53		18,830.15

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 18: INVENTORIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Raw Materials (at lower of cost or net realisable value)	9,708.41	12,553.85
Raw Material in Transit (at lower of cost or net realisable value)	247.05	1,402.30
Stores and Spares Parts (at lower of cost or net realisable value)	2,241.19	2,113.49
Stores in transit (at lower of cost or net realisable value)	13.43	37.13
Goods for Resale in Transit (at lower of cost or net realisable value)	2,425.94	2,538.45
Work-in-Progress :		
a) Engineering Goods (at lower of cost or net realisable value)	26,980.59	23,478.95
b) Ingots and Steel Castings (at lower of cost or net realisable value)	2,424.31	2,447.80
c) Erection (at lower of cost or net realisable value)	413.67	601.30
Finished Stock :		
i) Ingots and Steel Castings (at lower of cost or net realisable value)	-	16.89
ii) Trading Goods (at lower of cost or net realisable value)	-	79.29
Loose Tools (at lower of cost or net realisable value)	21.85	22.18
Farm Stock & Standing Crops (at estimated market value and at estimated cost respectively)	8.57	8.46
Total	44,485.01	45,300.09

Note 19 : TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	10,935.33	10,026.36
Unsecured, considered doubtful	9.47	9.47
	10,944.80	10,035.83
Less: Provision For Doubtful Debts	9.47	9.47
	10,935.33	10,026.36
Other Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	58,140.81	53,072.62
Unsecured, considered good-related parties	-	31.83
Unsecured, considered doubtful	-	-
	58,140.81	53,104.45
Less: Provision For Doubtful Debts	-	-
	58,140.81	53,104.45
Total	69,076.14	63,130.81

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 20 : CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Cash and Cash equivalents		
i) Cash in hand	14.60	27.42
ii) Cheques, Drafts in hand	113.21	1,588.63
iii) Balance with Banks:		
In Current and Cash Credit Accounts	2,856.30	1,057.83
In Fixed Deposits Accounts (Refer Note 20.1 (a))	-	3,505.82
	2,984.11	6,179.70
b) Other Bank Balances		
(i) In Fixed Deposits Accounts (Refer Note 20.1 (a))	3,540.79	8,403.00
(ii) In Fixed Deposits Accounts (Refer Note 20.1(b))	1,150.31	90.72
(iii) In earmarked Accounts:		
-Unpaid Dividend Accounts	92.44	74.38
	4,783.54	8,568.10
Total	7,767.65	14,747.80

Note 20.1 : FIXED DEPOSITS WITH BANKS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Free From any Lien		
i) Maturing within 3 months from date of deposit (Classified as cash and cash equivalents)	-	3,505.82
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date (Classified as other bank balance)	3,540.79	8,403.00
iii) Maturing after one year of Balance Sheet date (Classified as non current asset)	-	-
	3,540.79	11,908.82
b) Under Lien		
i) Maturing within 3 months from date of deposit (Classified as other bank balances)	1,150.00	4.44
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date (Classified as other bank balance)	0.31	86.28
iii) Maturing after one year of Balance Sheet date (Classified as non current asset)	-	-
	1,150.31	90.72
Total	4,691.10	11,999.54

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 21 : SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured, considered good	Unsecured considered good	Total	Secured, considered good	Unsecured considered good	Total
Loans and Advances to employees	67.04	419.82	486.86	209.82	523.87	733.69
Balance with Government Department and Others	-	1,778.12	1,778.12	-	1,993.17	1,993.17
Security Deposit	30.87	-	30.87	-	13.49	13.49
Prepaid Expenses	-	503.31	503.31	-	270.95	270.95
Advance to Suppliers	-	11,192.46	11,192.46	359.61	10,199.93	10,559.54
Export Incentive Receivable	-	3,571.09	3,571.09	-	2,591.26	2,591.26
Loan to Subsidiary Companies:						
- Saraswati Sugar Mills Limited	-	735.16	735.16	-	986.11	986.11
- Isgec Covema Limited	-	-	-	-	532.46	532.46
Other advances	-	156.61	156.61	-	38.97	38.97
Total	97.91	18,356.57	18,454.48	569.43	17,150.21	17,719.64

Note 22 : OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Interest accrued but not due on Deposits	18.25	221.96
Others	26.31	10.58
Total	44.56	232.54

Note 23 : CONTINGENT LIABILITIES & COMMITMENTS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
I Contingent Liabilities:		
a) Claims against the Company not acknowledged as debts (including sales tax under dispute)	650.59	928.33
b) Guarantees furnished by the bankers on behalf of the Company and counter indemnity furnished by the Company to bankers for the same amount.*	104,932.34	125,598.79
*Includes Performance Bank Guarantees given on behalf of subsidiary company Isgec Covema Limited	21.50	132.25
c) Bonds executed in favour of President of India against Export Promotion Capital Goods licence	6,632.60	1,968.50
II Letters of Credit outstanding	4,080.37	10,332.95
III Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	1,171.83	2,142.93

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 24 : REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Sale of products (Refer Note 24.1 below)	255,197.52	226,263.77
Erection, Commissioning and other receipts	11,709.66	13,750.04
Other operating revenues (Refer Note 24.2 below)	8,041.69	4,185.15
Total	274,948.87	244,198.96
Less:Excise Duty	8,591.45	8,279.66
Net	266,357.42	235,919.30

Note 24.1 : SALE OF PRODUCTS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Sugar Machinery	-	138.07
Steel Structuring	4,739.39	4,826.78
CI Casting	3,213.64	2,717.79
Hydraulic Presses	2,615.32	4,273.69
Mechanical Presses	13,927.33	13,747.74
Boiler Drums, Boiler Parts & Piping	7,541.19	12,721.73
Containers	5,059.20	2,894.14
Pressure Vessels, Columns, Reactors, Heat Exchangers	39,588.07	39,476.64
Ingots	113.26	392.12
Steel Castings	11,879.34	11,791.03
Trading	199.55	45.70
Supply of equipment for Boiler, Sugar & Power Plants	166,321.23	133,238.34
Total	255,197.52	226,263.77

Note 24.2 : OTHER OPERATING REVENUE

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Commission Earned	212.18	44.49
Export Incentive	3,471.23	2,279.06
Packing Receipts	45.50	-
Unclaimed Balances Written off	65.82	19.01
Excess Provision Written Back	1,025.91	740.40
Scrap and Waste Sale	1,636.04	1,099.50
Lease rent receipts (Refer note 35.2)	1,187.31	-
Profit on sale of stores	-	2.69
Others	397.70	-
Total	8,041.69	4,185.15

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 25 : OTHER INCOME

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Interest Income		
- On Loans to Subsidiary Companies	286.57	356.09
- On Bank Deposits	1,256.26	346.01
Dividend Income on Investments		
Long Term - Non Trade		
- Subsidiary Companies	745.49	-
- Other Companies	0.06	0.06
Current - Non Trade		
- Mutual Funds	-	618.58
Net gain on sale of current investments	1,072.48	719.22
Profit on sale of Fixed Assets	75.78	9.16
Insurance Claim Receipts	53.58	16.54
Profit from Farm Operations (Refer Note No 25.1)	2.77	4.59
Other Non-operating Income	185.85	284.52
Total	3,678.84	2,354.77

Note 25.1 : PROFIT FROM FARM OPERATIONS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Income:		
Sale of Farm Produce	10.08	9.11
Miscellaneous Income	0.20	0.50
Total	10.28	9.61
Expenditure:		
Salaries, Wages and Bonus	4.54	3.78
Cultivation Expenses	2.58	2.24
Miscellaneous Expenses	0.15	0.23
Repairs and Maintenance:		
- Machinery and Tractors	0.23	0.30
- Building	0.06	0.01
Depreciation	0.06	0.07
	7.62	6.63
(Increase)/Decrease in Stock	(0.11)	(1.61)
Total	7.51	5.02
Profit	2.77	4.59

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 26 : COST OF MATERIALS, COMPONENTS, STORES AND SPARES CONSUMED

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Raw Materials & Components (Refer Note 26.1 & 26.2(i))	50,802.00	52,112.89
Consumption of Stores and Spares (Refer Note 26.2(ii))	4,783.72	4,865.68
Total	55,585.72	56,978.57

Note 26.1 : DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

(₹ in lacs)

Type of Materials	Units	Year ended 30.09.2012		Year ended 30.09.2011	
		Quantity	Value	Quantity	Value
Iron and Steel	MT	32,857.50	21,366.14	31282.09	18,335.32
Non-ferrous	MT	422.00	274.68	443.00	236.22
Alloys	MT	597.36	1,523.73	917.84	2,054.88
M.S. Scrap	MT	5,110.33	1,428.11	7095.83	1,604.41
Components issued for jobs			26,209.34		29,882.06
Total			50,802.00		52,112.89

Note 26.2 : ANALYSIS OF MATERIAL CONSUMED

(₹ in lacs)

	Year ended 30.09.2012		Year ended 30.09.2011	
	%	Value	%	Value
i) Raw Materials & Components				
Imported	29.39%	14,930.69	38.19%	19,900.75
Indigenous	70.61%	35,871.30	61.81%	32,212.14
Total	100.00%	50,802.00	100.00%	52,112.89
ii) Stores & Spares				
Imported	1.42%	67.89	6.50%	316.30
Indigenous	98.58%	4,715.83	93.50%	4,549.38
Total	100.00%	4,783.72	100.00%	4,865.68

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Opening stock:		
Finished Goods	16.89	771.16
Work - in - Progress	26,528.06	19,268.00
Trading Goods	79.29	-
Total	26,624.24	20,039.16
Closing stock:		
Finished Goods	-	16.89
Work - in - Progress	29,818.57	26,528.06
Trading Goods	-	79.29
Total	29,818.57	26,624.24
Net increase (-)/decrease	(3,194.33)	(6,585.08)

Note 28 : EMPLOYEES BENEFITS EXPENSES

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Salaries and wages	16,446.49	14,866.72
Contribution to Provident and other Funds (Refer Note 28(i)(a) & 28(i)(b))	1,049.56	1,026.68
Staff Welfare Expenses	476.71	425.78
Total	17,972.76	16,319.18

Note 28.1 : DETAILS OF EMPLOYEE BENEFITS EXPENSES

The disclosure of employee benefits as defined in Accounting Standard - 15 is given below:-

a) Defined Contribution Plan:

The Company has recognised, in the profit and loss account, expenses for the following Defined Contribution Plan:

(₹ in lacs)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Provident Fund	791.69	710.10	600.39	494.17	440.67
Employees State Insurance	87.62	108.11	72.07	71.08	84.72
Total	879.31	818.21	672.46	565.25	525.39

Notes to the Financial Statements as at and for the year ended 30th September 2012

b) Defined Benefits Plan :

The liability for Employee Gratuity and Leave Encashment is determined on actuarial valuation using projected unit credit method. The obligations are as under:-

(₹ in lacs)

Description	Gratuity (Funded)					Leave Encashment (Non-funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
i. Change in Present value of Obligation										
a. Present Value of Obligation at the beginning of the year	2,757.11	2,166.78	1,840.10	1,793.29	1,591.02	914.42	794.18	592.24	548.12	387.75
b. Interest cost	220.57	172.21	147.21	143.64	127.28	73.42	63.63	47.44	43.86	31.25
c. Current service cost	233.92	214.28	159.06	133.94	124.10	219.97	200.57	147.76	109.38	111.79
d. Benefits paid	(200.66)	(141.98)	(107.63)	(174.13)	(85.12)	(242.12)	(237.10)	(169.67)	(142.27)	(120.73)
e. Actuarial (gain) / loss	(48.48)	345.81	128.05	(56.64)	36.01	114.57	120.85	176.41	33.14	138.06
f. Present Value of Obligation at the end of the year	2,962.45	2,757.11	2,166.78	1,840.10	1,793.29	1,080.27	942.11	794.20	592.23	548.12
ii. Change in the Fair Value of Plan Assets										
a. Fair Value of Plan Assets at the beginning of the year	2,723.91	2,433.32	2,160.76	1,918.47	1,518.35	N.A.	N.A.	N.A.	N.A.	N.A.
b. Expected Return of Plan Assets	251.96	219.00	184.75	153.48	121.47	-	-	-	-	-
c. Contributions	158.24	202.07	78.47	309.24	328.02	-	-	-	-	-
d. Benefits paid	(200.66)	(141.98)	(107.63)	(174.13)	(85.12)	-	-	-	-	-
e. Actuarial Gain / (Loss) on Plan Assets	0.59	11.48	116.97	(46.29)	35.76	-	-	-	-	-
f. Fair Value of Plan Assets at the end of the year	2,934.03	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-	-
iii. Reconciliation of Fair Value of Assets and Obligations										
a. Fair Value of Plan Assets at the end of the year	2,934.03	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-	-
b. Present Value of Obligation at the end of the year	2,962.45	2,757.11	2,166.78	1,840.10	1,793.29	1,080.27	942.11	794.20	592.23	548.12
c. Amount recognised in the Balance Sheet	(28.42)	(33.20)	266.54	320.66	125.18	(1,080.27)	(942.11)	(794.20)	(592.23)	(548.12)
iv. Expenses recognised in the statement of Profit & Loss										
a. Current Service Cost	233.92	214.28	159.06	133.94	124.10	219.97	200.57	147.76	109.38	111.79
b. Interest Cost	220.57	172.21	147.21	143.64	127.28	73.42	63.63	47.44	43.86	31.25
c. Expected Return on Plan Assets	(251.96)	(219.00)	(184.75)	(153.48)	(121.47)	-	-	-	-	-
d. Actuarial (Gain) / Loss	(49.07)	334.33	11.08	(10.35)	0.25	114.57	120.85	176.41	33.14	138.06
e. Expenses recognised in the Profit & Loss	153.46	501.82	132.60	113.75	130.16	407.97	385.05	371.62	186.38	281.10
v. Actuarial Assumptions										
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(p.a)	9.25%	9.00%	8.55%	8.00%	8.00%	-	-	-	-	-
c. Rate of Escalation in Salary (p.a)	6.50%	6.50%	5.50%	5.50%	5.50%	6.50%	6.50%	5.50%	5.50%	5.50%

c) Amounts for the current and previous four periods in respect of Gratuity & Leave Encashment are as follows:

(₹ in lacs)

Particulars	Gratuity (Funded)					Leave Encashment (Non-funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	2,962.45	2,757.11	2,166.78	1,840.10	1,793.29	1,080.27	942.11	794.20	592.23	548.12
Plan Assets	2,934.03	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-	-
Surplus / (Deficit)	(28.42)	(33.20)	266.54	320.66	125.18	(1,080.27)	(942.11)	(794.20)	(592.23)	(548.12)
Experience adjustment on Plan Liabilities	48.48	(170.24)	(128.05)	56.64	-	(114.57)	(120.85)	(176.41)	(33.14)	(138.06)
Experience adjustment on Plan Assets	7.40	22.43	128.86	(46.29)	-	-	-	-	-	-

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 29 : FINANCE COSTS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Interest on Borrowings		
Banks	1,529.19	791.76
Others	725.21	882.49
Other Borrowing Cost	295.55	108.29
Total	2,549.95	1,782.54

Note 30 : OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Power & Fuel	1,945.19	1,920.62
Other Manufacturing Expenses	14,324.01	11,549.61
Repairs to:		
-Machinery	283.53	380.53
-Building	270.95	418.12
-Others	36.24	54.93
Rent (Refer Note 35.1)	425.99	356.88
Insurance	400.88	338.73
Rates and Taxes	233.90	171.89
Commission to Selling Agents and Others	4,813.75	2,424.59
Bank Charges	1,285.79	1,154.84
Royalty	476.01	542.19
Electricity and Water Charges	396.74	190.02
Donation	4.75	15.30
Office and Miscellaneous Expenses	4,223.57	4,417.38
Payment to Statutory Auditors		
-Statutory audit fees	5.00	5.00
-For Company Law Matters	4.00	2.85
-For Reimbursement of expenses	2.05	0.87
Packing, Forwarding and Transportation Expenses	19,853.19	13,691.73
Design & Technical Expenses	1,696.57	1,252.21
Travelling Expenses	3,644.00	2,838.65
Managerial Remuneration (Refer Note 30.1)	1,112.78	1,198.68
Directors' Commission / Fee	5.19	4.30
Rebate and Discount	146.45	124.85
Bad debts written off	77.45	104.96
Loss on Assets Sold / Written Off	17.51	16.87
Loss/Provision on Sales/Disposal/Diminution/ in Value of Investments/Stores	-	0.36
Net loss on foreign currency transactions and translations	5,383.80	614.39
	61,069.29	43,791.35

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 30.1 : MANAGERIAL REMUNERATION

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
(a) To the Whole time Directors:		
(i) Salary	64.41	41.80
(ii) Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund	9.73	7.02
(iii) Other Perquisites	2.14	1.87
(iv) Commission	1,036.50	1,148.00
	1,112.78	1,198.68
(b) To Other Directors:		
(i) Commission	1.50	1.50
(ii) Sitting Fee	3.69	2.80
	5.19	4.30
Total Managerial Remuneration	1,117.96	1,202.98
Calculation as per Section 349 of the Companies Act, 1956 in respect of Managerial Remuneration is as follows:		
Profit for the year before tax	10,070.46	10,781.19
Add: Provision for doubtful Debts	-	-
Loss on sale of fixed assets	17.51	16.87
Loss on diminution in value of Investments	-	-
	10,088.00	10,798.07
Less: Profit on sale of fixed assets	75.78	9.16
Profit as per Section 349	10,012.22	10,788.91
Add: Managerial Remuneration	76.28	50.68
Commission to Whole time Directors	1,036.50	1,148.00
Commission to Non Executive Directors	1.50	1.50
Sitting Fees to Non Executive Directors	3.69	2.80
Net Profit as per Section 198	11,130.18	11,991.89
Maximum remuneration payable restricted to:		
- Whole time Directors 10% of above	1,113.02	1,199.19
- Other Directors 1% of above	111.30	119.92

Note 31 : CURRENT TAX

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Provision for Tax	2,517.23	3,238.59

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 32 : EARNING PER SHARE

In accordance with Accounting Standard (AS-20) on 'Earnings Per Share' the following table reconciles the numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Net Profit / (Loss) available to Equity Shareholders (₹ in lacs)	7,003.76	7,512.19
b) Number of Equity Shares outstanding during the year for the purpose of calculation of Earning Per Share	7369540	7369540
c) Nominal value of Equity Share (In ₹)	10.00	10.00
d) Basic & Diluted Earning per Share (In ₹)	95.04	101.94

Note 33 : SEGMENT REPORTING

(a) Primary Segment

The company operates in only one segment of Engineering business which comprises of production and sales of Engineering Equipments, identified in accordance with principle enunciated in Accounting Standard AS-17. Hence, separate segment information is not applicable.

(b) Secondary Segment

The Segment Revenue in the geographical segments considered for disclosure is as follows:

- (i) Revenue within India includes sales to customers located within India and earnings in India.
- (ii) Revenue outside India includes sales to customers located outside India and earnings outside India.

The required disclosure is as follows:-

Information about Secondary Business Segments

(₹ in lacs)

Description	2011-12			2010-11		
	India	Outside India	Total	India	Outside India	Total
(i) Revenue by geographical market	146,004.65	124,031.61	270,036.26	158,328.19	79,945.88	238,274.07
(ii) Carrying amount of segment assets	210,003.42	15.86	210,019.28	202,484.07	26.68	202,510.75
(iii) Addition to fixed assets	11,708.18	-	11,708.18	8,266.62	-	8,266.62

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 34 : RELATED PARTY TRANSACTIONS

In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and Transactions with them, as identified and certified by the Management, are as follows:

I Description and Name of Related Parties

Description of Relationship	Name
Holding Company	None
Subsidiaries 100% Share holding	Saraswati Sugar Mills Limited ISGEC Covema Limited ISGEC Exports Limited ISGEC Engineering & Projects Ltd.
Joint Venture with 51 % share holding	ISGEC Hitachi Zosen Limited (Refer note 14.1)
Entities over which Directors and their relatives can exercise significant influence	Yamuna Syndicate Limited Kamla Puri Charitable Trust Kamla Puri Charitable Foundation Blue Water Enterprises
Key Management Personnel	Mr. Aditya Puri (Managing Director) Mrs. Nina Puri (Wholetime Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

II Related Party Transactions

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Purchase of goods		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	6.73	7.65
-Joint Venture		
Isgec Hitachi Zosen Limited	57.89	-
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	151.35	123.68
Total	215.97	131.33

Notes to the Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
b) Sale of goods		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	8.26	207.26
-Joint Venture		
Isgec Hitachi Zosen Limited	183.35	-
Total	191.61	207.26
c) Purchase of fixed Assets		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	1,897.84	-
Total	1,897.84	-
d) Rendering of services		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	4.22	27.61
-Joint Venture		
Isgec Hitachi Zosen Limited	44.54	-
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	20.27	19.69
Total	69.03	47.30
e) Services received		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	-	0.01
-Joint Venture		
Isgec Hitachi Zosen Limited	2,924.39	-
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	0.33	0.16
Total	2,924.72	0.17

Notes to the Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
f) Rent received		
-Joint Venture		
Isgec Hitachi Zosen Limited	1,187.31	-
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	0.38	0.38
Total	1,187.69	0.38
g) Rent Paid		
-Entities over which key management personnel can exercise significant influence		
Blue Water Enterprises	51.78	47.95
Total	51.78	47.95
h) Remuneration to Directors		
-Key management personnel		
Mr. Aditya Puri (Managing Director)	556.39	599.34
Mrs. Nina Puri (Wholetime Director)	556.39	599.34
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	0.86	0.45
Total	1,113.64	1,199.13
i) Interest paid		
-Key management personnel		
Mr. Aditya Puri (Managing Director)	1.06	1.18
Mrs. Nina Puri (Wholetime Director)	0.01	0.05
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	-	1.44
Mr. Ranjit Puri (HUF)	0.06	0.06
Total	1.14	2.73
j) Guarantees given on behalf of		
-Subsidiaries		
ISGEC Covema Limited	21.50	132.25
Total	21.50	132.25
k) Interest Received		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	264.76	315.42
ISGEC Covema Limited	21.81	40.67
Total	286.57	356.09

Notes to the Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
l) Amount payable as at year end		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	1.29	22.44
-Joint Venture		
Isgec Hitachi Zosen Limited	843.17	-
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	16.20	8.89
-Key management personnel		
Mr. Aditya Puri (Managing Director)	514.07	335.60
Mrs. Nina Puri (Wholetime Director)	535.14	344.23
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	0.23	0.25
Mr. Ranjit Puri (HUF)	0.66	0.66
Total	1,910.75	712.08
m) Amount receivable as at year end		
-Subsidiaries		
Saraswati Sugar Mills Ltd.	735.17	1,017.95
ISGEC Covema Limited	-	532.46
-Entities over which key management personnel can exercise significant influence		
Blue Water Enterprises	10.11	15.27
Total	745.28	1,565.69
n) Investment as at year end		
-Subsidiaries		
ISGEC Covema Ltd.	199.99	199.99
ISGEC Exports Ltd	10.00	10.00
Saraswati Sugar Mills Ltd.	7,009.99	7,009.99
ISGEC Engineering & Projects Ltd.	5.00	5.00
-Joint Venture		
Isgec Hitachi Zosen Limited	5,100.00	-
Total	12,324.98	7,224.98

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 35.1: LEASE RENT CHARGES

The Company has taken various residential /commercial premises and plant and machinery under cancellable operating leases. In accordance with Accounting Standard (AS-19) on 'Leases' the lease rent charged to Profit & Loss account for the year are:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Residential premises	101.17	69.81
b) Commercial premises	319.34	282.20
c) Plant and machinery	5.48	4.86
Total	425.99	356.88

Note 35.2 : LEASE RENT INCOME

(a) The Company has given on lease factory, land and plant and machinery under operating lease. In accordance with Accounting Standard (AS-19) on 'Leases' disclosure of the future minimum lease income under non cancellable operating leases in the aggregate and for each of the following periods:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
(i) Not later than one year	2,499.60	-
(ii) Later than one year and not later than five years	9,998.40	-
(iii) Later than five years	11,248.20	-
Total	23,746.20	-

Note 36 : VALUE OF IMPORTS ON C.I.F. BASIS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Raw Materials	12,187.90	15,927.33
Components & Spare Parts	1,949.96	2,829.10
Goods for resale	-	4,358.47
Capital Goods	5,588.99	3,317.01
Total	19,726.86	26,431.90

Note 37 : EARNINGS IN FOREIGN EXCHANGE

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Export of Goods & Services on F.O.B basis	105,924.54	74,105.53

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 38 : EXPENDITURE IN FOREIGN CURRENCY (CASH BASIS)

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Travelling Expenses	1,206.70	794.53
Royalty	434.12	426.84
Brokerage & Commission	4,218.46	963.06
Interest on ECB Loan (for foreign remittance)	354.48	226.82
Technical Know how	896.97	2,182.94
Others	12,174.20	8,738.33
Total	19,284.93	13,332.52

Note 39 : DIVIDEND PAID IN FOREIGN CURRENCY

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Dividend Paid in foreign currency	-	-
No. of Equity Shares held by Non Resident Shareholders	500578	513821
No. of Non Resident Shareholders	29	37
Year for which Dividend relates	N.A.	N.A.
Dividend to Non Resident Shareholders has been paid in Indian Rupees		

Note 40 : FOREIGN CURRENCY EXPOSURES

The Company had entered into swaps/forward contracts which are not intended for trading or speculative purposes but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) The particulars of forward contracts entered into hedging purpose outstanding as at year end are as under:		
i) For receivables	11,612.78	11,472.15
ii) For loans	15,772.28	9,971.13
iii) For hedging interest payments on loans	-	30.79
b) Unhedged foreign currency exposures as at year end are as under:		
i) Receivables	4,849.35	3,890.53
ii) Advances to Suppliers	66.06	-
iii) Payables to Suppliers	100.85	79.11
iv) For Loans	1,782.67	-

Notes to the Financial Statements as at and for the year ended 30th September 2012

Note 41 : As per General Circular no.15/2011 dated April 11, 2011 issued by Ministry of Corporate Affairs, Government of India, the required information are as under :-

Sr. No.	Particulars	Description	
a)	Products covered for Cost Audit	Ingots	
b)	Full Particulars of Cost Auditor	M/s Jugal K. Puri & Associates Cost Accountants Plot No. 3 , Sector-22 Gurgaon - 122 015, Haryana	
c)	Filling of Cost Audit Report	Year ended 30.09.2012	Year ended 30.09.2011
	i) Due Date of Filling of Cost Audit Report	29.03.2013	28.03.2012
	ii) Actual Date of Filling Cost Audit Report	Not yet Due	27.03.2012

Note 42 : There is no other information required to be disclosed apart from the information already disclosed, pursuant to the requirements of Schedule VI to the Companies act,1956

Note 43 : Previous year figures have been regrouped/ recast wherever considered necessary to conform to current year classification.

As per our report of even date.
for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Registration No. 000756N)

Sanjay Kumar
Deputy General Manager(Accounts)

Kishore Chatnani
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan
Partner
M.No. 085033

S. K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 24 November, 2012

Vinod K. Nagpal
Director

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**CONSOLIDATED REPORTS
AND
ACCOUNTS
FOR
THE YEAR ENDED
30th SEPTEMBER, 2012**

**Auditors Report on Consolidated Financial Statements of
Isgec Heavy Engineering Limited
(Formerly The Saraswati Industrial Syndicate Limited),
Its Subsidiaries and Joint Ventures**

To The Board of Directors

Isgec Heavy Engineering Limited (Formerly The Saraswati Industrial Syndicate Limited)

1. We have audited the attached consolidated Balance Sheet of Isgec Heavy Engineering Limited (formerly The Saraswati Industrial Syndicate Limited), its subsidiaries and joint ventures (hereinafter referred to as “the ISGEC group”) as at 30th September, 2012, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. (a) We did not audit the financial statements of three subsidiaries, Isgec Engineering & Project Limited (IEPL), Isgec Covema Limited (ICL) and Isgec Export Limited (IEL), whose adjusted financial statements reflect total assets of ₹ 1308.00 lacs and total liabilities of ₹ 934.15 lacs as at 30th September, 2012 and total revenue of ₹ 76.18 lacs and total expenses of ₹ 99.66 lacs and net cash flows of ₹ 7.80 lacs for the year ended on that date. The financial statements of ICL and IEL have been made and audited up to 31st March, 2012, significant group transactions between the date of these financial statements and that of Company's financial statement have been given effect to in these financial statements. These financial statement have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

(b) The financial statements of Isgec Hitachi Zosen Limited (IHZL) joint venture made up to 31st March 2012 have been audited by us. However, the management has for the purpose of preparation and presentation of these consolidated financial statements got prepared as per its books of accounts the financial statements of IHZL as on and upto 30th September 2012 that reflect total assets of ₹ 11594.30 lacs and total liabilities of ₹ 1256.05 lacs as at 30th September, 2012 and total revenue of ₹ 3421.35 lacs and total expenses of ₹ 3083.11 lacs and net cash flows of ₹ 8787.51 Lacs for the period ended on that date.
-

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) -21,'Consolidated Financial Statements' and Accounting Standard (AS) - 27, 'Financial Reporting of Interests in Joint Ventures' notified by Central Government under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the ISGEC group included in the Consolidated Financial Statements.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on other financial information of the subsidiaries, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the ISGEC Group as at 30th September,2012;
 - b. in the case of Consolidated Statement of Profit and Loss, of the consolidated results of the ISGEC Group for the year ended on that date; and
 - c. in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the ISGEC Group for the year ended on that date.

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Registration. No. 000756N

(K. K. TULSHAN)
Partner

Place: Noida
Date: 24th November 2012

Membership No. 085033

CONSOLIDATED BALANCE SHEET As At 30th September, 2012

(₹ in Lacs)

Particulars	Note No.	As at 30.09.2012	As at 30.09.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	736.95	736.95
(b) Reserves and Surplus	4	63,461.57	55,062.28
		64,198.52	55,799.23
(2) Minority Interest		5,065.73	-
(3) Non-current Liabilities			
(a) Long-term Borrowings	5	15,360.31	12,229.43
(b) Deferred Tax Liabilities (Net)	6	2,272.68	1,888.07
(c) Other Long-term Liabilities	7	9,686.01	10,843.68
(d) Long-term Provisions	8	9,738.81	7,753.12
		37,057.81	32,714.30
(4) Current Liabilities			
(a) Short-term Borrowings	9	6,370.99	6,069.73
(b) Trade Payables	10	58,591.22	53,045.19
(c) Other Current Liabilities	11	54,558.98	62,448.52
(d) Short-term Provisions	12	8,436.97	9,557.77
		127,958.16	131,121.21
Total		234,280.23	219,634.74
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		44,449.24	39,861.26
(ii) Intangible Assets		3,558.61	3,899.85
(iii) Capital Work-in-progress		4,900.55	4,522.46
		52,908.40	48,283.57
(b) Non-current Investments	14	311.27	311.17
(c) Long-term Loans and Advances	15	1,580.81	696.37
(d) Other Non-current Assets	16	51.07	128.34
		54,851.55	49,419.45
(2) Current Assets			
(a) Current Investments	17	17,487.31	18,830.15
(b) Inventories	18	55,447.88	54,375.27
(c) Trade Receivables	19	70,777.21	64,618.74
(d) Cash and Bank Balances	20	16,495.58	15,076.77
(e) Short-term Loans and Advances	21	19,156.79	16,995.19
(f) Other Current Assets	22	63.91	319.17
		179,428.68	170,215.29
Total		234,280.23	219,634.74
Company Overview and Significant Accounting Policies Notes to the financial statements	1 & 2 1 to 47		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.

for S.S. Kothari Mehta & Co.

Chartered Accountants

(Firm Registration No. 000756N)

Sanjay Kumar

Deputy General Manager(Accounts)

Kishore Chatnani

Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan

Partner

M.No. 085033

S. K. Khorana

Executive Director & Company Secretary

Aditya Puri

Managing Director

Place : Noida

Dated : 24 November, 2012

Vinod K. Nagpal

Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS For The Year Ended 30th September, 2012
(₹ in Lacs)

Particulars	Note No.	Year Ended 30.09.2012	Year Ended 30.09.2011
I. Revenue from Operations	24	315,202.32	281,332.10
Less: Excise Duty		10,264.30	9,927.80
		304,938.02	271,404.30
II. Other Income	25	3,393.17	2,491.60
III. Total Revenue		308,331.19	273,895.90
IV. Expenses:			
(a) Cost of Material Consumed	26	85,956.12	85,141.46
(b) Purchase of goods for resale		99,299.71	95,477.88
(c) Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade	27	(4363.37)	(7956.30)
(d) Employee Benefits Expenses	28	21,613.91	19,372.51
(e) Financial Costs	29	3,145.05	2,488.42
(f) Depreciation		5,535.87	4,917.29
(g) Erection & Civil Cost		22,187.98	16,359.85
(h) Other Expenses	30	60,831.75	45,348.08
Total Expenses (IV)		294,207.02	261,149.19
V. Profit before Tax (III-IV)		14,124.17	12,746.71
VI. Tax Expense:			
(a) Current Tax	31	4,195.72	3,864.52
(b) Deferred Tax	6	384.62	47.11
		4,580.34	3,911.63
VII Profit after Tax for the period (V-VI)		9,543.83	8,835.08
Add/less : Minority Interest in (income)/losses		(165.73)	-
Profit/(loss) for the period (XI+XIV)		9,378.10	8,835.08
VIII Basic /Diluted earning per share of ₹ 10 Each (₹)	32	129.50	119.89
Company Overview and Significant Accounting Policies	1 & 2		
Notes to the financial statements	1 to 47		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.
for S.S. Kothari Mehta & Co.
Chartered Accountants
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S. K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 24 November, 2012

Vinod K. Nagpal
Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th September, 2012

(₹ in Lacs)

	Year ended 30.09.2012	Year ended 30.09.2011
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional /extraordinary items	14,124.17	12,746.72
Adjustments for:		
Depreciation	5,535.87	4,917.29
Interest Expense	3,145.05	2,488.42
Interest Income	(1,710.64)	(644.36)
Income from Investment - Dividends	(8.99)	(644.75)
(Profit)/Loss on Sale/Revaluation of store	4.20	1.93
(Profit)/Loss on Fixed Assets sold (Net)	(154.19)	26.10
(Profit)/Loss on Sale of Investment	(1,127.41)	(727.09)
Debts / Advances Written off	79.33	126.93
Provision for Bad & Doubtful Debts	-	(97.49)
Liability no longer required written back	(1,128.46)	(871.35)
Operating profit before working capital changes	18,758.93	17,322.34
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Trade Receivables	(6,121.79)	(9,979.09)
- (INCREASE)/DECREASE in Other Receivables	(3,035.87)	(3,745.54)
- (INCREASE)/DECREASE in Inventories	(1,076.81)	(9,991.23)
- INCREASE/(DECREASE) in Trade, Other Payables and Provisions	(3,842.62)	31,368.57
Cash generated from operations	4,681.84	24,975.05
- Taxes (Paid) / Received (Net of TDS)	(4,878.28)	(3,350.97)
Net cash from operating activities	(196.44)	21,624.08
B. Cash flow from Investing Activities		
Purchase of fixed assets	(11,686.55)	(8,867.96)
Proceeds from Sale of fixed assets	1,680.07	62.68
(Investment)/Repayment of Inter Corporate Deposit	2,000.00	(2,000.00)
Change in Minority Interest	4,900.00	-
Sale/(Purchase) of Investments	470.15	(1,254.40)
Dividend Received	8.99	644.75
Interest Received (Revenue)	1,916.98	439.98
Net cash used in investing activities	(710.36)	(10,974.95)

C Cash flow from Financing activities:		
Proceeds/ (Repayment) from Secured loans	7,992.96	378.82
Proceeds/ (Repayment) of unsecured loans	(1,895.40)	1,504.81
Interest and other Borrowing cost Paid	(3,053.06)	(2,035.53)
Dividend Paid	(718.89)	(77.84)
Net cash used in financing activities	2,325.61	(229.74)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,418.81	10,419.39
Cash and cash equivalents as at 30.09.2011	15,076.77	4,657.38
Cash and cash equivalents as at 30.09.2012	16,495.58	15,076.77
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	375.46	1,830.12
Current accounts(dividend account)	92.44	74.38
Balance with Scheduled Banks	2,597.28	1,093.40
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	13,430.40	12,078.87
	16,495.58	15,076.77

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method setout in Accounting Standard - 3
- 2 Figures in brackets indicate cash outgo.
- 3 Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- 4 Following non cash transactions have not been considered in the cash flow statement.
- Tax deducted at source (on income)

As per our report of even date.

for S.S. Kothari Mehta & Co.

Chartered Accountants

(Firm Registration No. 000756N)

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S. K. Khorana

Executive Director & Company Secretary

Aditya Puri

Managing Director

Place : Noida

Dated : 24 November, 2012

Vinod K. Nagpal

Director

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note-1 Overview

Isgec Heavy Engineering Limited (the "Company") is engaged primarily in two businesses, Heavy Engineering and in Sugar through its subsidiary. The manufacturing plants of the company and its subsidiaries are located in India.

The company is a Public limited company and its shares are listed on Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

Note-2 Significant Accounting Policies

i) Principles of consolidation

The consolidated financial statements relate to ISGEC Heavy Engineering Limited, its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company, its subsidiary companies and joint venture are combined on a line-by-line basis by adding together the book value of like items of assets, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" notified by Central Government under the Companies (Accounting Standards) Rules, 2006.
- b) As the company holds 51% equity shareholding in the joint venture Isgec Hitachi Zosen Limited, the interest in Joint Venture is consolidated in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" notified by Central Government under the Companies (Accounting Standards) Rules, 2006.
- c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Statement of Profit and Loss as the profit or loss on disposal of investment in subsidiary.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.
- f) Minority Interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company's shareholders.
- g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements

ii). Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known.

iii) Basis of Consolidation

The Consolidated Financial Statements include accounts of Isgec Heavy Engineering Limited, its Subsidiary Companies and Joint Venture (The Group). Subsidiary undertakings are those companies in which Isgec Heavy Engineering Limited, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

iv) Inventories

Inventories are valued at lower of cost or net realizable value except in case of finished stock of molasses, which is valued at average net realisable value. Cost being calculated on weighted average basis and includes cost of purchase and incidental expenses. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost.

Cost in case of finished goods and work-in-progress includes material cost and applicable direct manufacturing and administrative overheads. Cost in case of finished stock of sugar and work-in-progress includes raw material cost and proportionate production overheads.

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.

Standing crops are valued at estimated cost of material & labour.

Erection Work-in-progress is calculated at cost or net realisable value whichever is lower.

Profit included in closing inventory on account of inter-unit transfers is eliminated to the extent practicable.

v) Fixed Assets

a) Tangible Assets

Tangible assets are stated at their cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Costs incurred on up-gradation of the Computer Hardware are capitalised. Capital spares directly attributable to the fixed assets are capitalised with the related assets.

b) Intangible Assets

Intangible assets are recognised on the basis of recognition criteria specified in Accounting Standard AS-26 notified by Central Government under the Companies (Accounting Standards) Rules, 2006.

Costs incurred on acquisition of specialised software & technical know how are capitalised.

vi) Depreciation and Amortization

Depreciation is provided on fixed assets at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as per the written down value method except in respect of certain Plant & Machinery which are depreciated as per the straight line method. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the related assets.

Assets costing not more than ₹ 5,000/- are fully depreciated in the year of their acquisition. Intangible assets are amortised over a period not exceeding ten years on a straight line basis as per Accounting Standard – 26 on Intangible Assets.

vii) Revenue Recognition

Revenue is recognised in case of traded & manufactured products on despatch of goods from the factory and other locations when substantial risks and rewards of ownership are transferred to the buyer.

Revenue in case of erection & commissioning jobs carried out by Engineering business is recognised on stage of completion as per the terms of related agreements / job orders.

Interest income is recognised on a time proportion basis, taking into account the amounts outstanding and the rate applicable.

Dividend from investments in shares are recognised when the right to receive payment is established.

Sales are net of inter-unit transfers except where such elimination is not practicable.

Insurance Claims, export incentives, escalation and buffer stock of sugar claims, etc. are accounted for as and when the estimated amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

viii) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments. Investments in Joint Ventures are accounted for in the Consolidated Financial Statements as per Accounting Standard (AS) – 27 on the Financial Reporting of Interest in Joint Ventures notified by Central Government under the Companies (Accounting Standards) Rules, 2006.

ix) Foreign Currency Transactions**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve account in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

x) Employee Benefits

As per Accounting Standard (AS) -15 (Revised), provision for employee benefits is charged on accrual basis as under:

a) Provident Fund:

The Company operates a Provident Fund Trust for its employees where contributions are deposited on the basis of services rendered by the employees and are expensed as and when incurred.

b) Gratuity:

The Group operates a Gratuity Fund Trust, which in turn has taken Group Gratuity cum Life Assurance policy with the Life Insurance Corporation of India for all the employees. Provision for liability on account of gratuity being defined benefit plan, is determined as per actuarial valuation and charged to Profit & Loss account.

c) Leave Encashment :

Provision for leave encashment is made in respect of eligible employees as per actuarial valuation done at the balance sheet date.

d) Pension

Liability on account of pension payable to employees covered under Group's pension scheme is accounted for on accrual basis up to 31.03.2012.

e) Superannuation

The company operates a Superannuation fund scheme with Life Insurance Corporation of India where contributions are deposited on the basis of services rendered by employees who have opted for the scheme. These contributions are expensed on accrual basis.

xi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

xii) Earnings 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a

fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

xiii) Leases

Payments made under Leases for land, being in the nature of operating leases, are charged to Profit and Loss Account on straight-line basis as per terms of the Lease Agreement over the period of lease. Payments made under cancellable operating leases for other assets are charged to profit & loss account as per respective lease agreements.

Rental income is recognised on accrual basis over the lease term.

xiv) Research and Development

Revenue expenditure on Research and Development (R&D) is charged to Profit & Loss Account in the year in which it is incurred. Capital expenditure on R & D is shown as addition to fixed assets.

xv) Taxation

Tax Expense/ (Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit & Loss Account for the year in accordance with Accounting Standard-22

“Accounting for Taxes on Income” notified by Central Government under the Companies (Accounting Standards) Rules, 2006 and measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

a) Current Year Charge

Provision for taxation for the Group’s financial year ended September 30th 2012, being different from tax year which is financial year, has been determined based on the results for the six months ended March 2012 (Assessment year 2012-2013) based on actual tax return filed and for the six months ended 30th September 2012 (Assessment year 2013-2014) based on results for the period. The ultimate liability for the assessment year 2013-2014 however will be determined on the total income of the respective entities of the Group for the year ending March 31, 2013.

The provision for taxation is based on assessable profits of the Group as determined under the Income Tax Act, 1961. The Group also provides for such disallowances made on completion of assessments pending appeals, as considered appropriate, depending on the merits of each case.

b) Deferred Tax

In accordance with Accounting Standard AS-22 “Accounting for Taxes on Income” notified by Companies (Accounting Standards) Rules, 2006, deferred taxes resulting from timing differences between book and tax profits are accounted for at applicable tax rate to the extent the timing difference are expected to be crystallised. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

xvi) Impairment of Assets:

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

- a) the provision for impairment loss, if any, required or
-

- b) the reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined

- a) in the case of an individual asset, at the higher of the net selling price and the value in use.
- b) In the case of a cash generating unit (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset / cash generation unit and from its disposal at the end of its useful life.

xvii) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Contingent Liability is disclosed in the case of

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation or
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

xviii) Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and fixed deposits with banks, excluding investment in mutual fund.

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 3 : SHARE CAPITAL

Particulars	As at 30.09.2012		As at 30.09.2011	
	Number of shares	(₹ in lacs)	Number of shares	(₹ in lacs)
Authorised				
Equity shares of ₹ 10/-each with voting rights	8,500,000	850.00	8,500,000	850.00
Issued				
Equity shares of ₹ 10/-each with voting rights	7,369,540	736.95	7,369,540	736.95
Subscribed and Fully Paid-up				
Equity shares of ₹ 10/-each with voting rights	7,369,540	736.95	7,369,540	736.95
	7,369,540	736.95	7,369,540	736.95

Notes:

- (a) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital are as under:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to number of equity shares held by each of the equity share holders.

- (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 30.09.2012		As at 30.09.2011	
	Number of shares	(₹ in lacs)	Number of shares	(₹ in lacs)
Equity shares outstanding at the beginning of the year	7,369,540	736.95	7,369,540	736.95
Add: Issued during the year	-	-	-	-
Less: Shares bought back	-	-	-	-
Equity shares outstanding at the close of the year	7,369,540	736.95	7,369,540	736.95

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(c) Detail of Shares held by each shareholder holding more than 5% Shares:

Class of shares/Name of the shareholders:	As at 30.09.2012		As at 30.09.2011	
	Number of shares held	% Holding in that class of shares	Number of shares held	% Holding in that class of shares
Equity shares with voting rights				
(i) Yamuna Syndicate Ltd.	3,277,161	44.47%	3,212,504	43.59%
(ii) Mr. Ranjit Puri (individually and/ or jointly with others)	659,201	8.94%	654,176	8.88%
(iii) Mr. Aditya Puri (individually and/ or jointly with others)	456,808	6.20%	452,858	6.14%
(iv) Mr. Ranjan Tandon (individually and/ or jointly with others)	438,900	5.96%	425,400	5.77%

(d) 40 Equity shares of ₹ 10/- each are yet to be allotted by way of Bonus Shares on receipt of fractional certificates, value of which has been shown under capital reserve.

Note 4: RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Capital Reserve		
Balance outstanding at the beginning of the year	0.01	0.01
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	0.01	0.01
(b) Capital Redemption Reserve		
Balance outstanding at the beginning of the year	1.58	1.58
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	1.58	1.58
(c) Securities Premium Account		
Balance outstanding at the beginning of the year	450.22	450.22
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	450.22	450.22

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(d) General Reserve		
Balance outstanding at the beginning of the year	14,972.97	14,089.91
Add: Additions during the year	992.71	883.06
Less: Utilised during the year	-	-
Balance outstanding at the close of the year	15,965.68	14,972.97
(e) Surplus in Statement of Profit and Loss		
Balance outstanding at the beginning of the year	39,637.50	32,540.75
Add: Additions during the year	9,378.10	8,836.31
Less: Appropriations		
- Interim Dividend	-	-
- Proposed Dividend	736.95	736.95
- Dividend Tax	241.86	119.55
- Transfer to General Reserve	992.71	883.06
Balance outstanding at the close of the year	47,044.08	39,637.50
Total	63,461.57	55,062.28

Note 5 : LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Term loan						
(a) From Banks						
External Commercial Borrowings- (Refer Note-5.1 below)	11,756.10	-	11,756.10	5,882.28	-	5,882.28
Sugar Development Fund- (Refer Note-5.2 below)	-	62.50	62.50	-	125.00	125.00
(b) Deposits - (Refer Note 5.3 below)						
Public	-	3,356.55	3,356.55	-	6,187.18	6,187.18
Shareholders	-	184.50	184.50	-	-	-
Directors	-	0.66	0.66	-	34.97	34.97
TOTAL	11,756.10	3,604.21	15,360.31	5,882.28	6,347.15	12,229.43

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 5.1 : Particulars of External Commercial Borrowing

(₹ in lacs)

Initial Loan Amount	Loan outstanding as at 30.09.12	Current maturity	Long term	Rate of Interest (p.a.)	Term of repayment	Security
3,284.00	- (410.50)	- (410.50)	- (-)	9.75%	Repayable in quarterly installments. Last installment due on 30.03.2012. Loan has been fully repaid	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
1,198.00	374.44 (673.99)	299.55 (299.55)	74.89 (374.44)	7.51%	Repayable in quarterly installments of ₹ 74.89 lacs each. Last installment of ₹ 74.89 lacs due on 31.12.2013	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
980.00	490.00 (735.00)	245.00 (245.00)	245.00 (490.00)	9.40%	Repayable in quarterly installments of ₹ 61.25 lacs each. Last payment of ₹ 122.50 lacs due on 09.06.2014	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the Company'
1,446.00	632.89 (994.54)	361.65 (361.65)	271.24 (632.89)	9.60%	Repayable in quarterly installments of ₹ 90.41 lacs. Last installment of ₹ 90.41 lacs due on 23.06.2014	First charge on movable and immovable fixed assets of the company located at Dahej, Gujarat, unit of the company'
5,658.00	4,384.95 (5,658.00)	1,461.65 (1,273.05)	2,923.30 (4,384.95)	8.23%	Repayable in quarterly installments. First installment of ₹ 176.81 lacs was due and paid on 24.10.2011 and balance repayable in equal quarterly installments of ₹ 365.41 lacs. Last installment of ₹ 365.41 lacs due on 22.07.2015	Exclusive charge on specific movable and immovable fixed assets
9,890.00	9,890.00 (-)	1,648.33 (-)	8,241.67 (-)	7.10%	Repayable in quarterly installments. First installment of ₹ 329.67 lacs due on 05.01.2013 and balance in equal installments of ₹ 659.33 lacs. Last payment of ₹ 329.67 lacs due on 05.10.2016	Exclusive charge on specific movable and immovable fixed assets
Total	15,772.28 (8,472.03)	4,016.18 (2,589.75)	11,756.10 (5,882.28)			

Note 5.2: Particulars of Sugar Development Fund Loan

(₹ in lacs)

Title	Loan outstanding as on 30.09.12	Current maturity	Short term	Long term	Period of Deposit : Rate of Interest (p.a.)	Term of repayment	Security
Sugar Development Fund Loan	125.00 (187.50)	62.50 (62.50)	- (-)	62.50 (125.00)	-	Repayable by 2013 -14	Unsecured

Note 5.3: Particulars of Public Deposit

(₹ in lacs)

Title	Loan outstanding as on 30.09.12	Current maturity	Short term	Long term	Period of Deposit : Rate of Interest (p.a.)	Term of repayment	Security
Public	6,231.20 (9,132.34)	2,838.12 (2,932.17)	36.53 (12.99)	3,356.55 (6,187.18)	6 Months 6.00% 1 Year 6.00% 2 Year 7.00% 3 Year 9.00%	Repayment on due maturity date	Unsecured
Shareholder	1,517.86 (-)	1,333.36 (-)	- (-)	184.50 (-)			
Director	36.10 (35.76)	35.44 (0.79)	- (-)	0.66 (34.97)			
Total	7,785.16 (9,168.10)	4,206.92 (2,932.96)	36.53 (12.99)	3,541.71 (6,222.15)			

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 6 : DEFERRED TAX

The Company estimates the Deferred tax (charge)/ credit for the year using the applicable tax rate based on the impact of timing differences between items in the financial statements and the estimated taxable income for the current year. The movement in provision for Deferred tax is given below:

(₹ in lacs)

Element of Deferred Tax	As at 01.10. 2010	Credit / (Charge) during the year	As at 01.10.2011	Credit / (Charge) during the year	As at 30.09.2012
Depreciation	(2,980.41)	(106.89)	(3,087.30)	(391.94)	(3,479.24)
Other Timing Differences	1,139.45	59.78	1,199.23	7.33	1,206.56
Net Deferred Tax	(1,840.96)	(47.11)	(1,888.07)	(384.62)	(2,272.68)

Note 7 : OTHER LONG TERM LIABILITIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Trade Payables other than to Micro & Small Enterprises	14.88	39.19
(b) Others:		
(i) Interest accrued but not due on Public Deposits	260.68	617.33
(ii) Advance from Customers	9,258.59	10,053.01
(iii) Security and Other Deposits	148.28	121.52
(iv) Sundries	3.58	12.63
Total	9,686.01	10,843.68

Note 8 : LONG-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Provision for Employee Benefits:		
(i) Provision for Pension (Unfunded)	1,241.22	81.99
(ii) Provision for Gratuity (Funded) (Refer Note 28.1)	28.94	29.90
(iii) Provision for Leave Encashment (unfunded) (Refer Note 28.1)	1,069.05	957.20
(b) Provision Others		
(i) Provision for Contingencies, Performance Warranties/ After Sales Service (Refer Note 8.1)	7,399.60	6,684.03
Total	9,738.81	7,753.12

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 8.1 : Movement of Provision for Contingencies, Performance Warranties / After Sales Services

Disclosure in terms of Accounting Standard AS - 29 on Provisions, Contingent Liabilities and Contingent Assets:-

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Movement of provision for Contingencies Performance Warranties / After Sales Services		
(i) Opening Balance	11,088.17	8,107.31
(ii) Provided for during the year	4,602.10	4,841.74
(iii) Used during the year	1,179.45	1,475.26
(iv) Reversed during the year	818.95	385.62
(v) Closing Balance	13,691.87	11,088.17
Break up of Closing Balance(v)		
Long term provisions	7,399.60	6,684.03
Short term provisions	6,292.27	4,404.14
(b) Timing of outflow/uncertainties	Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.	

Note 9 : SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Secured		
(i) Cash Credit (Refer note 9.1 and 9.2)	4,551.79	3,980.34
(ii) Buyers' Credit (Refer note 9.1)	728.86	-
(iii) Short Term Loan (Excise Subvention) (Refer note 9.3)	-	607.60
	5,280.65	4,587.94
b) Unsecured		
(i) Public Deposits (Refer Note 5.3)		
Public	36.53	12.99
Shareholders	-	-
Related Parties	-	-
(ii) Packing Credit Foreign Currency Loan from Banks (Refer Note 9.4)	1,053.81	1,468.80
	1,090.34	1,481.79
Total	6,370.99	6,069.73

Note 9.1 Secured by hypothecation of inventories and by a charge on book debts and other assets of the company, on pari passu basis to working capital consortium bankers.

Note 9.2 Repayable on demand

Note 9.3 Secured by residual charge on immovable properties of the company located at Yamunanagar both present & future and mortgage/hypothecation of movable assets (save and except book debts and inventories charged in favour of company's bankers for working capital requirements).

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 10 : TRADE PAYABLES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) To Micro & Small Enterprises (Refer Note 10.1)	54.59	72.57
(b) To Other than Micro & Small Enterprises	58,520.43	52,963.73
(c) To Related Parties	16.20	8.89
Total	58,591.22	53,045.19

Note 10.1 : TRADE PAYABLES TO MICRO AND SMALL ENTERPRISES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) <u>Amount remaining unpaid to any supplier</u>		
Principal Amount	54.59	72.57
Interest due thereon	-	-
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.02	0.01
c) Interest due (Other than (b) above)	-	-
d) Interest accrued and unpaid	-	-
e) Interest due and payable till actual payment	-	-

Note 11 : OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Current maturities of long-term debt *		
(i) External Commercial Borrowing (Refer note 5.1)	4,016.18	2,589.75
(ii) Deposits (Refer note 5.2)		
Public	2,838.12	2,932.17
Shareholders	1,333.36	-
Directors	35.44	0.79
(iii) Sugar Development Fund	62.50	62.50
(b) Interest accrued but not due on borrowings	1,170.76	731.15
(c) Advance from customers	38,046.79	50,937.49
(d) Unpaid dividends	92.44	74.38
(e) Unpaid matured deposits	128.08	89.25

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(f) Interest accrued on unpaid matured deposits	36.89	27.87
(g) Creditors for Capital expenditure	773.59	39.70
(h) Other creditors	399.22	426.57
(i) Other creditors related parties	2.49	0.34
(j) Statutory remittances	1,867.35	1,799.80
(k) Security and Other Deposits	204.17	125.23
(l) Director's Current Account	1.93	0.63
(m) Book Overdraft	26.39	61.37
(n) Director's Remuneration	1,037.92	668.79
(o) Payables to Employees	1,333.31	886.91
(p) Other Liabilities	1,152.05	993.83
Total	54,558.98	62,448.52

* For details of Security for Current maturities of long term debt please refer Note 5.1

Note 12 : SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Provision for Employee Benefits:		
(i) Provision for Leave Encashment (Unfunded) (Refer note 28.1)	136.58	101.21
(ii) Provision for Pension (Unfunded)	625.54	3,250.31
(iii) Provision for Contribution to Superannuation Fund (Unfunded)	21.18	-
(iv) Provision for Gratuity (funded)	-	-
(b) Provision Others		
(i) Provision for Contingencies, Performance Warranties / After Sales Services (Refer Note 8.1)	6,292.27	4,404.17
(ii) Provision for Income Tax	3107.24	2,505.32
Less: Prepaid Taxes	2603.72	1,559.74
Net Tax Provision	503.52	945.58
(iii) Provision for Proposed Equity Dividend	736.95	736.95
(iv) Provision for Tax on Proposed Dividend	120.93	119.55
Total	8,436.97	9,557.77

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 13 : FIXED ASSETS

	(₹ in Lacs)									
	Gross Block			Depreciation			Net Block			
	Balance as at 01.10.2011	Additions	Deductions/ Adjustments	Balance as at 30.09.2012	Balance as at 01.10.2011	For the year	Deduction on disposal of assets	Balance as at 30.09.2012	Balance as at 30.09.2011	Balance as at 30.09.2011
Tangible Assets										
Land (Free Hold)	3,833.44	230.85	181.54	3,882.75	-	-	-	3,882.75	3,833.44	3,833.44
Land (Lease Hold)	2,767.39	-	109.50	2,657.89	318.20	71.69	-	2,268.00	2,449.19	2,449.19
Buildings and Roads	15,004.68	2,144.90	1,340.73	15,808.85	4,905.01	910.60	418.67	10,411.91	10,099.68	10,099.68
Plant and Machinery	40,094.38	7,953.53	563.00	47,484.92	18,590.46	3,372.15	359.06	25,881.37	21,503.91	21,503.91
Furniture & Fixtures	1,050.76	97.13	12.87	1,135.02	622.42	89.50	4.74	427.84	428.33	428.33
Vehicles	1,484.06	372.24	181.31	1,674.99	840.63	222.08	114.29	726.57	643.44	643.44
Office equipments	2,819.61	261.95	180.18	2,901.38	1,916.34	280.73	146.49	850.80	903.27	903.27
Total :	67,054.32	11,060.61	2,569.13	75,545.80	27,193.06	4,946.75	1,043.25	44,449.24	39,861.26	39,861.26
Intangible Assets										
- Goodwill	342.10	-	-	342.10	342.10	-	-	-	-	-
- Software	950.22	85.66	-	1,035.88	522.69	166.23	-	346.96	427.53	427.53
- Technical Know-how	4,063.44	162.93	-	4,226.37	591.12	423.60	-	3,211.65	3,472.32	3,472.32
Total :	5,355.76	248.59	-	5,604.35	1,455.91	589.83	-	3,558.61	3,899.85	3,899.85
Grand Total :	72,410.08	11,309.20	2,569.13	81,150.15	28,648.97	5,536.58	1,043.25	48,007.85	43,761.11	43,761.11
Previous Year	66,545.24	6,164.74	299.90	72,410.08	23,942.73	4,917.36	211.12	43,761.11	-	-

Notes :

1. Borrowing costs capitalised during the year Rs. 56.16 lacs (Previous year Rs. 60.36 lacs).
2. Cost of software includes Purchase Price, Duties & taxes (Other than recoverable from taxing authorities).
3. Useful Life of Additions under Software is 5 years and for Technical know how is 10 years.
4. Depreciation capitalised during the year Rs. 0.64 lacs (Previous year NIL).

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 14 : NON-CURRENT INVESTMENTS - AT COST

Particulars	Face Value (₹)	As at 30.09.2012		As at 30.09.2011	
		No. of Shares	Value (₹ in lacs)	No. of Shares	Value (₹ in lacs)
Investments (at cost)					
a) Investment in Equity Instruments					
Other Companies (Quoted) - Non Trade:					
Haryana Oxygen Limited	10	2500	0.25	2500	0.25
Less : Provision for diminution in the value of Investment			(0.25)		(0.25)
Market value of the investment Nil (Previous year Nil)					
DCM Shriram Industries Ltd.	10	265000	304.75	265000	304.75
Reliance Industries Ltd. ((Market Value ₹ 5.89 Lacs(Previous Year ₹ 5.69 Lacs))	10	704	3.36	704	3.36
Reliance Power Ltd ((Market Value ₹ 0.85 Lacs (Previous Year ₹ 0.67 Lacs))	10	872	2.46	872	2.46
b) Other Investment (Unquoted) - Trade					
Post Office Saving Account			0.70		0.60
Total			311.27		311.17
Aggregate Value of Investments :					
Unquoted			-		-
Quoted (Aggregate market value 6.74 Lacs (Previous year 6.36 Lacs))			310.82		310.82
Provision for diminution in value of Investments			(0.25)		(0.25)
Unquoted			0.70		0.60
Total			311.27		311.17

Note 15: LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured, considered good	Unsecured considered good	Total	Secured, considered good	Unsecured considered good	Total
(a) Capital Advance	-	602.33	602.33	-	36.85	36.85
(b) Security Deposits	-	616.26	616.26	-	515.57	515.57
(c) Loans and Advances to employees	234.23	125.49	359.72	106.12	37.83	143.95
(d) Advance to suppliers	-	2.50	2.50	-	-	-
Total	234.23	1,346.58	1,580.81	106.12	590.25	696.37

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 16 : OTHER NON-CURRENT ASSETS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
(a) Long-term Trade Receivables		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	116.00
(b) Security and Other Deposits	-	0.02
(c) Preoperative Expenses	47.88	-
(d) Others	3.19	12.32
Total	51.07	128.34

Note 17 : CURRENT INVESTMENTS

Particulars	Face Value (₹)	As at 30.09.2012		As at 30.09.2011	
		No. of Units	Value (₹ in lacs)	No. of Units	Value (₹ in lacs)
Investments (at cost) - Non Trade					
Investment in Mutual Funds (Unquoted)					
SBI SHF Ultra Short Fund Institutional Plan - Daily Growth	10	-	-	17934318.542	2,375.75
SBI Debt Fund Series-13Months-11-Growth	10	-	-	5000000.000	500.00
SBI Premier Liquid Fund - Super Institutional - Growth	10	-	-	6213959.038	1,000.00
Reliance Fixed Horizon Fund-XXI-Series-3 Growth Plan	10	-	-	15134532.829	1,513.45
Reliance Liquid Fund-Cash Plan-Growth Option -Growth Plan	10	-	-	84559940.932	1,400.00
Kotak FMP-Series-59-Growth	10	-	-	5000000.000	500.00
Kotak Quarterly Interval Plan Series-2-Growth	10	-	-	3711484.074	500.00
Kotak Liquid-Institutional Premium Plan - (Growth)	10	-	-	4817419.790	1,000.00
ICICI Prudential Flexible Income Plan Premium - Growth	100	-	-	1569616.039	2,977.55
DSP Blackrock FMS S5-3M-Growth	10	-	-	2000000.000	100.48

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	Face Value (₹)	As at 30.09.2012		As at 30.09.2011	
		No. of Units	Value (₹ in lacs)	No. of Units	Value (₹ in lacs)
HDFC FMP 92D August 2011 (1) - Growth	10	-	-	2000000.000	200.00
Reliance Money Manager Fund-Institutional Option -Growth	1000	352596.353	5,330.37	85575.629	1,183.98
Kotak Floater Long Term- Growth	10	2849587.380	500.00	14687312.480	2,378.94
ICICI Prudential Liquid Super Institutional Plan -Growth	100	184270.339	304.93	331657.798	500.00
DSP BlackRock Liquidity Fund- Institutional Plan -Growth	1000	78405.947	1,237.94	47926.828	700.00
SBI SHF Ultra Short Term Fund Institutional Plan - Growth	1000	34690.545	500.00	-	-
SBI Premier Liquid Fund - Super Institutional - Growth	1000	297917.557	5,239.88	-	-
Reliance Liquid Fund-Treasury Plan-Institutional Option-Growth Plan	10	3457.308	94.41	-	-
HDFC Liquid Fund -Premium Plan- Growth	10	7167699.377	4,279.78	-	-
Inter Corporate Deposit (Unquoted) - Trade					
Investments in Inter Corporate Deposit with HDFC Limited		-	-	-	2,000.00
Total			17,487.31		18,830.15
Aggregate Value of Investments :					
Unquoted			17,487.31		18,830.15
Quoted			-		-
Provision for diminution in value of Investments			-		-
Total			17,487.31		18,830.15

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 18: INVENTORIES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Raw Materials (at lower of cost or net realisable value)	9,994.80	12,553.85
Raw Material in Transit (at lower of cost or net realisable value)	713.00	1,402.30
Stores and Spares Parts (at lower of cost or net realisable value)	2,720.79	2,626.77
Stores in transit (at lower of cost or net realisable value)	13.43	37.13
Goods for Resale in Transit (at lower of cost or net realisable value)	2,425.94	2,538.45
Work-in-Progress :		
a) Engineering Goods (at lower of cost or net realisable value)	26,980.59	23,478.95
b) Ingots and Steel Castings (at lower of cost or net realisable value)	2,424.31	2,447.80
c) Erection (at lower of cost or net realisable value)	919.36	627.95
d) Sugar (at lower of cost or net realisable value)	18.13	18.39
Finished Stock :		
i) Ingots and Steel Castings (at lower of cost or net realisable value)	-	16.89
ii) Trading Goods (at lower of cost or net realisable value)	-	79.29
iii) Sugar (at lower of cost or net realisable value)	9,046.03	8,449.55
iv) Molasses (Average net realisable value)	161.08	67.31
Loose Tools (at lower of cost or net realisable value)	21.85	22.18
Farm Stock & Standing Crops (at estimated market value and at estimated cost respectively)	8.57	8.46
Total	55,447.88	54,375.27

Note 19 : TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	10,936.04	11,104.42
Unsecured, considered doubtful	88.70	89.02
	11,024.74	11,193.44
Less: Provision For Doubtful Debts	88.70	89.02
	10,936.04	11,104.42
Other Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	59,841.17	53,514.32
Unsecured, considered doubtful	0.32	-
	59,841.49	53,514.32
Less: Provision For Doubtful Debts	0.32	-
	59,841.17	53,514.32
Total	70,777.21	64,618.74

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 20 : CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Cash and Cash equivalents		
i) Cash in hand	29.32	56.38
ii) Cheques, Drafts in hand	346.14	1,773.74
iii) Balance with Banks:		
In Current and Cash Credit Accounts	2,597.28	1,093.40
In Fixed Deposits Accounts (Refer Note 20.1 (a))	43.00	3,508.82
	3,015.74	6,432.34
b) Other Bank Balances		
i) In Fixed Deposits Accounts (Refer Note 20.1 (a))	12,237.09	8,479.33
ii) In Fixed Deposits Accounts (Refer Note 20.1(b))	1,150.31	90.72
iii) In earmarked Accounts:		
-Unpaid Dividend Accounts	92.44	74.38
	13,479.84	8,644.43
Total	16,495.58	15,076.77

Note 20.1 : FIXED DEPOSITS WITH BANKS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
a) Free From any Lien		
i) Maturing within 3 months from date of deposit (Classified as cash and cash equivalents)	43.00	3,508.82
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date (Classified as other bank balance)	12,237.09	8,479.33
iii) Maturing after one year of Balance Sheet date (Classified as non current asset)	-	-
	12,280.09	11,988.15
b) Under Lien		
i) Maturing within 3 months from date of deposit (Classified as other bank balances)	1,150.00	4.44
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date (Classified as other bank balance)	0.31	86.28
iii) Maturing after one year of Balance Sheet date (Classified as non current asset)	-	-
	1,150.31	90.72
Total	13,430.40	12,078.87

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 21 : SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 30.09.2012			As at 30.09.2011		
	Secured, considered good	Unsecured considered good	Total	Secured, considered good	Unsecured considered good	Total
Loans and Advances to employees	67.04	516.11	583.15	209.82	610.60	820.42
Balance with Government Department and Others	-	2,484.80	2,484.80	-	2,305.96	2,305.96
Security Deposit	31.83	-	31.83	-	14.39	14.39
Prepaid Expenses	-	558.36	558.36	-	306.20	306.20
Advance to Suppliers	-	11,228.37	11,228.37	359.61	10,248.01	10,607.62
Export Incentive Receivable	-	3,571.09	3,571.09	-	2,591.26	2,591.26
Other advances	-	699.19	699.19	-	349.34	349.34
Total	98.87	19,057.92	19,156.79	569.43	16,425.76	16,995.19

Note 22 : OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
Interest accrued but not due on Deposits	26.13	232.47
Preoperative Expenses	11.47	-
Others	26.31	86.70
Total	63.91	319.17

Note 23 : CONTINGENT LIABILITIES & COMMITMENTS

(₹ in lacs)

Particulars	As at 30.09.2012	As at 30.09.2011
I Contingent Liabilities:		
a) Claims against the Group not acknowledged as debts (including sales tax under dispute)	1,035.21	1,055.22
b) Guarantees furnished by the bankers on behalf of the Company and counter indemnity furnished by the Company to bankers for the same amount.	105,972.78	126,083.06
c) Bonds executed in favour of President of India against Export Promotion Capital Goods licence	6,632.60	1,968.50
II Letters of Credit outstanding	4,292.02	10,332.95
III Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	1,171.83	2,222.43

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 24 : REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Sale of products		
-Sale of Engineering Goods (Refer Note 24.2)	255,011.75	226,261.56
-Sale of Sugar and by products(Refer Note 24.2)	41,184.44	35,989.44
Erection, Commissioning and other receipts	11,724.01	14,200.75
Other operating revenues (Refer Note 24.2 below)	7,282.12	4,880.35
Total	315,202.32	281,332.10
Less: Excise Duty	10,264.30	9,927.80
Net	304,938.02	271,404.30

Note 24.1 : SALE OF PRODUCTS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Sale of Engineering Goods		
Sugar Machinery	-	138.07
Steel Structuring	4,739.39	4,826.78
CI Casting	3,213.64	2,717.79
Hydraulic Presses	2,615.32	4,273.69
Mechanical Presses	13,927.33	13,747.74
Boiler Drums, Boiler Parts & Piping	7,538.77	12,719.52
Containers	5,059.20	2,894.14
Pressure Vessels, Columns, Heat Exchangers	39,588.07	39,476.64
Ingots	113.26	392.12
Steel Castings	11,879.34	11,791.03
Trading	199.55	45.70
Supply of Boiler, Sugar & Power Plants	166,137.88	133,238.34
Total	255,011.75	226,261.56
Sale of Sugar and by products		
Sugar	37,371.80	32,382.62
Molasses	3,233.22	3,212.61
Sale of By Products	579.42	394.21
Total	41,184.44	35,989.44

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 24.2 : OTHER OPERATING REVENUE

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Commission Earned	212.18	44.49
Export Incentive	3,755.93	2,810.48
Packing Receipts	45.50	-
Unclaimed Balances Written off	92.31	52.38
Excess Provision Written Back	1,036.15	818.97
Scrap and Waste Sale	1,742.11	1,151.34
Profit on sale of stores	-	2.69
Others	397.94	-
Total	7,282.12	4,880.35

Note 25 : OTHER INCOME

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Interest Income		
- Other Interest Income	18.53	37.92
- On Bank Deposits	1,620.98	333.91
- Reimbursement of Excise duty Interest	71.13	272.53
Dividend Income on Investments		
Long Term - Non Trade		
- Other Companies	0.06	0.06
Current - Non Trade		
- Mutual Funds (Current Non Trade)	8.93	644.69
Net gain on sale of current investments	1,127.41	727.09
Profit on sale of Fixed Assets	189.93	13.36
Insurance Claim Receipts	93.59	18.03
Profit from Farm Operations (Refer Note No 25.1)	(3.07)	(0.01)
Other Non-operating Income	265.68	444.02
Total	3,393.17	2,491.60

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 25.1 : PROFIT FROM FARM OPERATIONS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Income:		
Sale of Farm Produce	4.24	4.51
Miscellaneous Income	0.20	0.50
Total	4.44	5.01
Expenditure:		
Salaries, Wages and Bonus	4.54	0.60
Cultivation Expenses	2.58	5.42
Miscellaneous Expenses	0.15	0.23
Repairs and Maintenance:		
- Machinery and Tractors	0.23	0.30
- Building	0.06	0.01
Depreciation	0.06	0.07
	7.62	6.63
(Increase)/Decrease in Stock	(0.11)	(1.61)
Total	7.51	5.02
Profit	(3.07)	(0.01)

Note 26 : COST OF MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Raw Materials & Components	80,015.65	79,145.04
Consumption of Stores and Spares	5,940.47	5,996.42
Total	85,956.12	85,141.46

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Opening stock		
Finished Goods	8,533.75	7,936.07
Work - in - Progress	26,573.10	19,293.77
Trading Goods	79.29	-
Total	35,186.14	27,229.84
Closing stock		
Finished Goods	9,207.11	8,533.75
Work - in - Progress	30,342.40	26,573.10
Trading Goods	-	79.29
Total	39,549.51	35,186.14
Net increase (-)/decrease	(4,363.37)	(7,956.30)

Note 28 : EMPLOYEES BENEFITS EXPENSES

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Salaries and wages	19,654.28	17,550.81
Contribution to Provident and other Funds (Refer Note 28(i)(a) & 28(i)(b))	1,374.41	1,303.56
Staff Welfare Expenses	585.22	518.14
Total	21,613.91	19,372.51

Note 28.1 : DETAILS OF EMPLOYEE BENEFITS EXPENSES

The disclosure of employee benefits as defined in Accounting Standard - 15 is given below:-

a) Defined Contribution Plan:

The Group has recognised, in the statement of profit and loss account, expenses for the following Defined Contribution Plan:

(₹ in lacs)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Provident Fund	998.17	887.11	764.70	636.46	601.60
Employees State Insurance	87.62	108.11	72.07	71.23	84.75
Total	1,085.79	995.22	836.77	707.69	686.35

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

b) Defined Benefits Plan :

The liability for Employee Gratuity and Leave Encashment is determined on actuarial valuation using projected unit credit method. The obligations are as under:-

(₹ in lacs)

Description	Gratuity (Funded)					Leave Encashment (Non-funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
i. Change in Present value of Obligation										
a. Present Value of Obligation at the beginning of the year	3,704.28	3,020.30	2,724.70	2,571.90	2,383.30	1,058.42	902.35	698.38	640.84	476.21
b. Interest cost	309.08	247.63	216.53	210.00	191.52	82.94	71.92	55.30	51.03	36.44
c. Current service cost	279.76	259.19	197.79	172.55	160.08	229.47	209.85	156.21	118.15	117.28
d. Benefits paid	(288.10)	(227.11)	(208.88)	(263.14)	(143.70)	(250.80)	(244.03)	(182.06)	(148.79)	(145.39)
e. Actuarial (gain) / loss	12.84	404.26	90.17	34.28	(19.30)	85.59	118.33	174.52	40.02	156.30
f. Present Value of Obligation at the end of the year	4,017.85	3,704.27	3,020.31	2,725.59	2,571.90	1,205.63	1,058.42	902.35	701.25	640.84
ii. Change in the Fair Value of Plan Assets										
a. Fair Value of Plan Assets at the beginning of the year	3,674.38	3,246.85	2,912.03	2,603.43	2,147.75	N.A.	N.A.	N.A.	N.A.	N.A.
b. Expected Return of Plan Assets	347.07	303.45	261.99	225.23	186.47	-	-	-	-	-
c. Contributions	263.52	347.90	171.62	400.59	382.48	-	-	-	-	-
d. Benefits paid	(288.10)	(227.11)	(208.88)	(263.14)	(143.70)	-	-	-	-	-
e. Actuarial Gain / (Loss) on Plan Assets	(7.95)	3.26	110.10	(54.08)	30.44	-	-	-	-	-
f. Fair Value of Plan Assets at the end of the year	3,988.91	3,674.36	3,246.86	2,912.03	2,603.44	-	-	-	-	-
iii. Reconciliation of Fair Value of Assets and Obligations										
a. Fair Value of Plan Assets at the end of the year	3,988.91	3,674.36	3,246.86	2,912.03	2,603.44	-	-	-	-	-
b. Present Value of Obligation at the end of the year	4,017.85	3,704.27	3,020.31	2,725.59	2,571.90	1,205.63	1,058.42	902.35	701.25	640.84
c. Amount recognised in the Balance Sheet	(28.94)	(29.91)	226.55	186.44	31.54	(1,205.63)	(1,058.42)	(902.35)	(701.25)	(640.84)
iv. Expenses recognised in the statement of Profit & Loss										
a. Current Service Cost	279.76	259.19	197.79	172.55	160.08	229.47	209.85	156.21	118.15	117.28
b. Interest Cost	309.08	247.63	216.53	210.00	191.52	82.94	71.92	55.30	51.03	36.44
c. Expected Return on Plan Assets	(347.07)	(303.45)	(261.99)	(225.23)	(186.47)	-	-	-	-	-
d. Actuarial (Gain) / Loss	20.79	401.00	(19.93)	88.36	(49.74)	85.59	118.33	174.52	40.02	156.30
e. Expenses recognised in the Profit & Loss	262.56	604.37	132.40	245.68	115.39	398.01	400.10	386.03	209.20	310.02
v. Actuarial Assumptions										
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(p.a)	9.25%	9.00%	8.55%	8.00%	8.00%	-	-	-	-	-
c. Rate of Escalation in Salary (p.a)	6.50%	6.50%	5.50%	5.50%	5.50%	6.50%	6.50%	5.50%	5.50%	5.50%

c) Amounts for the current and previous four periods in respect of Gratuity & Leave Encashment are as follows:

(₹ in lacs)

Particulars	Gratuity (Funded)					Leave Encashment (Non-funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	4,017.85	3,704.27	3,020.31	2,725.59	2,571.90	1,205.63	1,058.42	902.35	701.25	640.84
Plan Assets	3,988.91	3,674.36	3,246.86	2,912.03	2,603.44	-	-	-	-	-
Surplus / (Deficit)	(28.94)	(29.91)	226.55	186.44	31.54	(1,205.63)	(1,058.42)	(902.35)	(701.25)	(640.84)
Experience adjustment on Plan Liabilities	(12.84)	(404.26)	(90.17)	(34.28)	19.3	(85.59)	(118.33)	(174.52)	(40.02)	(156.30)
Experience adjustment on Plan Assets	-	14.21	121.99	(54.08)	30.4	-	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 29 : FINANCE COSTS

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Interest on Borrowings:		
Banks	2,089.14	964.38
Others	703.45	1,369.64
Other Borrowing Cost	352.46	154.40
Total	3,145.05	2,488.42

Note 30 : OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Power & Fuel	2,195.15	2,080.20
Other Manufacturing Expenses	12,498.16	11,868.42
Repairs to:		
-Machinery	490.58	603.82
-Building	372.97	508.52
-Others	37.47	54.93
Rent (Refer Note 35.1)	478.94	407.86
Insurance	448.82	376.91
Rates and Taxes	251.01	190.17
Commission to Selling Agents and Others	4,918.05	2,491.14
Bank Charges	1,293.02	1,154.87
Royalty	476.01	542.19
Electricity and Water Charges	396.74	190.02
Donation	19.80	15.40
Office and Miscellaneous Expenses	4,715.31	4,783.89
Payment to Statutory Auditors:		
-Statutory audit fees	8.99	8.94
-For Company Law Matters	4.00	2.85
-For Reimbursement of expenses	2.05	0.89
Packing, Forwarding and Transportation Expenses	20,028.18	13,855.68
Design & Technical Expenses	1,696.57	1,252.21
Travelling Expenses	3,726.54	2,845.76
Managerial Remuneration	1,112.78	1,197.68
Directors' Commission / Fee	5.64	4.84
Rebate and Discount	148.84	125.49
Bad debts written off	79.33	126.93
Loss on Assets Sold / Written Off	35.74	39.46
Loss/Provision on Sales/Disposal/Diminution/ in Value of Investments/Stores	4.20	4.62
Net loss on foreign currency transactions and translations	5,386.86	614.39
Total	60,831.75	45,348.08

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 31 : CURRENT TAX

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Provision for Tax	4,195.72	3,864.52

Note 32 : EARNING PER SHARE

In accordance with Accounting Standard (AS-20) on 'Earnings Per Share' the following table reconciles the numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Net Profit / (Loss) available to Equity Shareholders (₹ in lacs)	9,543.83	8,835.08
b) Number of Equity Shares outstanding during the year for the purpose of calculation of Earning Per Share	7369540	7369540
c) Nominal value of Equity Share (in ₹)	10.00	10.00
d) Basic & Diluted Earning per Share (in ₹)	129.50	119.89

Note 33 : SEGMENT REPORTING

A. Information about Primary segments

(₹ in Lacs)

	Sugar	Engineering	Unallocated	Eliminations	Total
Revenue					
External	39,865.63 (35049.55)	265,072.39 (236354.12)	- (-)	- (-)	304,938.02 (271403.67)
Inter-segment	- (-)	- (200.44)	- (-)	- (-200.44)	- (-)
Total revenue	39,865.63 (35487.27)	265,072.39 (236203.13)	- (-)	- (-200.44)	304,938.02 (271890.84)
Results					
Segment result	5,030.03 (2900.41)	9,039.69 (10169.13)	- (-)	- (-)	14,069.72 (13069.54)
Unallocated expenditure net of unallocated income	- (-)	- (-)	- (-)	- (-)	- (-)
Interest Expense					
a) External	(559.95) (-664.77)	(2,232.64) (-1674.25)	- (-)	- (-)	(2,792.59) (-2339.02)

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(₹ in Lacs)

	Sugar	Engineering	Unallocated	Eliminations	Total
b) Inter Segment	(269.62)	-	-	269.62	-
	(-320.28)	(-)	(-)	(320.28)	(-)
Profit on Sale of Investments					
a) External	54.93	1,072.48	-	-	1,127.41
	(7.87)	(719.22)	(-)	(-)	(727.09)
Dividend Income					
a) External	8.93	0.06	-	-	8.99
	(26.11)	(618.64)	(-)	(-)	(644.75)
Interest income					
a) External	17.25	1,693.39	-	-	1,710.64
	(14.02)	(630.34)	(-)	(-)	(644.36)
b) Inter Segment	-	269.62	-	(269.62)	-
	(-)	(320.28)	(-)	(-320.28)	(-)
Profit / Loss(-) before taxation and exceptional items	4,281.57	9,842.60	-	-	14,124.17
	(1963.36)	(10783.36)	(-)	(-)	(12746.72)
Provision for Deferred tax	(113.64)	498.26	-	-	384.62
	(16.71)	(30.4)	(-)	(-)	(47.11)
Provision for Income tax	1,472.08	2,723.64	-	-	4,195.72
	(628.25)	(3236.27)	(-)	(-)	(3864.52)
Profit / Loss(-) after taxation and before exceptional items	2,923.13	6,620.70	-	-	9,543.83
	(1318.4)	(7516.69)	(-)	(-)	(8835.09)
Other Information					
Segment assets	26,227.73	208,882.10	-	(829.60)	234,280.23
	(24653.9)	(196108.42)	(-)	(-1130.46)	(219631.86)
Segment liabilities	10,547.55	155,298.02	-	(829.60)	165,015.97
	(10164.01)	(153945.63)	(-)	(-1130.46)	(162979.18)
Capital expenditure-External	520.70	11,166.59	-	-	11,687.29
	(898.42)	(7807.23)	(-)	(-)	(8705.65)
Inter-segment	-	1,897.84	-	(1,897.84)	-
	(200.44)	(-)	(-)	(-200.44)	(-)
Depreciation	1,019.97	4,515.90	-	-	5,535.87
	(1107.55)	(3809.74)	(-)	(-)	(4917.29)

Note :- Previous year figures are indicated in parenthesis.

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

B. Information about Secondary Business Segments (₹ in Lacs)

	India	Outside India	Total
Revenue by geographical market			
External	183,753.45 (191944.96)	124,031.61 (79945.88)	307,785.06 (271890.84)
Total	183,753.45 (191944.96)	124,031.61 (79945.88)	307,785.06 (271890.84)
Carrying amount of segment assets	234,264.37 (219605.18)	15.86 (26.678)	234,280.23 (219631.86)
Addition to fixed assets	11,687.29 (8705.65)	- (-)	11,687.29 (8705.65)

Note :- Previous year figures are indicated in parenthesis.

C. Notes:

Segments have been identified by the management and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure, and the internal financial reporting systems. Based on this the primary and secondary segments are identified below.

(a) Primary Segment

(i) The Group is organized into two main business segments, namely:

- Sugar which consists of manufacture and sale of Sugar and
- Engineering which comprises of production and sales of heavy Engineering equipments, mechanical and hydraulic presses and castings and construction and erection boilers, sugar plant and machinery and related equipment.

(ii) Segment Revenue in each of the above domestic business segments primarily includes sales and other income in the respective segments.

(b) Secondary Segment

(i) The Segment Revenue in the geographical segments considered for disclosure is as follows:

- (a) Revenue within India includes sales to customers located within India and earnings in India.
- (b) Revenue outside India includes sales to customers located outside India and earnings outside India.

(c) Segment Accounting Policies:

- (i) The segment results have been prepared using the same accounting policies as per the Financial Statements of the Group. Refer Schedule IX and Notes 7 on Schedule X.
- (ii) Unallocated assets include deferred tax, investments and interest bearing deposits.

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

- (iii) Unallocated liabilities include non-interest bearing liabilities and tax provisions.
- (iv) Capital expenditure pertains to additions made to fixed assets during the year and includes capital work in progress.

(d) Segment Assets and Liabilities:

While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment Liabilities include all operating liabilities and include creditors, accrued liabilities and interest bearing liabilities.

(e) Inter Segment Transfers

Segment revenues and segment results include transfers of revenue expenses between business segments. Such transfers are accounted for at competitive market prices charged from unaffiliated customers/vendors. These transfers are eliminated on consolidation.

Note 34 The Consolidated financial statements (CFS) have been prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and Accounting Standard (AS)-27 Financial Reporting Interests in Joint Venture, notified by Central Government under the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of ISGEC Heavy Engineering Limited (Formerly The Saraswati Industrial Syndicate Limited), its subsidiaries and joint venture

Note 35 a) The list of Subsidiaries included in the Consolidated Financial Statements is as under:

Name of the Subsidiary Company	Proportion of Ownership as at September 30, 2012	Country of Incorporation
ISGEC Covema Limited	100.00%	India
Saraswati Sugar Mills Limited	100.00%	India
ISGEC Exports Limited	100.00%	India
ISGEC Engineering & Projects Limited	100.00%	India
ISGEC Hitachi Zosen Limited (See Note E)	51.00%	India

*including 0.01% held by the nominees of the company.

- b) The reporting dates for all the above companies are 31st March 2012, except for Saraswati Sugar Mills Limited and ISGEC Engineering & Projects Limited which are 30th September, 2012. The financial statements of these entities, except for ISGEC Hitachi Zosen Limited are adjusted for significant inter company transactions from the date of their respective financial statements up to the date of consolidation in compliance with Accounting Standard (AS) - 21, for ISGEC Hitachi Zosen Limited management has prepared accounts upto 30th September, 2012.
- c) The financial Statements of parent company, its subsidiaries and joint venture have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances and the unrealized profit/losses on intra group transactions and are presented to the extent possible, in the same manner as the Company's independent financial statements
- d) The accounting policies for holding company, its subsidiary companies and joint venture are substantially uniform. However, in case of contract sales in the subsidiary ISGEC Covema Ltd.,

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

revenue is recognised on completed contract method on substantial completion of contracts, the impact of which on Consolidated Financial Statements is negligible as it forms a very small proportion of Group revenues.

- e) ISGEC Hitachi Zosen Limited (IHZL) is a joint venture between the Company and Hitachi Zosen Corporation, Japan. As the Company holds 51% equity in the equity share capital of IHZL, IHZL has been consolidated in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements.

Note 36 a) In respect of Saraswati Sugar Mills Limited, the case challenging the Levy Sugar Price fixation for the season 1980-81 to 1999-2000 was decided in favour of the Company. The Company requested the Central Government to refix the levy sugar prices as directed by the Court. The Central Government has since amended the Essential Commodities Act nullifying the Court Judgement. The Company has challenged the amendment as malafide in the hon'ble Delhi High Court. Similar challenge has been made in the Supreme Court by another sugar factory. During the year, the case filed by us has been transferred to hon'ble Supreme Court.

- b) The Group and other Parties challenged the levy of Local Area Development Tax under The Haryana Local Area Development Tax Act, 2000 and the Haryana Entry of Goods Into The Local Areas Act, 2008 in the High Court of Punjab & Haryana. The High Court decided the matter in favour of the Group, hence no liability has been accounted for. However, subsequently the Supreme Court has, through an interim order, on the appeal of the State Government directed all the assesses to file the returns under the Local Area Development Tax Act. The Group has since filed the returns.

Note 37 : RELATED PARTY TRANSACTIONS

In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and Transactions with them, as identified and certified by the Management, are as follows:

I Description and Name of Related Parties

Description of Relationship	Name
Holding Company	None
Entities over which Directors and their relatives can exercise significant influence	Yamuna Syndicate Limited Kamla Puri Charitable Trust Kamla Puri Charitable Foundation Blue Water Enterprises
Key Management Personnel	Mr. Aditya Puri (Managing Director) Mrs. Nina Puri (Wholetime Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

II Related Party Transactions

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Purchase of goods		
-Entities over which key management personnel can exercise significant influence Yamuna Syndicate Limited	482.25	408.18
-Key management personnel Mr. Aditya Puri (Managing Director)	1.93	1.47
-Relatives of Key management personnel Mr. Ranjit Puri (Chairman)	1.64	0.98
Total	485.82	410.63
b) Rendering of services		
-Entities over which key management personnel can exercise significant influence Yamuna Syndicate Limited	20.27	19.69
Total	20.27	19.69
c) Services received		
-Entities over which key management personnel can exercise significant influence Yamuna Syndicate Limited	13.87	9.07
Total	13.87	9.07
d) Commission Paid		
-Entities over which key management personnel can exercise significant influence Yamuna Syndicate Limited	12.13	8.96
Total	12.13	8.96
e) Rent received		
-Entities over which key management personnel can exercise significant influence Yamuna Syndicate Limited	0.38	0.38
Total	0.38	0.38
f) Rent Paid		
-Entities over which key management personnel can exercise significant influence Blue Water Enterprises	51.78	47.95
Total	51.78	47.95

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
g) Remuneration to Directors		
-Key management personnel		
Mr. Aditya Puri (Managing Director)	556.39	599.34
Mrs. Nina Puri (Wholetime Director)	556.39	599.34
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	1.01	0.55
Total	1,113.79	1,199.23
h) Interest paid		
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	0.12	0.12
-Key management personnel		
Mr. Aditya Puri (Managing Director)	1.06	1.18
Mrs. Nina Puri (Wholetime Director)	0.01	0.05
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	-	1.44
Mr. Ranjit Puri (HUF)	0.06	0.06
Total	1.26	2.85
i) Amount payable as at year end		
-Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	16.20	8.89
-Key management personnel		
Mr. Aditya Puri (Managing Director)	514.07	335.60
Mrs. Nina Puri (Wholetime Director)	535.14	344.23
-Relatives of Key management personnel		
Mr. Ranjit Puri (Chairman)	0.23	0.25
Mr. Ranjit Puri (HUF)	0.66	0.66
Total	1,066.29	689.64
j) Amount receivable as at year end		
-Subsidiaries		
-Entities over which key management personnel can exercise significant influence		
Blue Water Enterprises	10.11	15.27
Total	10.11	15.27

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 38: LEASE RENT CHARGES

The Group has taken various residential /commercial premises and plant and machinery under cancellable operating leases. In accordance with Accounting Standard (AS-19) on 'Leases' the lease rent charged to Profit & Loss account for the year are:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Residential premises	101.17	87.72
b) Commercial premises	370.29	315.29
c) Plant and machinery	5.48	4.86
Total	476.94	407.87

Note 39 : VALUE OF IMPORTS ON C.I.F. BASIS:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Raw Materials	12,187.90	15,927.33
Components & Spare Parts	1,949.96	2,829.10
Goods for resale	-	4,358.47
Capital Goods	5,588.99	3,317.01
Total	19,726.86	26,431.90

Note 40 : EARNINGS IN FOREIGN EXCHANGE:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Export of Goods & Services on F.O.B basis	105,924.54	74,105.53

Note 41 : EXPENDITURE IN FOREIGN CURRENCY (CASH BASIS)

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
Travelling Expenses	1,206.70	794.53
Royalty	434.12	426.84
Brokerage & Commission	4,218.46	963.06
Interest on ECB Loan (for foreign remittance)	354.48	226.82
Technical Know how	896.97	2,182.94
Others	12,174.20	8,738.33
Total	19,284.93	13,332.52

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 42 : REVENUE EXPENDITURE ON RESEARCH & DEVELOPMENT:

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) Salary	5.25	4.97
b) Contribution to Provident Fund	0.30	0.28
c) Others	-	-
Total	5.55	5.25

Note 43 : FOREIGN CURRENCY EXPOSURES :

The Company had entered into swaps/forward contracts which are not intended for trading or speculative purposes but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables

(₹ in lacs)

Particulars	Year ended 30.09.2012	Year ended 30.09.2011
a) The particulars of forward contracts entered into hedging purpose outstanding as at year end are as under:		
i) For receivables	11,612.78	11,472.15
ii) For loans	15,772.28	9,971.13
iii) For hedging interest payments on loans	-	30.79
b) Unhedged foreign currency exposures as at year end are as under:		
i) Receivables	4,849.35	3,890.53
ii) Advances to Suppliers	66.06	-
iii) Payables to Suppliers	100.85	79.11
iv) For Loans	1,782.67	-

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 44 : Information for Subsidiaries

The disclosure in accordance with Direction under Section 212(8) of the Companies Act, 1956 issued vide General Circular No. 2/2011 dated 8th February, 2011 (file No. 51/12/2007-CL-III) of Ministry of Corporate Affairs, Government of India

Description	2011-12					2010-11				
	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering & Projects Ltd.	ISGEC Hitachi Zosen Ltd.	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering & Projects Ltd.	ISGEC Engineering & Projects Ltd.
1 Name of The Subsidiary Companies	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering & Projects Ltd.	ISGEC Hitachi Zosen Ltd.	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering & Projects Ltd.	ISGEC Engineering & Projects Ltd.
2 Financial year of the Subsidiary Companies	Year Ended 31st March 2012 (Rs. in lacs)	Year Ended 31st March 2012 (Rs. in lacs)	Year Ended 30th September 2012 (Rs. in lacs)	Year Ended 30th September 2012 (Rs. in lacs)	Year Ended *30th September 2012 (Rs. in lacs)	Year Ended 31st March 2011 (Rs. in lacs)	Year Ended 31st March 2011 (Rs. in lacs)	Year Ended 30th September 2011 (Rs. in lacs)	Year Ended 30th September 2011 (Rs. in lacs)	Year Ended 30th September 2011 (Rs. in lacs)
3 Capital	200.00	10.00	709.99	5.00	1,000.00	200.00	10.00	709.99	5.00	5.00
4 Reserves	75.41	83.06	14,970.19	0.37	338.23	94.76	80.01	13,779.90	0.28	0.28
5 Total Assets	1,205.69	96.85	26,227.73	5.46	11,592.65	1,407.44	90.54	24,653.90	3.37	3.37
6 Total Liabilities	930.28	3.79	10,547.55	0.09	10,254.42	1,112.68	0.53	10,164.01	0.10	0.10
7 Detail of Investments										
a. Deposit with Post Office	-	-	0.70	-	-	-	-	0.60	-	-
b. Investment in Other Companies	-	-	304.75	-	-	-	-	304.75	-	-
c. Investment in Mutual Funds	-	-	2,679.78	-	-	-	-	304.75	-	-
8 Turnover	71.03	4.87	40,247.94	0.29	3,421.35	495.66	4.86	35,535.27	0.21	0.21
9 Profit/(Loss) for the year before Tax	(28.00)	4.41	4,281.57	0.12	500.68	1.83	4.50	1,963.36	0.14	0.14
10 Provision for Taxation										
a. Current Tax	-	1.36	1,472.08	0.04	205.01	0.34	1.39	628.25	0.04	0.04
b. Deferred Tax	(8.65)	-	(113.64)	-	(42.56)	(0.01)	-	16.71	-	-
11 Profit/(Loss) for the year after Tax	(19.35)	3.05	2,923.13	0.08	338.23	1.50	3.11	1,318.40	0.10	0.10
12 Interim Dividend	-	-	745.49	-	-	-	-	-	-	-
13 Proposed Dividend	-	-	745.49	-	-	-	-	-	-	-

* "The financial year is from 1st April to 31st March. The figures drawn and reported are from 21st March 2012 to 30th September 2012 i.e. from the date of incorporation to the reporting date."

Notes to the Consolidated Financial Statements as at and for the year ended 30th September 2012

Note 45 : As per General Circular no.15/2011 dated April 11, 2011 issued by Ministry of Corporate Affairs, Government of India, the required information are as under :-

Sr. No.	Particulars	Description			
a)	Products covered for Cost Audit	Ingots		Sugar	
b)	Full Particulars of Cost Auditor	M/s Jugal K. Puri & Associates Cost Accountants Plot No. 3 , Sector-22 Gurgaon - 122 015, Haryana		M/s Jugal K. Puri & Associates Cost Accountants Plot No. 3 , Sector-22 Gurgaon - 122 015, Haryana	
c)	Filling of Cost Audit Report	Year ended 30.09.2012	Year ended 30.09.2011	Year ended 30.09.2012	Year ended 30.09.2011
	i) Due Date of Filling of Cost Audit Report	29.03.2013	28.03.2012	29.03.2013	28.03.2012
	ii) Actual Date of Filling Cost Audit Report	Not yet Due	27.03.2012	Not yet Due	22.03.2012

Note 46 There is no other information required to be disclosed apart from the information already disclosed, pursuant to the requirements of Schedule VI to the Companies Act,1956

Note 47 Previous year figures have been regrouped/ recast wherever considered necessary to conform to current year classification.

**As per our report of even date.
for S.S. Kothari Mehta & Co.**
Chartered Accountants
(Firm Registration No. 000756N)

Sanjay Kumar
Deputy General Manager(Accounts)

Kishore Chatnani
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

CA. K.K. Tulshan
Partner
M.No. 085033

S. K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 24 November, 2012

Vinod K. Nagpal
Director

