
The Saraswati Industrial Syndicate Limited

**Reports and Accounts for the year ended
30th September, 2008**

ANNUAL REPORT 2007-08**BOARD OF DIRECTORS****Directors**

Mr. C.R. Thompson
Mr. Vinod K. Nagpal
Mr. Tahir Hasan
Mr. V.K. 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. Tahir Hasan
Mr. Aditya Puri

**Executive Director
Company Secretary**

Mr. S.K. Khorana

Bankers

State Bank of Patiala
Standard Chartered Bank
State Bank of Travancore
State Bank of Indore
State Bank of Hyderabad
Punjab National Bank
Corporation Bank
Indian Overseas Bank
EXIM Bank
IndusInd Bank
HSBC Bank
ICICI Bank
State Bank of Mysore
ABN Amro Bank
State Bank of Bikaner & Jaipur

Registered Office

Yamunanagar, Haryana

Units

- ISGEC
 - Isgec John Thompson
 - Uttar Pradesh Steels
-

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Directors' Report

1.00 The Directors are pleased to present their Seventy-fifth Annual Report on the business and operations of the company and financial results for the year ended September 30, 2008.

2.00 **FINANCIAL RESULTS:**

(Figures in Rs. Lacs)

Profit before Depreciation	6,960.30
Depreciation	<u>2,138.08</u>
Profit for the year	<u>4,822.22</u>

2.01 For the 6th year in succession, there was increase in sales which were Rs. 1,388 crore (previous year Rs. 1,204 crore). The profits for the year were, however, severely affected on account of losses due to hedging of foreign currencies, and steep rise in raw material prices.

2.02 The Company, on receipt of a letter of award for a large export contract, had taken a foreign exchange forward cover, consistently following its policy of hedging its foreign exchange exposures. The customer, however, backed out of his obligation and consequently the Company incurred a loss of Rs. 5,120 lac against the forward cover taken. The Company is taking appropriate action to recover the loss and has filed cases in appropriate courts.

3.00 **DIVIDEND:**

In view of the prevailing economic scenario and the conservation of resources, the Board has decided to recommend dividend @ 20%.

4.00 **OPERATIONS:**

4.01 The new Plant at Dahej commenced production during the year. Accreditation from ASME and several Indian and Foreign Customers and Consultants were received for the Plant.

4.02 Export billing stood at Rs. 365 crore (previous year Rs. 145 crore).

4.03 Important export orders include orders for Boilers from South America and the Far East. The Foundry unit also added a number of prestigious clients to its customer portfolio.

4.04 On the domestic front, the Company continued to maintain its position as a leading supplier of Circulating Fluidized Bed Combustion Boilers. In Pressure Vessels Division, a highest valued single order for 33 Nos. Clad Heat Exchangers for IOCL was booked.

4.05 The collaboration agreement with Foster Wheeler, U.S.A. has been enhanced covering upto 99.99 Mega Watt electricals (MWe). The earlier agreement was upto 60 MWe. This will open up the niche market in the range from 60 MWe – 99.9 MWe.

4.06 The Works at Yamunanagar have shifted to SAP ERP system. There were some teething problems, most of which have now been solved.

4.07 As for the current year, the market had slowed down as a result of global economic recession. There is a severe liquidity crunch in the market. The projects are being delayed and the customers are delaying lifting of the equipment as several projects have been put on hold, specifically for the Presses meant for the automobile sector. However, the market conditions for our Foundry Divisions are expected to be good because of growth in the Power Sector and Tool & Die Industry.

4.08 The Board is pleased to inform you that the Bombay Stock Exchange has admitted the securities of your Company to be listed in Group B of the Exchange with effect from 5th December 2008.

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5.00 **CONSOLIDATED FINANCIAL STATEMENTS:**

5.01 The consolidated financial statements are attached.

6.00 **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:**

6.01 In compliance with the provisions of Section 217(1) of the Companies Act, 1956, the statement giving the required information is annexed hereto

7.00 **PARTICULARS OF EMPLOYEES:**

7.01 The particulars of the employees as required under Section 217(2A) of the Companies Act, 1956, are given in the Annexure.

8.00 **DIRECTORS' RESPONSIBILITY STATEMENT:**

8.01 The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956, is annexed.

9.00 **MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

9.01 In compliance with the provisions of Clause 49 of the Listing Agreement, Management Discussion & Analysis Report is annexed.

10.00 **CORPORATE GOVERNANCE:**

10.01 In compliance with the provisions of Clause 49 of the Listing Agreement a report on Corporate Governance is annexed.

11.00 **FIXED DEPOSITS:**

11.01 47 depositors of the company had, as on September 30, 2008, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 15.53 lac. 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.

12.00 **SUBSIDIARY COMPANIES:**

12.01 The Audited Statements of accounts of the subsidiary companies along with the Report of Board of Directors and the Auditors Report thereon of the subsidiary companies are annexed.

12.02 A statement pursuant to Section 212 of the Companies Act, 1956, is also attached to these Accounts.

13.00 **ACKNOWLEDGMENTS:**

13.01 The Board acknowledges the dedication and hard work of all members of the staff and the workforce of the company, without whom the excellent results would not have been possible and expresses its thanks to them.

13.02 The Directors also place on record their appreciation of the Financial Institutions and Banks for prompt financial assistance and co-operation.

13.03 With these remarks, we present the Accounts for the year ended September 30, 2008.

BY ORDER OF THE BOARD

RANJIT PURI
Chairman

Dated: 30th December, 2008

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 2007-08 also. Certain equipment such as energy efficient motors, CFL lights, energy saving fluorescent lights, Air Conditioners with latest energy saving technology, Metal Halide overhead lights in the shops, were added to save energy. In our Works at Yamunanagar, ideal power factor of 0.99 was maintained throughout the year for which a rebate of Rs. 15.70 lakh was allowed.

(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 4.02 & 4.03 of the Directors' Report.

(g) Total Foreign Exchange used and earned (2007-08):

		(Rs. / crore)
-	Total Foreign Exchange earned	364.94
-	Total Foreign Exchange used	215.53

FORM- A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

UTTAR PRADESH STEELS

		Current Year 2007-2008	Previous year 2006-2007	
(A) POWER & FUEL CONSUMPTION				
1. ELECTRICITY				
(a)	PURCHASE (UNITS)	(KWH)	1,17,07,120	1,10,00,640
	TOTAL AMOUNT	(RUPEES)	5,75,21,364	6,31,67,480
	RATE/UNIT	(RUPEES PER UNIT)	4.91	5.74
(b)	OWN GENERATION (UNITS)			
	(THROUGH DIESEL GENERATOR)	(KWH)	2,04,400	1,71,900
	UNIT PER LITRE OF DIESEL OIL	(UNITS)	3.64	4.18
	COST/UNIT	(RUPEES PER UNIT)	8.54	6.96
2. OTHER				
(a) HARD COKE				
	QUANTITY	(TONNES)	1,910	1,000
	TOTAL COST	(RUPEES)	13,916	6,016
	AVERAGE RATE	(RUPEES PER TONNE)	7,286	6,016
(b) LIGHT DIESEL OIL				
	QUANTITY	(LITRES)	Nil	12,779
	TOTAL COST	(RUPEES)	Nil	3,92,973
	AVERAGE RATE	(RUPEES PER LTR)	Nil	30.75
(c) FURNACE OIL				
	QUANTITY	(LITRES)	16,04,036	17,04,089
	TOTAL COST	(RUPEES)	4,19,72,713	2,87,85,637
	AVERAGE RATE	(RUPEES PER LTR)	26.17	16.89
(d) HIGH SPEED DIESEL OIL				
	QUANTITY	(LITRES)	4,07,112	1,61,226
	TOTAL COST	(RUPEES)	1,30,33,699	46,89,517
	AVERAGE RATE	(RUPEES PER LTR)	32.02	29.09
(B) CONSUMPTION PER UNIT PRODUCTION				
1. INGOTS				
(i)	PRODUCTION	(TONNES)	672.820	537.620
(ii)	ELECTRICITY PER M.T.	(KWH)	553	735
2. CASTINGS				
(i)	PRODUCTION	(TONNES)	3,355.493	3,864.776
(ii)	ELECTRICITY PER M.T.	(KWH)	1,764	1,471

REASONS FOR VARIANCE IN THE CONSUMPTION OF POWER & FUEL FROM PREVIOUS YEAR:

- a) Electricity cost was higher in the previous year due to provision of Rs. 1,22,62,327/- towards disputed energy charges
- b) In case of own generation, cost per unit is higher due to increase in rate of High Speed Diesel
- c) Power consumption per M.T. of Ingots produced is lower because of more usage of energy efficient Induction Furnace.
- d) The power consumption per M.T. of castings produced is higher than last year because of more sophisticated metallurgical castings produced during this year, which require better refined metal needing more electricity in refining process.

FORM -B**FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION, 2007-2008****TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:****ISGEC John Thompson Unit**

We have three Agreements for technology transfer with Foster Wheeler, USA:-

- i) For Circulating Fluidized Bed Combustion (CFBC) Boilers upto 250 Tonnes per hour (60 Mega Watt electrical).
- ii) For Circulating Fluidized Bed Combustion (CFBC) Boilers from 60 Mega Watt (electrical) to 99.99 Mega Watt (electrical).
- iii) For Oil & Gas Shop Assembled Water Tube Packaged Boilers upto 260 Tonnes per hour.

The first two Agreements are valid upto 2022 and the third Agreement is valid upto 2017.

Continued support of Foster Wheeler is available for further technology innovation and advancements.

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Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 as on 30th September 2008

(A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN Rs. 24,00,000/- PER YEAR

Sl. No.	Name of Employee	Age	Qualification	Experience in years	Date of Commencement of Employment	Designation and nature of duties	Remuneration (Amount in Rs.)	Last Employment	
								Name of Employer	Post Held
1	Bhagat, Sunil	53	B. Sc. (Engg.), MBA	31	01.02.1994	Vice President (EPC Group)	3,170,069	Escorts Ltd.	Sr. Manager
2	Dhar, P.L.	70	B.A.	45	01.07.1973	Advisor (EPC Group)	2,534,660	Isgec John Thompson Limited	Construction Manager
3	Jaidka, Ravi	62	B.E. (Mech.) Hons.	40	04.07.1968	Executive Director (ISGEC Works)	3,396,434	-	-
4	Khorana, S.K.	62	B.Com. (Hons.), M.Com., F.C.A., F.C.S.	38	01.02.1975	Executive Director (HO) & Company Secretary	4,347,089	Jay Engineering Works Ltd.	Officer on Special duty
5	Madan, R.D.	63	B.Tech. (Mech.)	41	01.07.1967	President (ISGEC Works)	2,746,280	-	-
6	Puri, Aditya	41	B.A. (Hons.), B.A. (CANTAB) ECON from Cambridge University (U.K.)	17	01.10.1991	Managing Director	26,648,974	-	-
7	Puri, Nina	65	B.A. Honours (History) - Delhi University, M.A. (History)- Georgetown University, Washington D.C., Ph.D. - Modern Indian History- Kurukshetra University		16.02.2007	Whole-time Director	26,648,974	-	-
8	Sachdeva, V.K.	66	B.Sc., B.E. (Mech.)	42	23.09.1966	Executive Director (Diversification)	3,005,625	-	-
9	Satyanarayana, D.V.	57	B. Tech, M.M.S.	33	17.09.2007	President (EPC Group)	2,534,660	Thermal Systems Pvt. Ltd.	President
10	Talwar, L.M.	62	B.Sc. Engg. Elect., A.S.T.A.	40	01.08.1968	Executive Director (EPC Group)	4,233,982	-	-

(B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN Rs. 2,00,000/- P.M

Sl No.	Name of Employee	Age	Qualification	Experience in years	Date of Commencement	Designation and nature	Remuneration (amount in Rs.)	Last Employment	
								Name of Employer	Post Held
1	Pilli, Lazar	47	B.E., MBA	23	21.03.2008	Executive Vice President (HRD)	1,471,302	Marg Infrastructure Ltd.	Vice President
2	Goel, D.K.	60	B. Sc. (Engg.)	38	03.04.2000	Executive Vice President (EPC Group)	2,444,542	N.F.C.S.F Ltd.	Technical Advisor

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

The Directors state:

- i) that in the preparation of the annual accounts for the year ended September 30, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
 - ii) that the Directors have selected and applied such accounting policies consistently;
 - iii) that the Directors have 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 or loss of the company for that period;
 - iv) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - v) that the Directors have prepared the annual accounts on a going concern basis.
-

Management Discussion & Analysis

Although the last year was characterized by record order bookings, at the present time we have seen levels of volatility not experienced by the company in many years. The parity of the Euro and Dollar against the Rupee is fluctuating widely on a daily basis and no clear trend is discernible.

A number of orders booked in the previous year have been deferred by the customers, particularly in the Machine Building Division of the company. A large number of ready Presses, catering to the automobile sector, have not been lifted by the customers. Across all sectors, our customers are facing liquidity problems and are consequently delaying payments to us, on one pretext or the other.

Times are very challenging and we on our part are endeavoring to sharpen our internal processes and to improve efficiencies to meet these difficult times.

We have stepped up our thrust on export. Though the conditions overseas are not better than those in India, there is a much wider market from where we can get potential orders.

I) **Segment Analysis and Review:**

A) **Manufacturing of heavy capital goods:**

i) **Pressure Vessels Division:**

- a) This segment comprises besides the manufacturing facilities located in Yamunanagar, the new manufacturing unit at Dahej (Gujarat) about which I had communicated in the previous report. Manufacture and dispatch of Pressure Vessels have commenced from there though certain balancing equipments are yet to be added. This unit has received accreditation from the American Society for Mechanical Engineers and several Indian and foreign consultants and customers.
- b) During the year under review, the Pressure Vessels business grew because of buoyant crude prices. However, now as a result of the falling crude prices and financial stringency world over, the customer are dropping projects and delaying orders and we may not see the shops as full as they were in the previous year.

ii) **Machine Building Division:**

- a) The Presses business grew during the year because of major orders booked from Automobile Components manufacturing industry. However, from the last quarter of the financial year there has been a steep slow down in the investment in this sector and as mentioned above, many of our customers have not lifted the Machines ready with us.
- b) We are looking to book orders from Defence and Railway sectors where the investment plans are expected to continue. Due to depreciation of the Rupee vis-à-vis the U.S. Dollar and the Euro, we are likely to be more competitive in the export market. However, the Korean currency has depreciated much more than the Indian Rupee and we may face stiff competition from South Korea.
- c) We have booked orders for some technologically advanced presses from the European market.

iii) **Industrial Machinery:**

Demand for machinery for Steel Plants is still good and we expect to book good orders from this market.

iv) Foundry:

The Steel Casting business grew during the year and the outlook for the coming year is also good. Despite the general economic slow down, many of our customers, particularly Power Sector, do not anticipate any major impact of the slow down.

The Iron Casting business is also expected to be good because of growth in the Soda Ash industry and Tool & Die industry.

B) Engineering, Procurement and Construction :

The market for sugar machinery remained dull during most of the last year. However, in the first quarter of the current year, we have been able to book some orders for complete sugar plants. The orders for boilers in the first quarter of this year have been good and we expect the trend to continue. The overall situation of the Engineering, Procurement and Construction business seems to be satisfactory.

II) Outlook & Threats :

- i) Although the order book position in most segments of our business is good, there is an uncertainty on how many of these will actually fructify. The company is constantly striving to gain market intelligence as regards the financial position of our customers.
 - ii) The liquidity crisis, as mentioned above, is affecting all our customers and for many of our lines of business, we are now accepting more secured payment terms.
 - iii) The uncertainty in foreign exchange and raw material market is a potential threat and the company is striving to remain vigilant so that the loss, if any, from the fluctuations in these is minimized.
 - iv) In line with the general trend in the market, things are not as rosy. The management of the company is putting all its efforts to meet the situation in the best possible way.
-

Report on Corporate Governance

1. A brief statement on company’s philosophy on code of governance.

The company complies with the mandatory guidelines in this regard.

2. Board of Directors:

a. Composition:

As on 30th September 2008, the Board of Directors comprises of a Non- Executive Chairman, two Executive Directors and three Non-Executive Independent Directors.

b. Attendance of each director at the Board meetings and the last AGM and

c. 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 AGM	Directorships in other companies as disclosed			
			Public	Private	Committee Membership	Committee Chairmanship
Chairman & Promoter						
Mr. Ranjit Puri	5	Yes	5	-	1	-
Executive Directors & Promoters						
Mr. Aditya Puri, Managing Director	6	Yes	7	1	1	-
Mrs. Nina Puri, Whole-time Director	Nil	No	1	-	-	-
Non-Executive Independent Director						
Mr. Vinod K. Nagpal	6	Yes	1	2	-	-
Mr. Tahir Hasan	5	Yes	5	2	-	1
Mr. C.R. Thompson	Nil	No	-	-	-	-

d. Number of Board Meetings held, dates on which held:

During the year Six Board Meetings were held as under:-

- October 30, 2007
- December 31, 2007
- January 31, 2008
- March 20, 2008
- April 30, 2008
- July 25, 2008

3. Audit Committee:

i. Brief description of terms of reference:

- 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 (b) Scope of internal audit

ii. Composition, name of members and Chairperson:

S.No.	Name of the Committee Member	Position	Nos. of Meeting attended
1.	Mr. Vinod K. Nagpal	Chairman	4
2.	Mr. Tahir Hasan	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 on December 30, 2007, January 31, 2008, April 30, 2008 and July 25, 2008. Detail of attendance by each Member is given in the above table.

4. Remuneration Committee:

i. Brief description of terms of reference:

The Company has constituted a Remuneration Committee to review and recommend remuneration of Executive Directors.

ii. Composition, name of members and Chairperson

S.No.	Name of the Committee Member	Position	No. of Meetings attended
1.	Mr. Vinod K. Nagpal	Chairman	
2.	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 held.

iv. Remuneration policy:

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

v. Details of remuneration paid to Directors:

Details are given in 'Schedule X - Notes to Accounts' of the accounts.

vi. Details of Remuneration paid to non-executive directors:

Sl. No.	Name of Director	Nature of Payment	Amount(Rs.)
01.	Mr. Vinod K. Nagpal	Remuneration	25,000.00
		Sitting Fees	30,000.00
02.	Mr. Tahir Hasan	Remuneration	25,000.00
		Sitting Fees	25,000.00
03.	Mr. C.R. Thompson	Remuneration	25,000.00
04.	Mr. Ranjit Puri	Remuneration	25,000.00
		Sitting Fees	25,000.00
		Total	1,80,000.00

5. **Shareholders' Committee:**

- i. Name of Non-executive director heading the committee:
Mr. Vinod K. Nagpal.
- ii. Name and designation of Compliance Officer:
Mr. S.K. Khorana, Company Secretary.
- iii. Number of shareholders' complaints received:
Three.
- 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 AGMs held:

Date	Location	Time
March 27, 2006	Registered Office, Yamunanagar	12.00 noon
March 24, 2007	Registered Office, Yamunanagar	10.00 A.M.
March 20, 2008	Registered Office, Yamunanagar	10.00 A.M.

- ii. Whether any special resolutions passed in the previous 3 AGMs:
Yes. Special Resolutions were passed in the AGM held on March 27, 2006 and March 24, 2007.
- 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 company at large:

Nil.

- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Delhi 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 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. Company has adopted non-mandatory requirement regarding appointment of Remuneration Committee.

8. Means of Communication:

- i. Quarterly 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

- iv Whether it also displays official news releases:

No.

- v The presentations made to institutional investors or to the analysts:

None.

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

18 The Saraswati Industrial Syndicate Limited

10. General Shareholder information:

- i. AGM; Date, time and venue:
AGM will be held on 28th March, 2009, at 12:00 Noon at the premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar (Haryana).
- ii. Financial Year:
1st October to 30th September.
- iii. Dates of Book closure:
From 20th day of March, 2009 to 28th day of March, 2009.
- iv. Dividend Payment Date:
By 15th April, 2009.
- v. Listing on Stock Exchange:
Listed on Delhi Stock Exchange and Bombay Stock Exchange.
- 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. Market Price Data: High, Low during each month in last financial year.
- viii. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.
Information in respect of sl. nos. vii & viii not available as no trading is done at Delhi Stock Exchange. On Bombay Stock Exchange share is listed on 5th December 2008 only.
- 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 respect.
- xi. Distribution of shareholding:
The Distribution of shareholding as on September 30, 2008 is

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	Number	% of Total	(In Rs.)	% of Total
Upto	5,000	3457	87.43	34,97,050	4.75
5,001	10,000	176	4.45	13,48,070	1.83
10,001	20,000	121	3.06	18,46,580	2.51
20,001	30,000	49	1.24	12,62,300	1.71
30,001	40,000	31	0.78	10,86,180	1.47
40,001	50,000	18	0.46	8,30,640	1.13
50,001	1,00,000	39	0.99	28,70,340	3.89
1,00,001	and above	63	1.59	6,09,54,240	82.71
TOTAL		3954	100.00	7,36,95,400	100.00

Shareholding pattern as on September 30, 2008:

Category	No of Shareholders	No. of shares held	Percentage
Promoters	4	40,16,592	54.50
FIs, Banks & Mutual Funds	7	69,320	0.94
Others (Public)	3943	32,83,628	44.56

xii. Dematerialization of shares and liquidity

29.56 % of share capital has been dematerialized as on September 30, 2008.

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 likely impact on equity.

xiv. Plant location:

Name	Item	Address
a) ISGEC	Pressure Vessels & Heat Exchangers, Presses- Mechanical & Hydraulic, Boilers, Castings, Sugar Machinery.	(i) Yamunanagar Plant Yamunanagar 135001 Haryana. (ii) Coastal Plant 13/B, G.I.D.C Industrial Estate, Dahej, Taluka- Vagara, Dist. Bharuch - 392 130. Gujarat.
b) Uttar Pradesh Steels,	Castings - Steel & Iron	Village Nara, P.O. Mansurpur -251 203, District Muzaffarnagar, U.P.

xv. Engineering, Procurement & Construction Division:

Name	Item	Address
a) ISGEC JohnThompson	Boilers	A-4, Sector - 24, Noida - 201 301, U.P.
b) ISGEC	Sugar Machinery	A-4, Sector - 24, Noida - 201 301, U.P.

xvi. Address for correspondence:

Corporate Office:
A-4, Sector - 24, Noida - 201 301, U.P.
Tel. : +91-120-241 12 89/241 12 90
Fax.: +91-120-241 22 50
e-mail: skkhorana@isgrec.com

Registered Office:
Radaur Road, Yamunanagar 135 001 Haryana.
Tel: 01732-30 76 14 Email : ro@isgrec.com

xvii. Details of the Director seeking reappointment in Annual General Meeting to be held on March 28, 2009 (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Ranjit Puri
Date of Birth	04.03.1940
Date of Appointment	14.10.1981
Qualification	B.Sc. Industrial Management from Massachusetts Institute of Technology (USA)
Board position held	Non-Executive Director & Chairman
Nature of his /her expertise in specific function areas	Managing Companies
Other Directorship	> The Yamuna Syndicate Limited > Saraswati Sugar Mills Limited > Jullundur Motor Agency (Delhi) Limited > ISGEC Engineering & Projects Limited
Chairman / Member of Committee of the Board of Companies of which he/she is a Director.	Saraswati Sugar Mills Limited Audit Committee- Member
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (v) .	645720 Shares 8.76 %

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 30.09.2008.

Yamunanagar
Dated: 30th December, 2008

Aditya Puri
Managing Director

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

TO THE MEMBERS

THE SARASWATI INDUSTRIAL SYNDICATE LIMITED

We have reviewed the implementation of Corporate Governance procedures by **The Saraswati Industrial Syndicate Limited** during the year ended September 30, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the listing agreement(s) with the stock exchange(s) have been substantially complied with by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. S. Kothari Mehta & Co.

Chartered Accountants

(Arun K. Tulsian)

Partner

Membership No. 089907

Place: Noida

Dated: 30th December, 2008

AUDITORS' REPORT

TO THE MEMBERS

THE SARASWATI INDUSTRIAL SYNDICATE LIMITED

We have audited the attached Balance Sheet of **The Saraswati Industrial Syndicate Limited** as at 30th September, 2008 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 30th September, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon 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;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2008;
 - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. S. Kothari Mehta & Co.
Chartered Accountants

(Arun K. Tulsian)
Partner

Place: Noida
Dated: 30th December, 2008

Membership No. 089907

ANNEXURE TO AUDITORS' REPORT
(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As per the programme, all the fixed assets have been physically verified by the management during the year except for the certain building and vehicle situated in Pakistan (written down value Rs. 1/-). No major discrepancies were noticed as compared to book record and necessary adjustments have been carried out in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
 - (c) Fixed assets disposed off during the year were not substantial.
 2. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare parts and raw material. Further, stock in the possession and custody of third parties and stock in transit as at 30th September, 2008 have been verified by the management with reference to confirmation or statement of accounts or correspondence of the third parties or subsequent receipts 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 taken unsecured loans of Rs. 37.92 lacs in the form of fixed deposits from its three Directors, the terms & conditions of which are, prima facie, not prejudicial to the interest of the company. Maximum amount outstanding during the year and year end balance of such loans are Rs. 37.92 Lacs. There are no other loans, secured or unsecured loan, from companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956.
 - (b) In respect of the above unsecured loans, the company is regular in repayment of the principal amount and interest due thereon as per the terms of the acceptance. There are no overdue amounts at the year end.
 - (c) 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.
 - (d) The maximum amount outstanding during the year is Rs. 5411.54 Lacs and year end balances of such loans are Rs. 746.14 Lacs. In our opinion, the rate of interest and other terms & conditions of such loan are, prima facie, not prejudicial to the interest of the company.
 - (e) In respect of the aforesaid loans, the Companies were regular in payment of interest. We are explained that these loans are repayable on demand and, therefore, there are no overdue amounts at the year end.
 4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
 5. (a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of opinion that transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
-

- (b) In our opinion and according to the information and explanations given to us, the transactions with parties, with whom transactions exceeding the values of Rupees Five Lacs in respect of each party have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time where such market prices are available.
6. In our opinion and according to explanation and information given to us, the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975 have been complied with in respect of fixed deposits accepted from the public.
7. In our opinion, the Company has an in-house internal audit system commensurate with the size & 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) In our opinion and according to the information and explanations given to us, according to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 30th September, 2008.
- (b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Wealth Tax and Income Tax which have not been deposited on account of any dispute, except the following in respect of disputed Excise duty, Sales tax, Service tax, Custom Duty, Cess and Entry tax along with the forum where dispute is pending:

Name of Statute	Nature of dues	Forum where dispute is pending	Amount in (Rs in lacs)
Central Excise Act	Excise Duty	2 nd appeal with the Customs	47.63
		Commissioner(Appeal),Gurgaon	12.49
		Commissioner Appeal,New Delhi	0.26
		Hon'ble High Court,Allahabad	8.00
	Service Tax	Commissioner (Appeal), Service Tax, Meerut.	6.00
Sales Tax Act	Sales Tax	Appellate/Revisionary Authority-Upto Commissioner's Level	143.23
		Appellate Authority- Tribunal, West Bengal	245.00
		Hon'ble High court, Allahabad	6.26
		Sales Tax Tribunal,Orissa	31.02
		JECT, (Appeals), Muzaffarnagar	130.84
		Dy. Excise & Taxation Commissioner Cum Taxation Authority,Yamunanagar	50.06
		Work Contract Tax	Assessing Authority, Maharashtra
Haryana State Pollution Control Law	Water Cess	Hon'ble Punjab & Haryana High Court	56.67

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. The Company has given guarantees against loans taken by its subsidiaries from banks & financial institutions; the terms & conditions of such guarantees are not, prima facie, prejudicial to the interest of the company. There are no guaranties outstanding at the year end.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where the lenders have stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the company, the funds raised by the Company on short-term basis have not been applied for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any secured debentures during the year nor there are any secured debentures outstanding at the year end.
20. The Company has not raised any money by way of 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, we have found from the internal audit report and bank reconciliation statement a case of embezzlement of funds of Rs. 8.35 lacs by an employee of the contractor out of which Rs. 1.47 lacs has since been recovered. Apart from this we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For S. S. Kothari Mehta & Co.
Chartered Accountants

(Arun K. Tulsian)
Partner

Membership No. 089907

Place: Noida
Dated: 30th December, 2008

BALANCE SHEET AS AT 30th September, 2008

(Rs. in Lacs)

	Schedule No.	As At 30.09.2008	As At 30.09.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	28,939.79	26,376.99
		<u>29,676.74</u>	<u>27,113.94</u>
Loan Funds			
Secured Loans	C	19,805.31	5,981.13
Unsecured Loans	D	3,558.18	2,606.72
		<u>23,363.49</u>	<u>8,587.85</u>
Deferred Tax Liability (Net)			
[Refer note 11. b) on Schedule IX and note 4 on Schedule X]		656.56	-
TOTAL		<u>53,696.79</u>	<u>35,701.79</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	33,049.12	19,710.28
Less Depreciation		10,367.25	8,339.20
Net Block		<u>22,681.87</u>	<u>11,371.08</u>
Capital Work in Progress		1,453.95	3,456.85
		<u>24,135.82</u>	<u>14,827.93</u>
Investments	F	8,044.20	8,058.77
Deferred Tax Assets (Net)		-	52.69
[Refer note 11. b) on Schedule IX and note 4 on Schedule X]			
Current Assets, Loans and Advances			
Inventories	G	36,829.85	22,445.71
Sundry Debtors	H	43,918.03	26,137.05
Cash & Bank balances	I	1,646.95	1,056.16
Other Current Assets	J	48.39	20.55
Loans & Advances	K	8,816.71	11,680.73
		<u>91,259.93</u>	<u>61,340.20</u>
Less: Current Liabilities and Provisions			
Current Liabilities	L	61,989.72	39,894.81
Provisions	M	7,753.44	8,682.99
		<u>69,743.16</u>	<u>48,577.80</u>
Net Current Assets		<u>21,516.77</u>	<u>12,762.40</u>
TOTAL		<u>53,696.79</u>	<u>35,701.79</u>
Statement on Significant Accounting Policies	IX		
Notes to Accounts	X		

As per our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

For S.S. Kothari Mehta & Co.
Chartered AccountantsSanjay Kumar
Sr. Manager (Accounts)Kishore Chatnani
Vice President (Finance & Accounts)Arun K. Tulsian
Partner
Membership No. 089907S.K. Khorana
Executive Director & Company SecretaryAditya Puri
Managing Director

Place:- Noida

Vinod K. Nagpal
Director

Dated: 30th December, 2008

PROFIT AND LOSS ACCOUNT For the year ended 30th September, 2008

(Rs. in Lacs)

	Schedule No.	Year ended 30.09.2008	Year ended 30.09.2007
INCOME			
Sale, Services and related Income	I	136,380.39	120,386.53
Less : Excise duty		7,409.67	6,817.65
Net sales		128,970.72	113,568.88
Other income	II	1,282.34	2,031.33
Profit from Farm Operations	III	0.25	4.42
Increase/ (Decrease) in stock of Finished goods and Work-in-progress	IV	10,638.37	(1,383.04)
TOTAL		140,891.68	114,221.59
EXPENDITURE			
Cost of goods purchased for resale (Refer note 14 of Schedule X)		54,410.83	54,778.81
Manufacturing expenses	V	52,946.82	33,010.85
Employee cost	VI	9,815.02	7,259.40
Administration & Selling expenses	VII	13,840.57	6,243.18
Interest and Financial Charges	VIII	2,918.14	859.31
Depreciation		2,138.08	1,348.51
TOTAL		136,069.46	103,500.06
Profit / (Loss) for the year before tax		4,822.22	10,721.53
Provision for tax			
- Current tax ((including Wealth Tax) - (Refer note 11.a) on Schedule IX)		1,265.00	3,615.00
- Deferred tax ((Refer note 11.b) on Schedule IX and note 4 on Schedule X)		709.25	25.37
- Fringe Benefit Tax ((Refer note 11. a) on Schedule IX)		112.73	90.00
Profit / (Loss) after tax		2,735.24	6,991.16
Balance in Profit & Loss account brought forward from last year		14,187.58	8,808.62
Amount available for appropriation		16,922.82	15,799.78
Proposed Dividend		147.39	736.95
Corporate Dividend Tax		25.05	125.25
Transferred to General Reserve		300.00	750.00
Balance carried to Balance Sheet		16,450.38	14,187.58
Basic & Diluted Earnings Per Share (Rs.) (Refer Note 9 on Schedule X)		46.74	95.21

Statement on Significant Accounting Policies IX
Notes to Accounts X

As per our report of even date.

**The Schedules referred to above form an
integral part of the Profit & Loss Account**

For S.S. Kothari Mehta & Co.
Chartered Accountants

Sanjay Kumar
Sr. Manager (Accounts)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

Place:- Noida

Dated: 30th December, 2008

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'A'	As at 30.09.2008	As at 30.09.2007
SHARE CAPITAL		
Authorised :		
85,00,000 shares of Rs.10/- each (Previous year 85,00,000 shares of Rs.10/- each)	850.00	850.00
Issued, Subscribed and paid up :		
73,69,540 Equity Shares of Rs.10/- each (Previous year 73,69,540 Equity shares of Rs. 10/- each)	736.95	736.95
	736.95	736.95

Notes:

1. The above shares include Equity Shares of Rs. 10/- each allotted without payment of cash in earlier years as under :

	Equity Shares (Nos.)	Equity Shares (Nos.)
Bonus shares by Capitalisation of Reserves	62,51,910	62,51,910
Under Schemes of Amalgamation of		
- Indian Sugar and General Engineering Corporation Limited (since dissolved)	69,770	69,770
- Isgec John Thompson Limited (since dissolved)	70	70
- Uttar Pradesh Steels Limited (since dissolved)	9,270	9,270
Compensatory shares to Promoter shareholders in extinguishment of their right to additional dividend	30,100	30,100

2. 40 Equity Shares of Rs. 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.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

**Schedule 'B'
RESERVES AND SURPLUS**

	As At 01.10.2007	(Rs. in Lacs)			As At 30.9.2008
		Additions	Deductions		
Capital Reserve	0.01 (0.01)	-	-		0.01 (0.01)
Capital Redemption Reserve	1.58 (1.58)	-	-		1.58 (1.58)
Share Premium	450.22 (450.22)	-	-		450.22 (450.22)
Export Allowance Reserve	6.50 (6.50)	-	-		6.50 (6.50)
General Reserve	11731.10 (10981.10)	300.00 (750.00)	-		12,031.10 (11731.10)
Profit and Loss Account Balance	14,187.58 (8808.62)	16,450.38 (14187.58)	14,187.58 (8808.62)		16,450.38 (14187.62)
	26,376.99 (20248.03)	16,750.38 (14937.58)	14,187.58 (8808.62)		28,939.79 (26376.99)

Note :

Previous year figures are indicated in parenthesis.

	(Rs. in Lacs)	
	As at 30.09.2008	As at 30.09.2007
Schedule 'C' SECURED LOANS (Refer note 9 on Schedule IX)		
From Banks :		
Cash Credit Accounts (Refer note 1)	15,591.97	2,697.13
Buyer's Credit (Refer note 1&3)	141.64	-
External Commercial Borrowings (Refer note 2 &3)	4,071.70	3,284.00
	19,805.31	5,981.13

Note :

1. Secured by pledge/hypothecation of inventories and by a charge on book debts & other assets of the company.
2. Secured by Pari Passu first charge on the fixed assets of unit at Dahej, Gujarat, both present & future.
3. Amount repayable within one year Rs.962.64 lacs (Previous Year Rs. 410.50 lacs)

**Schedule 'D'
UNSECURED LOANS**
(Refer note 9 on Schedule IX)

Fixed Deposits (Refer note below)	3,558.18	2,606.72
	3,558.18	2,606.72

Note :

Include deposits received from Directors Rs.37.92 lacs (Previous Year Rs. 37.92 lacs).

**Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008
Schedule 'E'**

FIXED ASSETS (Refer Notes 3, 4, 9, 10 & 12 on Schedule IX and note 3a, 13 & 15 on Schedule X)

Particulars	COST			DEPRECIATION		NET BLOCK		
	As at 1st Oct., 2007	Additional/ Transfers during year	Deductions during the year	As at 30th Sept., 2008	Upto 30.09.2007	During the year Adjustment on Deduction	As at 30th Sept., 2008	As at 30th Sept., 2007
Land (Free Hold)	284.36	92.13		376.49			376.49	284.36
Land (Lease Hold)	705.08	2052.47		2757.55	33.10	59.02	2665.43	671.98
Buildings and Roads	3793.31	5499.22	1.83	9290.70	1268.12	380.93	7642.15	2525.19
Plant and Machinery	11723.50	4957.53	53.52	16627.51	5449.55	1135.76	10083.00	6273.95
Furniture & Fixtures	644.75	214.40	2.46	856.69	370.82	89.74	398.53	273.93
Vehicles	622.87	193.60	58.27	758.20	265.95	118.27	409.82	356.92
Railway Siding and Tramway Lines	1.49			1.49	1.49			
Office equipments	1472.76	269.63	34.17	1708.22	890.12	245.25	603.46	582.64
Live Stock	0.03			0.03			0.03	0.03
INTANGIBLE ASSETS								
- Software	341.04	98.13		439.17	51.64	79.21	308.32	289.40
- Technical Know-how	121.09	111.98		233.07	8.41	30.02	194.64	112.68
Total :	19710.28	13489.09	150.25	33049.12	8339.20	2138.20	22681.87	11371.08
Capital work in progress							1453.95	3456.85
Previous Year	15911.52	4004.11	205.35	19710.28	7146.16	1353.07	24135.82	14827.93

Notes :

- Freehold agricultural land in village Nara, Uttar Pradesh, measuring 60 Bighas, 11 Bissa & 8 Biswanse in the company's possession declared surplus by local authorities is being contested by the company.
- Addition during the year in leasehold land is pending registration in favour of the company.
- Depreciation during the year includes Rs.0.01 lacs (previous year Rs. 4.44 Lacs) taken under pre-operative expenses.
- Capital work in progress includes pre-operative expenses amounting Rs. 17.45 lacs (previous year Rs. 247.41 lacs) and capital advance Rs. 448.58 lacs (previous year Rs. 591.19 Lacs)
- Figures have been regrouped wherever necessary.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'F'	As at 30.09.2008	As at 30.09.2007
INVESTMENTS (Refer note 6 on Schedule IX)		
NON TRADE		
Long Term, At Cost		
Subsidiary Company (unquoted) :		
19,99,900 (Previous year 19,99,900) Equity Shares of Rs.10/- each fully paid up of Isgec Covema Limited	199.99	199.99
1,00,000 (Previous Year 1,00,000) Equity Shares of Rs.10/-each fully paid up of Isgec Exports Limited	10.00	10.00
70,99,900 (Previous Year 70,99,900) Equity Shares of Rs.10/- each of Saraswati Sugar Mills Limited	7,009.99	7,009.99
50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each of ISGEC Engineering & Projects Ltd	5.00	5.00
Joint Venture:		
Unquoted :		
80,13,362 (Previous year 80,13,362) Equity Shares of Rs. 10/- each of ISGEC Haco Metal Forming Machinery Pvt. Ltd.	801.34	801.34
Other Company:		
Quoted:		
2500 (Previous Year 2500) Equity Shares of Rs.10/- each fully paid up of Haryana Oxygen Limited	0.25	0.25
Less : Provision for diminution in the value of Investment	(0.25)	(0.25)
Market value of the investment Nil (Previous year Nil)		
5643 (Previous Year 5643) Equity Shares of Rs. 10/- each of Reliance Petroleum Ltd	3.38	3.38
Market Value as on 30.9.08 Rs. 8.09 lacs (previous year Rs. 8.66 lacs).		
872 (Previous Year Nil) Equity Shares of Rs. 10/- each of Reliance Power Ltd	2.46	-
Market Value as on 30.9.08 Rs. 1.34 lacs (previous year Nil).		
Current, At Cost		
Mutual Funds:		
SBI Magnum Institutional Income Fund (Nil (Previous year 126926.21) units of Rs. 10 each))	-	12.73
SBI - SHF- Liquid Plus Institutional Plan ((65192.105 (Previous year Nil) units of Rs. 10 each))	6.52	-
SBI Magnum Insta Cash Fund ((1612.861 (Previous year 1513.026) units of Rs. 10 each))	0.27	0.25
ICICI Prudential Institutional Liquid Plan (Nil (Previous year 160846.634) units of Rs. 10 each))	-	16.09
Kotak India Growth Fund -II (Partly Paid) ((175 (Previous year Nil) units of Rs. 100,000/- each)) (Refer note 3(b) on Schedule X)	5.25	-
	8,044.20	8,058.77
Aggregate Book Value of Investments :		
Unquoted	8,038.36	8,055.39
Quoted	5.84	3.38
	8,044.20	8,058.77

Note: For sale and purchase of Mutual Fund investment during the year refer Note 12 of Schedule 'X'.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs in Lacs)	
Schedule 'G'	As at 30.09.2008	As at 30.09.2007
INVENTORIES (As taken, valued & certified by the management) (Refer note 2 on schedule IX)		
Raw Materials (including in transit Rs 861.75 lacs Previous year Rs. 643.96 lacs)	12,523.61	10,709.73
Stores and Spare Parts (including in transit Rs Nil lacs Previous year Rs. 66.81 Lacs)	2,789.42	1,503.96
Work-in-Progress :		
a) Engineering goods	18,591.25	8,462.57
b) Ingots and Steel Castings	2,102.65	1,355.30
Standing Crops	4.78	5.44
Finished Stock :		
- Ingots and Steel Castings	69.85	307.51
- Finished/Trading goods in transit	748.29	101.20
	<u>36,829.85</u>	<u>22,445.71</u>

Schedule 'H'

SUNDRY DEBTORS

(Refer note 7 on Schedule IX and note 1(d) on Schedule X)

(Unsecured)

Debts outstanding for a period exceeding
six months

- considered good	6,249.80	3,770.60
- considered doubtful	10.40	231.37
Other Debts - Considered good	37,668.23	22,366.45
	43,928.43	26,368.42
Less : Provision for doubtful debts	10.40	231.37
	<u>43,918.03</u>	<u>26,137.05</u>

Notes:

Debtors include amount due from subsidiary companies:

a) Saraswati Sugar Mills Ltd.	293.29	279.67
b) Isgec Covema Ltd.	-	27.45

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

(Rs in Lacs)

	As at 30.09.2008	As at 30.09.2007
Schedule 'I'		
CASH AND BANK BALANCES		
(Refer note 7 on schedule IX)		
Cash in hand	14.49	18.13
Cheques in hand	583.58	68.03
Balances with Scheduled Banks in:		
Current Accounts	534.29	561.37
Unclaimed Dividend Accounts	44.35	31.09
Term Deposits	30.98	85.20
(including pledged with Govt. authorities Rs. Nil lacs (previous year 0.30 lacs))		
Margin Money with Banks	439.26	292.34
(against bank guarantees and letter of credit issued by bank).		
	1646.95	1056.16
Schedule 'J'		
OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest accrued but not due on Term Deposits	48.39	20.55
	48.39	20.55
Schedule 'K'		
LOANS AND ADVANCES		
(Refer note 7 on Schedule IX)		
(Unsecured, except to the extent stated & Considered Good)		
Security Deposits	301.31	264.00
Advances recoverable in cash or in kind or for value to be received	6,482.37	4,765.56
Loan to subsidiary companies	746.14	5,726.05
Balance with Excise and Customs	1,286.89	925.12
	8,816.71	11,680.73
Note:		
Detail of Loan to subsidiary companies		
1. Saraswati Sugar Mills Ltd. (Maximum amount due during the year)	404.09 (4399.58)	4399.58 (5129.15)
2. Isgec Covema Ltd. (Maximum amount due during the year)	342.05 (1011.96)	596.90 (596.90)
3. Isgec Exports Ltd. (Maximum amount due during the year)	- -	729.57 (729.57)
Detail of Advances to subsidiary companies		
1. Saraswati Sugar Mills Ltd. (Maximum amount due during the year)	105.43 (105.43)	30.43 (30.43)
2. Isgec Covema Ltd. (Maximum amount due during the year)	481.53 (502.42)	25.34 (25.34)
3. Isgec Exports Ltd. (Maximum amount due during the year)	748.16 (748.16)	10.19 (10.19)

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

Schedule 'L'	(Rs. in Lacs)	
	As at 30.09.2008	As at 30.09.2007
CURRENT LIABILITIES		
(Refer note 7 on Schedule IX)		
Sundry creditors (Refer note 5 on schedule X)	30,343.11	14,500.73
Advances from customers	30,209.03	23,739.40
Investor Education and Protection Fund		
Unpaid dividends	44.35	31.09
Unpaid Matured Deposits	15.53	62.40
Interest accrued on the above	2.43	9.93
Other liabilities	916.31	1,388.97
Security and other deposits	6.45	3.44
Interest accrued but not due on loans	452.51	158.85
	61,989.72	39,894.81

Note:

- 1 Sundry Creditors include:
 - a) Balance in Director's Current Account Rs 0.14 Lacs (Previous year Rs. 0.60 lacs). Maximum amount outstanding during the year Rs. 2.38 lacs (Previous year Rs.1.51 lacs).
 - b) Rs. 111.61 lacs (Previous year 1129.32 lacs) payable as commission to directors.
- 2 Amounts under Investor Education and Protection Fund are not due for deposit.

Schedule 'M'
PROVISIONS

[Refer notes 8(c), 8(d), 11 (a) and 13 on Schedule IX and note 6(b) & 14 on Schedule X]

Provision for Taxation :

a) Provision for Income Tax	790.06	2789.55	
Less : Advance Tax & TDS	927.60	1232.62	
	(137.54)	1,556.93	
b) Provision for Fringe Benefit Tax (Net of advance payment Rs.50 lacs, (Previous Year Rs. 41 lacs)	3.47	13.78	
c) Provision for Tax on Proposed Dividend	25.05	125.25	1,695.96
Provision for Leave encashment	548.12		387.75
Provision for Pension	1,664.78		1,475.53
Provision for performance warranties/ after sales service	5,502.17		4,386.80
Proposed Dividend	147.39		736.95
	7,753.44		8,682.99

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs in Lacs)		
Schedule 'I'	Year ended	Year ended	Year ended
	30.09.2008	30.09.2007	30.09.2007
SALE, SERVICES AND RELATED INCOME			
[Refer note 5 on Schedule IX]			
Sale of Engineering goods	133,037.17	118,998.42	
Sale of scrap and waste	839.43	393.90	
Erection, Commissioning and other receipts	1,994.74	899.45	
Export Incentives	509.05	94.76	
	<u>136,380.39</u>	<u>120,386.53</u>	
 Schedule 'II'			
OTHER INCOME			
[Refer note 5 and 7 on Schedule IX]			
Dividend Income from Investments			
Subsidiaries	-	-	
Others	22.60	88.91	88.91
Interest			
((includes TDS Rs. 64.27 lacs (Previous year Rs.66.99 lacs))			
- On Loan to Subsidiary Companies	207.98	233.74	
- Others	117.13	86.05	319.79
Sundry balances written back	23.54	72.12	
Excess provision of earlier years written back (includes provision for doubtful debts written back Rs. 191.27 Lacs (previous year Rs.26.57 lacs))	706.82	286.57	
Profit on sale of fixed assets	32.93	15.74	
Profit on sale of investment (Refer note No. 12 on Schedule X)	-	16.58	
Profit on sale of stores		5.88	
Insurance Claim Receipts	3.78	24.79	
Foreign Exchange fluctuation (net)	-	1,086.85	
Miscellaneous income.	167.56	114.10	
	<u>1,282.34</u>	<u>2,031.33</u>	

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

(Rs in Lacs)

Schedule 'III'	Year ended 30.09.2008	Year ended 30.09.2007
PROFIT FROM FARM OPERATIONS		
Income:		
Sale of Farm Produce [including Farm Produce worth Rs.0.01 lacs (previous year Rs. 0.04 lacs) at selling price used by Farm as seed and live stock maintenance]	6.39	10.60
Other Income	0.05	0.01
	6.44	10.61
EXPENDITURE:		
Salaries, Wages and Bonus	3.27	3.41
Cultivation Expenses	1.76	1.65
Miscellaneous Expenses	0.30	0.22
Repairs and Maintenance of Machinery and tractors	0.09	0.04
Repairs to Building	-	0.01
Depreciation	0.11	0.12
	5.53	5.45
(Increase)/Decrease in stock	0.66	0.74
	6.19	6.19
Profit carried to Profit and Loss Account	0.25	4.42

Schedule 'IV'

INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS (Refer note 2 on Schedule IX)

Closing Stock :		
Finished Goods	69.85	307.51
Work-in-progress	20,693.90	9,817.87
	20,763.75	10,125.38
Less: Opening Stock:		
Finished Goods	307.51	182.01
Work-in-progress	9,817.87	11,326.41
	10,125.38	11,508.42
Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	10638.37	(1383.04)

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs in Lacs)	
Schedule 'V'	Year ended 30.09.2008	Year ended 30.09.2007
MANUFACTURING EXPENSES		
(Refer note 14 on Schedule X)		
Raw materials & components	40,483.44	25,254.75
Consumption of stores and spares	5,240.43	3,645.09
Power & fuel	1,295.87	1,200.15
Other expenses	5,993.18	2,844.29
Excise duty on account of increase/(decrease) in stock of finished goods	(66.10)	66.57
	<u>52,946.82</u>	<u>33,010.85</u>

Schedule 'VI'

EMPLOYEE COST

[Refer note 8 on schedule IX and 6 on schedule X]

Salaries, wages & bonus	8,644.16	6,321.56
Contribution to provident and other funds	892.31	752.10
Workmen and staff welfare expenses	278.55	185.74
	<u>9,815.02</u>	<u>7,259.40</u>

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs in Lacs)	
Schedule 'VII'	Year ended 30.09.2008	Year ended 30.09.2007
ADMINISTRATION AND SELLING EXPENSES		
(Refer note 7 on Schedule IX and 10 & 11 on Schedule X)		
Rent	105.79	60.81
Insurance	131.56	115.96
Rates and taxes	155.49	98.34
Royalty	514.33	129.88
Electricity and water charges	87.82	67.39
Repair & Maintenance of :		
- Buildings	314.69	223.63
- Plant & Machinery	250.34	139.41
- Others	26.69	18.52
Travelling Expenses	1,543.61	1,198.90
Donation	11.14	6.32
Office and miscellaneous expenses *	1,957.74	1,504.38
Managerial remuneration	532.98	1,208.99
Directors' commission / fee	1.80	1.85
Packing, forwarding and transportation expenses	901.26	850.45
Commission to selling agents and others	1,776.39	494.28
Rebate and discount	56.56	50.94
Bad debts written off	219.02	62.06
Loss on assets sold / written off	6.25	8.52
Loss/provision on sales/disposal/diminution/ in value of Investments/Stores	-	2.55
Foreign Exchange Fluctuation (net)	5,247.11	-
	<u>13,840.57</u>	<u>6,243.18</u>

* Includes provision made for doubtful debts Rs.Nil (Previous Year Rs. 165 .25 lacs)

Schedule 'VIII'

INTEREST AND FINANCIAL CHARGES

[Refer note 9 on Schedule IX]

Fixed Deposits	338.33	207.73
Term Loans from banks	219.46	-
Other Loans/ Working Capital borrowings	1,365.25	71.22
Bank Charges	995.10	580.36
	<u>2,918.14</u>	<u>859.31</u>

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

Schedule 'IX'

Statement on Significant Accounting Policies

1 Basis of Accounting

The Financial Statements of the Company are prepared under the Historical Cost Convention and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India. The Company follows mercantile system of accounting and recognises income & 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.

2 Inventories

Raw materials and stores & spares are valued at the lower of cost or net realisable value, cost being calculated on weighted average basis.

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 manufacturing and administrative overheads. Value of finished stock is inclusive of excise duty.

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.

3 Fixed Assets

a) Tangible Assets.

Fixed 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 issued by The Institute of Chartered Accountants of India.

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

The assets are amortised over a period not exceeding ten years on a straight line basis.

4 Depreciation

Depreciation is provided on fixed assets at the rates 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 at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing less than Rs.5,000/- are fully depreciated in the year of their acquisition.

5 Revenue Recognition

Revenue is recognised in case of traded & manufactured products on despatch of goods from the factory 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 amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

6 Investments

Long term investments are valued at cost. Provision is made when in the opinion of management diminution in value is other than temporary in nature. Current investments are valued at lower of cost or market/fair values.

7 Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Profit/Loss on account of exchange fluctuation is accounted for at the time of actual receipt/payment.

Current Assets and Current Liabilities recoverable / payable in foreign currency are restated at the exchange rate prevailing at the year end and the net gain/loss is adjusted in the profit and loss account. In case of forward exchange contracts, the differences between forward exchange rate & exchange rate at the date of transaction are treated as income or expenses over the life of the contract.

8 Employee Retirement Benefits

As per AS 15 (revised) issued by Institute of Chartered Accountants of India, the provision for employee benefit is charged on accrual basis as under:

a) Provident Fund :

The Company operates a Provident Fund Trust for its employees where contributions are deposited 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 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 Company's pension scheme is accounted for on accrual basis.

9 Borrowing Costs

Borrowing costs attributable to acquisition, construction or production of a qualifying asset is capitalised as a part of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

10 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.

11 Taxation

Tax Expense/(Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year in accordance with Accounting Standard- 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and measured at the tax rates that have been enacted or substantially enacted by the balance sheet date.

a) Current Year Charge & Fringe Benefit Tax

Provision for taxation for the company's financial year ended September 30th, 2008, being different from tax year, which is financial year, has been determined based on the results for the six months ended March, 2008 (Assessment Year 2008-09) based on actual tax return filed and for the six months ended September 2008 (Assessment Year 2009-10) based on result for the period. The ultimate liability for the Assessment Year 2009-10 however will be determined on the total income of the Company for the year ending March 31, 2009.

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" issued by the Institute of Chartered Accountants of India, 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.

12 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 generating unit and from its disposal at the end of its useful life.

13 Provisions, Contingent Liabilities & Contingent Assets

Provision for future contingencies and liquidated damages is considered, where applicable. 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.
- 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.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2008

Schedule 'X'

Notes to Accounts

1. Contingent Liabilities :

- a) Claims against the Company not acknowledged as debts (including sales tax under dispute) Rs. 788.41 Lacs (Previous year Rs. 715.76 lacs).
- b) Guarantees furnished by the bankers on behalf of the Company for Rs. 43,253.70 lacs.* (Previous year Rs. 27,156.97 lacs) and counter indemnity furnished by the Company to bankers for the same amount.
*Includes Performance Bank Guarantees given on behalf of subsidiary company Isgec Covema Limited Rs 183.04 lacs (Previous year Rs. 191.32 lacs).
- c) C Forms due against Sales Tax for the Assessment Years 2004-05 to 2007-2008 of Rs.600.92 lacs (Previous year Rs.2,280.19 lacs).
- d) Bills discounted with Banks / Financial Institutions outstanding at the year end Rs.267.99 lacs (Previous year NIL)
- e) The bonds executed in favour of President of India against EPCG licence Rs. 996.08 lacs (Previous year Rs. 410.46 lacs)

2. Letters of credit outstanding at year end Rs. 9,143.58 lacs (Previous Year Rs. 8,769.57 lacs).

3. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 1831.84 lacs (Previous year Rs. 4,753.68 lacs).

b) Liability on account of partly paid units of Kotak India Growth Fund – II Rs. 169.75 (Previous year nil).

4. 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 :

(Rs. in Lacs)

Element of Deferred Tax	As at October 1, 2006	Credit / (Charge) during the year	As at October 1, 2007	Credit / (Charge) during the year	As at Sept.30, 2008
Depreciation	(506.54)	(150.80)	(657.34)	(819.46)	(1476.80)
Other Timing Differences	584.60	125.43	710.03	110.21	820.24
Net Deferred Tax	78.06	(25.37)	52.69	(709.25)	(656.56)

5. Micro, Small and Medium Enterprises:-

The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any, relating to the amount unpaid as at the year end together with interest paid and or payable as required under the said Act have not been given. In previous year the dues to Small Scale Industrial Undertaking are Rs. 838.79 lacs.

6. Employee Benefits:

During the year company has adopted the AS-15 (Revised) Employee Benefits issued by Institute of Chartered Accountants of India, the disclosure requirements of the revised standard are given as under:

a. Defined Contribution Plan:

The Company has recognised, in the profit and loss account for the current year, an amount of Rs.525.39 Lacs as expenses under the following defined contribution plans:

	(Rs. in Lacs)
Provident Fund	440.67
Employees State Insurance	84.72

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:-

Description	Gratuity Funded	Leave Encashment Non-funded
(Rs. In Lacs)		
i. Change in Present value of obligation		
a. Present Value of Obligation as at 01.10.2007	1591.02	387.75
b. Interest cost	127.28	31.25
c. Current Service Cost	124.10	111.79
d. Benefits paid	(85.12)	(120.73)
e. Actuarial (gain) / loss	36.01	138.06
f. Present Value of Obligation as at 30.09.2008	1793.29	548.12
ii Change in the Fair Value of Plan Assets		
a. Fair Value of Plan Assets as at 01.10.2007	1518.35	Not applicable
b. Expected Return of Plan Assets	121.47	—
c. Contributions	328.02	—
d. Benefits Paid	(85.13)	—
e. Actuarial Gain / (Loss) on Plan Assets	35.76	—
f. Fair Value of Plan Assets as at 30.09.2008	1918.47	—
iii. Reconciliation of Fair Value of Assets and Obligations		
a. Fair Value of Plan Assets as at 30.09.2008	1918.47	—
b. Present Value of Obligation as at 30.09.2008	1793.29	548.12
c. Amount recognised in the Balance Sheet	125.18	(548.12)
iv Expenses recognised in the Profit & Loss		
a. Current Service Cost	124.10	111.79
b. Interest Cost	127.28	31.25
c. Expected Return on Plan Assets	(121.47)	0.00
d. Actuarial (Gain) / Loss	0.25	138.06
e. Expenses recognised in the Profit & Loss	130.16	281.10
v Assumptions		
a. Discount Rate (per annum)	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(per annum)	8.00%	0.00%
c. Rate of Escalation in Salary (per annum)	5.50%	5.50%

Prior to the adoption of revised AS-15 premium was paid as per actuarial valuation done by LIC in respect of the Group Gratuity Cum Life Assurance policy taken by the Trust for all the employees. The liability for gratuity is recognised in the balance sheet for the first time. Due to which corresponding recognition of liability is accrued in profit & loss account.

7. Segment Reporting

The Company has only one segment of Engineering Business identified in accordance with guiding principles enunciated in Accounting Standard AS-17 'Segment Reporting' issued by the Institute of Chartered Accountants of India, hence the segment information is not applicable.

8. 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:-

(a) Nature of Related Parties and description of relationship

Holding Company	None
Subsidiaries	Saraswati Sugar Mills Limited ISGEC Covema Limited ISGEC Exports Limited ISGEC Engineering & Projects Ltd.
Joint Venture	ISGEC Haco Metal Forming Machinery Pvt. Ltd.
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	Mr. Ranjit Puri (Chairman and spouse of Mrs. Nina Puri) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri)

(b) Related Party Transactions

(Rs.in lacs)

Details of transaction	Subsidiaries	Associates and Joint Venture	Entities over which key management personnel can exercise significant influence	Key management personnel	Relatives of Key management personnel	Total
1	2	3	4	5	6	7
Purchase of goods	32.54 (9.94)	-	150.89 (113.54)	-	-	183.43 (123.48)
Sale of goods	690.69 (444.37)	-	-	-	-	690.69 (444.37)
Rendering of services	12.68 (61.80)	-	0.25 (11.69)	-	-	12.93 (73.49)
Services received	1.87 (0.23)	-	-	-	-	1.87 (0.23)
Rent received	NIL (36.00)	-	0.34 (0.34)	-	-	0.34 (36.34)
Rent Paid	-	-	39.10 (32.90)	-	-	39.10 (32.90)
Remuneration to Directors	-	-	-	534.78 *(1208.99)	-	534.78 (1208.99)
Interest paid	-	-	-	1.61 (0.87)	2.33 (1.82)	3.94 (2.69)
Guarantees given on behalf of subsidiaries	183.04 (191.32)	-	-	-	-	183.04 (191.32)
Interest Received	207.98 (233.74)	-	-	-	-	207.98 (233.74)
Amount payable as at year end	-	-	13.02 (6.76)	149.67 (1167.84)	-	162.69 (1174.60)
Amount receivable as at year end:						
ISGEC Covema Ltd	823.58 (624.35)	-	-	-	-	823.58 (624.35)
ISGEC Exports Ltd	748.16 (729.56)	-	-	-	-	748.16 (729.56)
Saraswati Sugar Mills Ltd.	802.81 (4679.25)	-	-	-	-	802.81 (4679.25)
Blue Water Enterprises	-	-	7.53 (7.53)	-	-	7.53 (7.53)
ISGEC Engineering & Projects Ltd	NIL (0.15)	-	-	-	-	NIL (0.15)
Investment as at year end:						
ISGEC Covema Ltd	199.99 (199.99)	-	-	-	-	199.99 (199.99)
ISGEC Exports Ltd	10.00 (10.00)	-	-	-	-	10.00 (10.00)
Saraswati Sugar Mills Ltd	7009.99 (7009.99)	-	-	-	-	7009.99 (7009.99)
ISGEC Haco Metal Forming Machinery Ltd	-	801.34 (801.34)	-	-	-	801.34 (801.34)
ISGEC Engineering & Projects Ltd.	5.00 (5.00)	-	-	-	-	5.00 (5.00)

Note: Previous year figures are indicated in parenthesis.

* Includes for Chairman & Managing Director for part of the year.

9. 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:

	2007-08	2006-07
a) Net Profit / (Loss) available to Equity Shareholders (Rs. in lacs) (after current tax and FBT).	3444.49	7016.53
b) Weighted Average number of equity shares outstanding during the year for the purpose of calculation of Earning Per Share (In lacs)	73.695	73.695
c) Nominal value of Equity Share (In Rs.)	10	10
d) Earning per Share (Rs.)	46.74	95.21

10. Auditor's Remuneration included in misc. expenses.

	(Rs. in Lacs)	
	2007-08	2006-07
Audit Fee	3.50	3.50
Other Certification Work	1.11	0.51
Reimbursement of Expenses	0.79	1.03

11. Managerial Remuneration:

	(Rs. in Lacs)	
	2007-08	2006-07
To the Whole time Directors:		
Salary	31.80	74.59
Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund	8.59	4.44
Other Perquisites	2.09	1.51
Commission	490.50	1128.45
	532.98	1208.99
To Other Directors:		
As Commission	1.00	0.90
As Sitting Fee	0.80	0.95
	1.80	1.85
Total Managerial Remuneration	534.78	1210.84

Calculation as per Section 349 of the Companies Act, 1956 in respect of Managerial Remuneration is as follows:

	(Rs. in lacs)	
	<u>2007-08</u>	<u>2006-07</u>
Profit for the year before tax	4,822.22	10,721.53
Add : Provision for doubtful Debts	-	165.25
Loss on sale of fixed assets	6.25	8.52
	4,828.47	10,895.30
Less: Profit on sale of fixed assets	32.93	15.74
Profit as per Section 349	4,795.54	10,879.56
Add : Managerial Remuneration	42.48	80.54
Commission to Executive Directors	490.50	1,128.45
Commission to non executive directors	1.00	0.91
Directors Sitting Fees	0.80	0.95
Net Profit as per Section 198	5,330.32	12,090.41
Maximum remuneration payable restricted to:		
- Whole time Directors 10% of above	533.03	1,209.04
- Other Directors 1% of above	53.30	120.90

Note : The Company depreciates fixed assets based on estimated useful lives implicit in Schedule XIV of the Companies Act, 1956.

12. Details of investment in Mutual Fund purchased & sold during the year:

Name of the Fund	(Amount in Rs. lacs)			
	<u>Acquired</u>		<u>Sold</u>	
	No.	Amount	No.	Amount
Magnum Institutional Income-SBI	3910.50	0.39	3910.50	0.39
SHF-Liquid Plus-Inst. Plan-SBI	25487256.36	2,550.00	25487256.36	2,550.00
ICICI Super Institutional Daily Div	11067.47	1.11	11067.47	1.11
Grindlays Floating Rate Fund -LT -Standard Chartered	30129083.93	3,014.57	30129083.93	3,014.57

13. As per Accounting Standard, AS - 26, Software Licences and Technical Know How amounting to Rs. 98.13 lacs (Previous Year Rs. 294.70 lacs) and Rs. 111.98 lacs (Previous Year Rs.121.09 lacs) respectively acquired during the year have been capitalised and amortised over estimated useful life of five years.

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

a) Movement for provision for Liabilities:

<u>Particulars</u>	<u>2007-08</u>	<u>2006-07</u>
		(Rs. in lacs)
Opening Balance	4,386.80	2,863.18
Provided for during the year	2,435.22	1,930.40
Used during the year	1,192.43	374.44
Reversed during the year	127.42	32.34
Closing Balance	5,502.17	4,386.80
Timing of outflow/uncertainties	Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.	

b) Provisions made during the year have been accounted for under the head cost of goods purchased for resale for Rs. 2,259.52 lacs (Previous year Rs. 1,810.84 lacs) and manufacturing expenses for Rs.175.70 lacs (Previous year Rs.119.56 lacs).

15. Pre-operative expenses forming part of capital work in progress are as under :-

	<u>2007-08</u>	<u>2006-07</u>
		(Rs. In lacs)
Amount brought forward from last year	247.41	10.23
Add : Expenditure incurred during the year		
Salaries & Wages	76.67	49.84
Depreciation	0.01	4.44
Repair & Maintenance	0.02	0.59
Electricity Expenses	28.75	66.43
Travelling Expenses	9.06	9.15
Bank Charges	0.38	24.64
Professional Fees	25.63	33.72
Interest on Loan	173.09	15.93
Exchange Fluctuations	4.59	5.98
Rates & Taxes	4.35	-
Rent	1.77	2.51
Others	62.57	24.55
Total	<u>634.30</u>	<u>248.01</u>
Less: Capitalized during the year	<u>616.85</u>	<u>0.60</u>
Amount Carried Forward to CWIP	<u>17.45</u>	<u>247.41</u>

16 Particulars of Capacity, Production, Sales and Stocks

Particulars	Installed Capacity	Actual production	Sales		Stock of Finished Goods Produced	
			Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
			Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
ENGINEERING UNITS						
(Refer Note (iii) below)						
(Manufacturing & Contract)						
Components of Sugar Mill plants	-	-	-	458.63 (898.88)	-	-
Steel Structural, iron and steel pipes and agricultural implements	-	68 MT (940MT)	68 MT (940MT)	2132.25 (3465.31)	-	-
Steel forging	-	-	-	-	-	-
C.I. Castings	-	2395 MT (1897 MT)	2395 MT (1897 MT)	-	-	-
Boiler Components for industrial use (including spare parts)	-	-	-	11457.33 (13452.36)	-	-
Mechanical Presses	-	92 Nos. (57 Nos.)	92 Nos. (57 Nos.)	12446.46 (7814.03)	(1 No.)	(32.15)
Chlorine and other liquified gas containers	-	6954 Nos. (7093 Nos.)	6954 Nos. (7093 Nos.)	3577.15 (3661.89)	(280 Nos.)	(128.28)
Hydraulic Presses	-	17 Nos. (15 Nos.)	17 Nos. (15 Nos.)	3399.47 (2181.81)	-	-

A

16 Particulars of Capacity, Production, Sales and Stocks

Particulars	Installed Capacity	Actual production	Sales		Stock of Finished Goods Produced	
			Quantity	Value (Rs.in Lacs)	Opening stock Quantity	Closing stock Value (Rs. in Lacs)
Galvanised Baths	-	NIL	NIL	0	-	-
Pressure vessels, columns and heat exchangers	-	5292 MT (5646 MT)	5292 MT (5646 MT)	20039.16 (13412.98)	-	-
Ingots	-	672.820 MT (537.620 MT)	672.820 MT (537.620 MT)	497.37 (329.96)	-	-
Steel Castings [Refer note (v)]	-	3106.700 MT (3660.551 MT)	2700.420 MT (2470.380 MT)	7307.07 (5746.89)	156.350 MT (18.364 MT)	69.85 (307.51)
Scrap & waste	-	-	-	839.43 (393.90)	-	-
Farm Produce	-	-	-	6.40 (10.60)	-	4.78 (5.44)
Others & inter unit adjustments	-	-	-	7271.47 (3170.55)	-	-

B TRADING

Components of Boilers, sugarplants and other items [Refer note (iv)]	Opening stock (Rs. in lacs)	Purchases (Rs. in lacs)	Sales (Rs. in lacs)	Closing stock (Rs. in lacs)
	101.20 (7.75)	54,410.83 (54,778.81)	64,450.81 (64,863.76)	748.29 (101.20)

- (i) Figures in parenthesis pertain to Previous year.
- (ii) Sales/Purchase include inter-unit transfers to the extent elimination is not practicable.
- (iii) The licenced and installed capacities cannot be given in view of the multifarious activities that can be performed in the machinery installed. Further licencing has been abolished vide notification no. 477(E) of July 25th 1991. The quantum of production during the year depends on product mix.
- (iv) It is not possible to furnish quantitative information in respect of trading operations of the company due to the innumerable number of components involved.
- (v) Including 510.52 MT for own use (previous year 1052.185 MT)

17. Raw Material Consumed:

(Value in Rs. lacs)					
		<u>2007-08</u>		<u>2006-07</u>	
Type of Materials	Units	Quantity	Value	Quantity	Value
Iron and Steel	MT	26656	15,838.14	21311	9,613.01
Non-ferrous	MT	167	141.29	57	140.25
M.S. Scrap	MT	4439.561	932.84	5177.180	1,221.49
Components issued for jobs			23,571.17		14,280.00
Total			40,483.44		25,254.75

18. Imported and Indigenous Raw Material, Spare Parts, Components and Stores Consumed:

(Value in Rs. lacs)					
		<u>2007-08</u>		<u>2006-07</u>	
(a) Raw Materials :	%	Value	%	Value	Value
Imported	41.84	16,939.47	35.36	8,930.48	8,930.48
Indigenous	58.16	23,543.97	64.64	16,324.27	16,324.27
Total	100.00	40,483.44	100.00	25,254.75	25,254.75
(b) Spare Parts (*):					
Imported	2.04	107.03	1.18	43.04	43.04
Indigenous	97.96	5,133.40	98.82	3,602.05	3,602.05
Total	100.00	5,240.43	100.00	3,645.09	3,645.09

* Value includes cost of goods purchased for resale.

19. Value of Imports on C.I.F. Basis:

(Rs. in Lacs)		
	<u>2007-08</u>	<u>2006-07</u>
Raw Materials	16,273.95	8,493.84
Spare Parts	13,19.69	2,278.78
Goods for resale	117.77	193.74
Capital Goods	1,368.91	1,228.13

20. Earnings in Foreign Exchange:

Export of goods and services on F.O.B. basis	36,493.62	14,511.89
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21. Expenditure in Foreign Currency (Cash Basis)

Travelling Expenses	275.53	243.24
Royalty	430.24	109.31
Brokerage & Commission	506.42	241.25
Others	1,260.36	1,707.10

22. Interests in Joint Ventures:

The Company's interests as venturer, in jointly controlled entities (Incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 30 th September, 2008
Isgec Haco Metal Forming Machinery Pvt. Ltd	India	50

The Company's interests in these Joint Ventures are reported as Long Term Investments (Schedule – F) and stated at cost. However, the Company's share of assets, liabilities, income and expenses etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in the Joint Venture are:

		(Rs. in lacs)	
I	ASSETS	As at 31.03.2008	As at 31.03.2007
	a) Fixed Assets	1058.64	206.96
	b) Current Assets, Loans and Advances		
	i) Inventories	145.92	-
	ii) Sundry Debtors	4.14	-
	iii) Cash and Bank Balances	102.86	139.89
	iv) Loans and Advances	71.47	116.55
	v) Other Current Assets	0.22	1.00
	II LIABILITIES		
	a) Current Liabilities	93.02	29.86
	b) Provisions	6.88	3.01
		For the period ended 31.03.2008	For the period ended 31.03.2007
	III INCOME		
	a) Net Sales	24.80	-
	b) Other Income	2.81	8.99
	c) Increase/ (Decrease) in Work in Progress	124.69	-
	IV EXPENSES		
	a) Manufacturing Expenses	134.58	-
	b) Employees Cost	33.80	9.01
	c) Administration and Selling Expenses	20.06	6.42
	d) Interest and Financial Charges	22.26	0.01
	e) Depreciation	34.43	-
	f) Miscellaneous Expenses Written off	4.14	-

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

CASH FLOW STATEMENT For the year ended 30th September, 2008

(Rs. in Lacs)

	30.09.2008	30.09.2007
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	4,822.22	10,721.53
Adjustments for:		
Depreciation	2,138.19	1,348.51
Interest Expense	2,918.14	859.31
Interest Income	(325.11)	(319.79)
Income from Investment - Dividends	(22.60)	(88.91)
(Profit)/Loss on Fixed Assets sold (Net)	(26.68)	(7.22)
Debts / Advances Written off	219.02	62.06
Provision for Bad & Doubtful Debts	(220.97)	138.26
Liability no longer required written back	(730.36)	(358.69)
Provision for Leave Encashment	160.37	66.97
Provision for warranty	1,115.37	1,523.62
Investment written off	-	-
Profit on sale of Investment	-	(16.58)
Pension Provision	189.25	303.86
Foreign Exchange Gain/ Loss		
Any other non cash Item	-	1.21
Operating profit before working capital changes	10,236.85	14,234.14
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(17,779.03)	(8,122.39)
- (INCREASE)/DECREASE in Other Receivables	2,864.02	(1,012.19)
- (INCREASE)/DECREASE in Inventories	(14,384.14)	(5,544.01)
- INCREASE/(DECREASE) in Trade and Other Payables	22,525.85	3,425.68
Cash generated from operations	3,463.55	2,981.23
- Taxes (Paid) / Received (Net of TDS)	(3,082.51)	(2,872.72)
Net cash from operating activities	381.04	108.51
B. Cash flow from Investing Activities		
Purchase of fixed assets	(11,486.19)	(6,768.38)
Proceeds from Sale of fixed assets	66.78	52.53
Profit on sale of Investment	-	16.58
Sale/(Purchase) of Investments	14.57	2,207.68
Deposits with bank	(92.70)	435.16
Dividend Received	22.60	88.91
Interest Received (Revenue)	297.27	305.91
Net cash used in investing activities	(11,177.67)	(3,661.61)

	(Rs. in Lacs)	
	30.09.2008	30.09.2007
C Cash flow from Financing activities:		
Proceeds/(Repayment) from Secured loans	13,824.18	3,998.24
Proceeds/(Repayment) of unsecured loans	951.46	880.68
Interest Paid	(2,631.98)	(902.90)
Dividend & Dividend Tax Paid	(848.94)	(531.09)
Dividend Tax Paid		
Net cash used in financing activities	11,294.72	3,444.93
Net Increase/(Decrease) in Cash & Cash Equivalents	498.09	(108.17)
Cash and cash equivalents as at 30.09.2007	678.62	786.16
Cash and cash equivalents as at 30.09.2008	1,176.71	678.62
 Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	598.07	86.16
Current accounts(dividend account)	44.35	31.09
Balance with Scheduled Banks	534.29	561.37
	1,176.71	678.62

Notes :

- 1** The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 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)
 - Others

As per our report of even date.

For S.S. Kothari Mehta & Co.
Chartered Accountants

Sanjay Kumar
Sr. Manager (Accounts)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place:- Noida
Dated: 30th December, 2008

Vinod K. Nagpal
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	05-00097	State Code	05
Balance Sheet Date	30/09/2008		

II. Capital Raised during the year (Amount in Rs.Lacs)

Public Issue	Rights Issue
NIL	NIL
Bonus Shares	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Lacs)

	Total Liabilities	Total Assets
	53,696.79	53,696.79
Sources of Funds	Paid-up Capital	Reserve & Surplus
	736.95	28,939.79
	Secured Loans	Unsecured Loans
	19,805.31	3,558.18
	Deferred Tax Liability	
	656.56	
Application of Funds	Net Fixed Assets	Investments
	24,135.82	8,044.20
	Net Current Assets	
	21,516.77	

IV. Performance of Company (Amount in Rs.Lacs)

Turnover (Gross Revenue)	Total Expenditure
140,891.68	136,069.46
Profit Before Tax	Profit After Tax
4,822.22	2,735.24
Earning per Share in Rs.	Rate of Dividend
46.74	20%

V. Generic Name of Three Principal product/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	84198910
Product Description	PRESSURE VESSELS
Item Code No. (ITC Code)	84629990
Product Description	MECHANICAL PRESSES
Item Code No. (ITC Code)	84021100
Product Description	BOILERS

For S.S. Kothari Mehta & Co.
Chartered Accountants

Sanjay Kumar
Sr. Manager (Accounts)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

Place:- Noida
Dated: 30th December, 2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1	Name of the subsidiary companies	ISGEC Covema Ltd	ISGEC Exports Ltd	Saraswati Sugar Mills Ltd	ISGEC Engineering & Projects Ltd.
2	Financial year of the subsidiary companies	Year ended 31st March, 2008	Year ended 31st March, 2008	Year ended 30th Sept., 2008	Year ended 30th Sept., 2008
3	Holding Company's interest	Holds 19,99,900 Equity shares of Rs.10 each out of the issued & subscribed equity share capital of 20,00,000 equity shares. (Rs. in Lacs)	Holds 1,00,000 equity shares of Rs. 10 each out of the issued & subscribed equity share capital of 1,00,000 equity shares. (Rs. in Lacs)	Holds 70,99,900 equity shares of Rs. 10 each out of the issued & subscribed equity share capital of 70,99,900 equity shares (Rs. in Lacs)	Holds 50,000 equity shares of Rs.10 each out of issued & subscribed equity share capital of 50,000 equity shares (Rs.in Lacs)
4	Total advances made by the holding company to the subsidiary companies stood as at the close of financial year's ended 31st March, 2008 of Isgec Covema Limited & Isgec Exports Limited and as at the close of financial year ended 30th September 2008	1022.51	744.76	509.52	Nil
5	Net Aggregate amount of subsidiary's Profit/(Losses) so far as they concern members of holding company and not dealt within the holding company's account:				
	i) For subsidiary Financial Year;	10.56	0.15	(268.24)	0.05
	ii) For subsidiary's Previous Financial years since it became subsidiary:	64.64	6.85	2860.12	Nil
6	Net aggregate amount of subsidiary's Profit/(Losses) so far as they concern members of holding company and dealt within the holding company's account.				
	i) For subsidiary Financial Year;	Nil	Nil	Nil	Nil
	ii) For subsidiary's Previous Financial years since it became subsidiary	Nil	Nil	Nil	Nil
7	As the financial year of the subsidiary company does not coincide with the financial year of the holding company, information u/s 212(5) of the Companies Act, 1956 is given below:-				
	a) Is there any changes in the holding company's interest in the subsidiary companies between the end of the financial year of the subsidiary companies and the holding company	No	No	N.A.	N.A.
	b) Is there any material changes which have occurred between the end of financial year of subsidiary companies and end of financial year of holding company				
	i) Fixed Assets of subsidiary company	No	No	N.A.	N.A.
	ii) Investments of subsidiary company	No	No	N.A.	N.A.
	iii) Money lent by the subsidiary company	No	No	N.A.	N.A.
	iv) Total advances made by the holding company as on 30th September, 2008 (end of financial year of holding company) (There is no material change in other borrowing of subsidiary companies)	823.58	748.16	N.A.	N.A.

Sanjay Kumar
Sr. Manager
(Accounts)

Kishore Chatnani
Vice President
(Finance & Accounts)

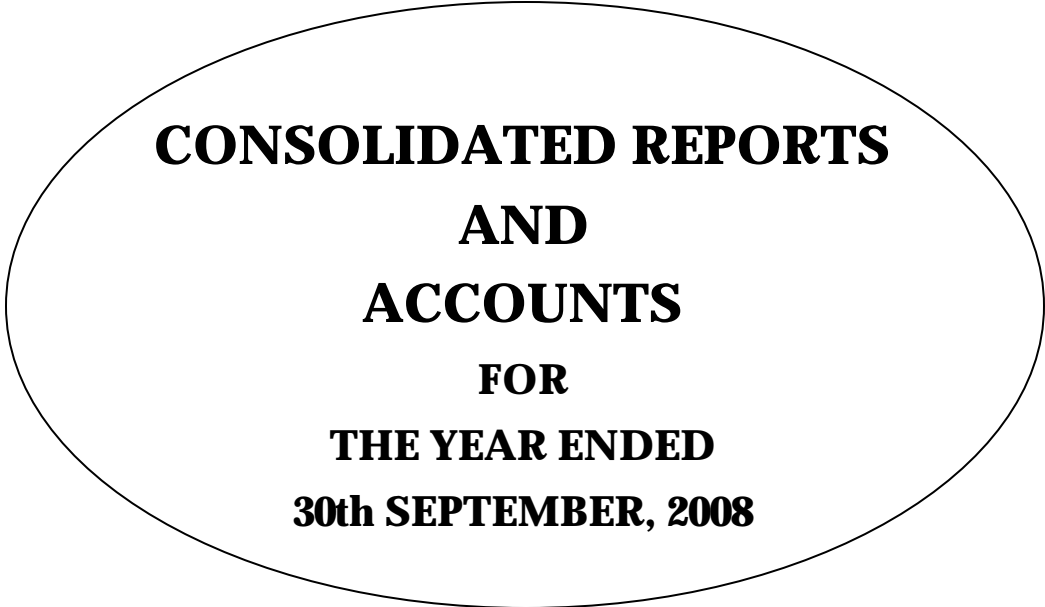
S.K. Khorana
Executive Director &
Company Secretary

Vinod K. Nagpal
Director

Aditya Puri
Managing
Director

Place : Noida

Dated : 30th December, 2008



**CONSOLIDATED REPORTS
AND
ACCOUNTS
FOR
THE YEAR ENDED
30th SEPTEMBER, 2008**

**AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
OF THE SARASWATI INDUSTRIAL SYNDICATE LTD.
AND ITS SUBSIDIARIES**

The Board of Directors,

THE SARASWATI INDUSTRIAL SYNDICATE LTD.

We have audited the attached consolidated Balance Sheet of THE SARASWATI INDUSTRIAL SYNDICATE LTD., its subsidiaries and Joint venture (the SISL group) as at 30th September, 2008, the consolidated Profit and Loss account and the consolidated Cash Flow statement for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These 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.

We did not audit the financial statements of subsidiaries, except Saraswati Sugar Mills Ltd., whose adjusted financial statements reflect total assets of Rs. 3683.96 lacs and total liabilities of Rs. 3343.10 lacs as at 30th September, 2008 and total revenues of Rs.3874.87 lacs and total expenses of Rs. 3784.35 lacs for the year then ended. These financial statements 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 the other subsidiaries, is based solely on the report of the other auditors. Investment in Joint Venture Company (audited by us) has been reported in accordance with Accounting Standard AS-27.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard AS-27 'Accounting for Investment in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of The SISL Group included in the Consolidated Financial Statements.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the 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 SISL Group as at 30th September, 2008;
- b) in the case of Consolidated Profit & Loss account, of the consolidated results of operations of The SISL 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 SISL Group for the year ended on that date.

For S. S. Kothari Mehta & Co.
Chartered Accountants

(Arun K. Tulsian)

Partner

Membership No. 089907

Place : New Delhi

Dated: 30th December, 2008

CONSOLIDATED BALANCE SHEET AS AT 30th September, 2008

		(Rs. in Lacs)	
	Schedule No.	As At 30.09.2008	As At 30.09.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	<u>31,720.15</u>	<u>29,402.75</u>
		<u>32,457.10</u>	<u>30,139.70</u>
Loan Funds			
Secured Loans	C	37,445.11	14,481.88
Unsecured Loans	D	<u>4,925.64</u>	<u>3,788.76</u>
		<u>42,370.75</u>	<u>18,270.64</u>
Deferred Tax Liability(Net) [Refer note 13(b) on Schedule IX and note 7 on Schedule X]		<u>1,437.10</u>	757.85
TOTAL		<u><u>76,264.95</u></u>	<u><u>49,168.19</u></u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	54,248.72	38,471.23
Less Depreciation		<u>16,203.29</u>	<u>13,128.14</u>
Net Block		<u>38,045.43</u>	25,343.09
Capital Work in Progress		<u>2,602.95</u>	4,316.90
		<u>40,648.38</u>	29,659.99
Investments	F	<u>323.33</u>	41.40
Current Assets, Loans and Advances			
Inventories	G	51,474.80	35,570.23
Sundry Debtors	H	47,116.41	28,210.73
Cash & Bank balances	I	3,779.34	2,216.42
Other Current Assets	J	34.52	27.40
Loans & Advances	K	<u>8,686.50</u>	<u>7,320.65</u>
		<u>111,091.57</u>	73,345.43
Less: Current Liabilities and Provisions			
Current Liabilities	L	67,698.21	45,000.88
Provisions	M	<u>8,101.95</u>	<u>8,918.31</u>
		<u>75,800.16</u>	53,919.19
Net Current Assets		<u>35,291.41</u>	19,426.24
Miscellaneous Expenditure(to the extent not written off or adjusted)		-	34.59
Preliminary Expenses		<u>1.83</u>	5.97
TOTAL		<u><u>76,264.95</u></u>	<u><u>49,168.19</u></u>
Statement on Significant Accounting Policies	IX		
Notes to Accounts	X		

**The Schedules referred to above form an
integral part of the Balance Sheet.**

As per our report of even date.

For S.S. Kothari Mehta & Co.
Chartered Accountants

Sanjay Kumar
Sr. Manager (Accounts)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

Place : Noida
Dated: 30th December, 2008

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

	(Rs. in Lacs)	
	As at 30.09.2008	As at 30.09.2007
Schedule 'A'		
SHARE CAPITAL		
Authorised :		
85,00,000 Equity shares (Previous year 85,00,000) of Rs.10/- each	<u>850.00</u>	<u>850.00</u>
Issued,Subscribed and paid up :		
73,69,540 Equity Shares (Previous year 73,69,540) of Rs.10/- each	<u>736.95</u>	<u>736.95</u>
	<u>736.95</u>	<u>736.95</u>

Notes:

1. The above shares include Equity Shares of Rs. 10/- each allotted without payment of cash in earlier years as under :

	Equity Shares (Nos.)	Equity Shares (Nos.)
Bonus shares by Capitalisation of Reserves	62,51,910	62,51,910
Under Schemes of Amalgamation of		
- Indian Sugar and General Engineering Corporation Limited (since dissolved)	69,770	69,770
- Isgec John Thompson Limited (since dissolved)	70	70
- Uttar Pradesh Steels Limited (since dissolved)	9,270	9,270
Compensatory shares to Promotor shareholders in extinguishment of their right to additional dividend	30,100	30,100

- ii) 40 Equity Shares of Rs. 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.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

Schedule 'B'	As At 01.10.2007	Additions	Deductions	(Rs. in Lacs) As At 30.9.2008
RESERVES AND SURPLUS				
Capital Reserve	0.01 (0.01)	-	-	0.01 (0.01)
Capital Redemption Reserve	1.58 (1.58)	-	-	1.58 (1.58)
Share Premium	450.22 (450.22)	-	-	450.22 (450.22)
Export Allowance Reserve	6.50 (6.50)	-	-	6.50 (6.50)
General Reserve	11,919.75 (11,169.75)	300.00 (750.00)	-	12,219.75 (11,919.75)
Profit and Loss Account Balance [Refer note No. 2(c) of Schedule X]	17,024.69 (13,009.43)	19,042.09 (17,024.69)	17,024.69 (13,009.43)	19,042.09 (17,024.69)
	<u>29,402.75</u> (24,637.49)	<u>19,342.09</u> (17,774.69)	<u>17,024.69</u> (13,009.43)	<u>31,720.15</u> (29,402.75)

Note :

Previous year figures are indicated in parenthesis.

Schedule 'C'	As at 30.09.2008	(Rs. in Lacs)	As at 30.09.2007
SECURED LOANS			
(Refer note 10 on Schedule IX)			
From Banks :			
Cash Credit Accounts (Refer Note 1)	28,898.18		10,005.88
Buyer's Credit (Refer Note 1 & 5)	141.64		0.00
Term loan from Banks (Refer Note 2 & 6)	4,333.59		972.81
External Commercial Borrowings (Refer Note 3 & 5)	4,071.70		3,284.00
Other loans			
- From Sugar Development Fund (Refer Note 4)	0.00		219.19
	<u>37,445.11</u>		<u>14,481.88</u>

Notes:-

1. Secured by pledge/hypothecation of inventories & by a charge on book debts & other assets of the Company excluding those mortgaged / charged in favour of the financial institutions.
2. Secured by first mortgage on immovable properties of the Company located at Yamunanagar, both present and 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).
3. Secured by Pari Passu first charge on fixed assets of unit of Dahej, Gujarat, both present & future.
4. Secured by second charge on immovable properties of the company, both present and future and mortgage / hypothecation of movable assets.
5. Amount repayable within one year Rs.962.64 Lacs (Previous year Rs.410.50 Lacs)
6. Term loan of Rs.587.10 Lacs (Previous year Nil) is secured by exclusive charge on fixed assets (present & future), movable & immovable plant & machinery and other fixed assets and equitable mortgage of land & building.

Schedule 'D'
UNSECURED LOANS

(Refer note 10 on Schedule IX)

Fixed Deposits	4,905.88	3,754.60
Sugar Development Fund (For cane development)	19.76	34.16
	<u>4,925.64</u>	<u>3,788.76</u>

Note :

Fixed deposits include deposits received from Directors Rs.42.92 Lacs (Previous Year Rs.42.92 Lacs).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008 Schedule 'E'

FIXED ASSETS (Consolidated)

[Refer Notes 4, 5, 10, 11, 12 & 15 on Schedule IX and notes 4(a), 13 and 17 on Schedule XI]

Particulars	COST			DEPRECIATION		NET BLOCK			
	As at 1st Oct., 2007	Additional/ Transfers during year	Deductions during the year	As at 30th Sept., 2008	Upto 30th Sept., 2007	During the year on Deduction	upto 30th Sept., 2008	As at 30th Sept., 2008	As at 30th Sept., 2007
Land (Free Hold)	3,098.43	378.37		3,476.80				3,476.80	3,098.43
Land (Lease Hold)	705.08	2,052.47		2,757.55	33.10	59.00	92.10	2,665.45	671.98
Buildings and Roads	5,745.12	6,313.89	4.46	12,054.55	1,711.87	533.20	0.64	2,244.43	4,033.25
Plant and Machinery	24,957.54	6,082.08	146.84	30,892.78	9,191.29	1,974.30	48.31	11,117.27	15,766.25
Furniture & Fixtures	707.57	219.66	2.66	924.57	404.48	96.21	2.41	498.28	303.09
Vehicles	848.70	268.94	62.14	1,055.50	400.88	151.67	36.31	516.24	447.82
Railway Siding and Tramway Lines	1.49			1.49	1.49			1.49	
Office equipments	1,603.04	342.53	37.55	1,908.02	982.88	262.41	31.32	1,213.97	620.16
Live Stock	0.03			0.03					0.03
Intangible Assets									
- Goodwill	342.10			342.10	342.10			342.10	
- Software	341.04	99.22		440.26	51.64	79.23		130.87	309.39
- Technical Know-how	121.09	273.98		395.07	8.41	38.12		46.53	348.54
Total :	38,471.23	16,031.14	253.65	54,248.72	13,128.14	3,194.14	118.98	16,203.29	38,045.43
Capital work in progress									
Previous Year	31,043.36	7,766.72	338.85	38,471.23	10,933.25	2,368.02	173.14	13,128.14	29,659.99

Notes :

- Freehold agricultural land in village Nara, Uttar Pradesh, measuring 60 Bighas, 11 Bissa & 8 Biswase in the company's possession declared surplus by local authorities is being contested by the company.
- Addition during the year in leasehold land is pending registration in favour of company.
- Depreciation during the year includes Rs.0.01 Lacs (previous year 4.44 Lacs) taken under pre-operative expenses.
- Advances of Rs. 202.50 Lacs was given in 2003-04 for purchase of land the possession of which is with the company. The title of same to be transferred to company's name is pending.
- Capital work-in-progress includes pre-operative expenses amounting to Rs.17.45 Lacs (Previous year Rs.247.41 Lacs) and includes Capital advance Rs. 448.58 Lacs (Previous years 591.19 Lacs).
- The Capital work-in-progress against building under construction includes stock of building material amounting to Rs.1.13 Lacs (Previous year Nil).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

Schedule 'F'	(Rs. in Lacs) As At 30.09.2008	As At 30.09.2007
INVESTMENTS		
[Refer note 7 on Schedule IX]		
Non-Trade Investments :		
Long Term, At Cost		
Unquoted:		
Post Office National Saving Certificate (Unquoted) (Pledged as security with various Government Departments)	0.70	0.70
Other Company:		
Quoted :		
2,500 (Previous year 2,500) Equity Shares of Rs.10/- each fully paid up of Haryana Oxygen Limited	0.25	0.25
Less : Provision for diminution in the value of Investment [Market value Nil (Previous year Nil)]	(0.25)	(0.25)
5,643 (Previous year 5,643) Equity Shares of Rs.10/- each of Reliance Petroleum Ltd. [Market value as on 30.09.08 Rs.8.09 Lacs (Previous year Rs.8.66 Lacs)]	3.38	3.38
872 (Previous year Nil) Equity Shares of Rs.10/- each of Reliance Power Ltd. [Market value as on 30.09.08 Rs.1.34 Lacs]	2.46	0.00
2,65,000 (Previous year Nil) Equity Shares of Rs.10/- each of DCM Shriram Industries Ltd. [Market value as on 30.09.08 Rs.193.45 Lacs]	304.75	0.00
Current, At Cost		
Mutual Funds:		
- SBI Magnum Institutional Income [Nil, (Previous year 137122.67) units of Rs.10/- each]	0.00	13.75
- SBI Magnum Insta Cash Fund [1612.861, (Previous year 1513.026) units of Rs.10/- each]	0.27	0.25
- SBI-SHF-Liquid Plus Institutional Plan [65192.105, (Previous year Nil) units of Rs.10/- each]	6.52	0.00
- Standard Chartered Manager Plus [Nil, (Previous year 722.608) units of Rs.1,000/- each]	0.00	7.23
- Prudential ICICI Institutional Liquid Plan [Nil, (Previous year 160846.634) units of Rs.10/- each]	0.00	16.09
- Kotak India Growth Fund-II (Partly paid) [175, (Previous year Nil) units of Rs.1,00,000/- each] [Refer note 4(b) on Schedule X]	5.25	0.00
	323.33	41.40
Aggregate Book Value of Investments :		
Unquoted	12.74	38.02
Quoted	310.59	3.38
	323.33	41.40

Note: For sale and purchase of Mutual Fund investment during the year refer Note 18 of Schedule 'X'.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

	(Rs. in Lacs)	
Schedule 'G'	As at 30.09.2008	As at 30.09.2007
INVENTORIES (As taken, valued & certified by the management)		
[Refer note 3 on Schedule IX]		
Raw Materials (Including in transit Rs.861.75 Lacs, Previous year Rs.643.96 Lacs)	12,523.61	10,709.73
Stores and Spare Parts (Including in transit Rs.48.69 Lacs, Previous year Rs.190.54 Lacs)	3,433.77	2,412.58
<u>Work-in-Progress :</u>		
i) Sugar	14.34	20.26
ii) Engineering goods	18,715.94	8,462.57
iii) Ingots and Steel Castings	2,102.65	1,355.30
Erection Contracts in Progress	128.00	123.40
Standing Crops	4.78	5.44
<u>Finished Stock :</u>		
i) Sugar	13,634.07	12,039.66
ii) Ingots and Steel castings	69.85	307.51
iii) Molasses(at market value)	99.50	32.58
Finished/Trading goods in transit	748.29	101.20
	51,474.80	35,570.23
Schedule 'H'		
SUNDRY DEBTORS		
[Refer note 8 on Schedule IX and note 1(e) on Schedule X]		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	7,376.09	4,486.94
- considered doubtful	14.07	235.04
Other Debts - Considered good	39,740.32	23,723.79
	47,130.48	28,445.77
Less : Provision for doubtful debts	14.07	235.04
	47,116.41	28,210.73

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

	(Rs. in Lacs)	
Schedule 'I'	As at 30.09.2008	As at 30.09.2007
CASH AND BANK BALANCES		
[Refer note 8 on Schedule IX]		
Cash in hand	35.35	20.31
Cheques in hand	851.01	101.53
With Scheduled Banks in :		
Current Accounts	2,305.78	1,342.00
Unclaimed Dividend Accounts	44.35	31.09
Term Deposits (Including pledged with Government Authorities Nil, previous year Rs.0.30 Lacs)	103.59	311.90
Margin Money with Banks (against Bank Guarantees and Letter of Credit issued by banks)	439.26	409.59
	3,779.34	2,216.42

Schedule 'J'

OTHER CURRENT ASSETS
(Unsecured, Considered Good)

Interest accrued on investments	0.26	0.05
Interest accrued but not due on Term Deposits	34.26	27.35
	34.52	27.40

Schedule 'K'

LOANS AND ADVANCES
(Unsecured, except to the extent stated & Considered Good)
[Refer note 8 on Schedule IX]

Security Deposits	350.04	305.37
Advances recoverable in cash or in kind or for value to be received [including Capital Advances Rs.57.26 Lacs (previous year Rs.161.55 Lacs)]	6,234.08	5,575.10
Balance with Excise and Customs	1,453.19	1,010.95
Claims Receivable	649.19	429.23
	8,686.50	7,320.65

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2008

	(Rs. in Lacs)	
Schedule 'L'	As at 30.09.2008	As at 30.09.2007
CURRENT LIABILITIES		
[Refer note 8 on Schedule IX]		
Sundry creditors (Refer note 8 on Schedule X)	33,297.34	16,940.50
Advances from customers	30,915.55	24,397.72
Investor Education and Protection Fund		
Unpaid dividend	44.35	31.09
Unpaid Matured Deposits	36.08	105.23
Interest accrued on the above	5.93	20.85
Other liabilities	2,718.43	3,020.86
Security and other deposits	88.08	98.89
Interest accrued but not due on loans	592.45	385.74
	67,698.21	45,000.88

Notes:

1. Sundry Creditors include:
 - (a) balance in Director's Current Account Rs.0.14 Lacs (Previous year Rs.0.60 Lacs). Maximum amount outstanding during the year Rs.2.38 Lacs (Previous year Rs. 1.51 Lacs).
 - (b) Rs.120.88 Lacs (Previous year Rs.1,129.32 Lacs) payable as commission to Directors.
2. Amounts under Investor Education & Protection Fund are not due for deposit.

Schedule 'M'

PROVISIONS

[Refer notes 9(c), 9(d), 13(a) and 16 on Schedule IX and note 14 & 9(b) on Schedule X]

Provision for Taxation	1,651.03	3,372.73	
Less : Advance Tax	2,057.92	(406.89)	1,157.90
Provision for Fringe Benefit Tax	3.47	3,372.73	13.78
Provision for Leave encashment	640.84	2,214.83	473.42
Provision for Pension	2,189.67	2,021.82	2,021.82
Provision for Gratuity	0.00	2,214.83	2.39
Provision for performance warranties	5,502.42	4,386.80	4,386.80
Proposed Dividend	147.39	736.95	736.95
Provision for Tax on Proposed Dividend	25.05	125.25	125.25
	8,101.95	8,918.31	8,918.31

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'I'	Year ended 30.09.2008	Year ended 30.09.2007
SALE, SERVICES AND RELATED INCOME		
[Refer note 6 on Schedule IX]		
Sugar Business:		
Sugar	28,483.73	28,346.80
Molasses	3,554.74	4,563.87
Other By Products	608.89	817.80
	32,647.36	33,728.47
Engineering and Foundry Business :		
Sale of Engineering goods	133,065.64	118,998.42
Sale of production scrap and waste	839.43	393.90
Erection, Commissioning and other receipts	5,858.61	3,422.20
Export Incentives	509.05	94.76
	172,920.09	156,637.75
Schedule 'II'		
OTHER INCOME		
[Refer note 6 and 8 of Schedule IX]		
Dividend Income from non trade Investments (Gross)	23.14	168.36
Interest		
- On Govt. Securities	0.01	0.01
- From Tax Authorities	0.00	1.07
- Others (tax deducted at source Rs.19.37 Lacs, previous year Rs.8.00 Lacs)	135.16	114.81
	135.17	115.89
Sundry balances written back	51.93	82.11
Foreign Exchange fluctuation	0.00	1,086.85
Excess provision of earlier years written back [including provision for doubtful debts written back Rs.191.27 Lacs (previous year Rs.26.57 Lacs)]	711.83	310.42
Profit on sale of fixed assets	42.58	73.08
Profit on sale of investment (Refer note 18 on Schedule X)	123.33	16.67
Profit on sale of stores	0.00	5.88
Insurance Claim Receipts	3.78	24.79
Transportation & Buffer Stock Subsidy	762.49	319.91
Miscellaneous income	396.01	169.85
	2,250.26	2,373.81

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'III'	Year ended 30.09.2008	Year ended 30.09.2007
PROFIT FROM FARM OPERATIONS		
Income		
Sale of Farm Produce [including Farm Produce worth Rs.0.01 Lacs (Previous Year Rs. 0.04 Lacs) at selling price used by Farm as seed and live stock maintenance]	6.39	10.60
Other Income	0.05	0.01
	6.44	10.61
Expenditure		
Salaries, Wages and Bonus	3.27	3.41
Cultivation Expenses	1.76	1.64
Office & Miscellaneous Expenses	0.30	0.22
Repairs and Maintenance of Machinery and Tractors	0.09	0.04
Repairs to Building	0.00	0.01
Depreciation	0.11	0.13
	5.53	5.45
(Increase)/Decrease in stock	0.66	0.74
	6.19	6.19
Profit carried to Profit and Loss Account	0.25	4.42

Schedule 'IV'**(INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS****(Refer note 3 on Schedule IX)****Closing Stock :**

Finished Goods	13,803.42	12,379.75
Work-in-progress	20,832.93	9,838.13
	34,636.35	22,217.88

Less: Opening Stock:

Finished Goods	12,379.75	8,071.43
Work-in-progress	9,838.13	11,339.31
	22,217.88	19,410.74
Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	12,418.47	2,807.14

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'V'	Year ended	Year ended
MANUFACTURING EXPENSES	30.09.2008	30.09.2007
<i>(Refer note 14 on Schedule X)</i>		
Raw materials & components of engineering and foundry business	40,600.97	25,254.75
Cane consumed	22,890.98	28,786.03
Consumption of stores and spares	7,779.32	6,100.45
Power & fuel	1,428.23	1,359.84
Other expenses	6,000.04	2,844.29
Increase/(decrease) in excise duty provision in opening and closing stock of finished goods	96.97	405.55
	78,796.51	64,750.91

Schedule 'VI'

EMPLOYEE COST

[Refer notes 9 of Schedule IX and 9 & 19 on Schedule X]

Salaries, wages & bonus	10,913.29	8,627.75
Contribution to Provident and other funds	1,193.33	963.08
Workmen and staff welfare expenses	376.14	279.03
	12,482.76	9,869.86

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'VII'	Year ended 30.09.2008	Year ended 30.09.2007
ADMINISTRATION AND SELLING EXPENSES		
[Refer notes 8 on Schedule IX and 15 & 19 on Schedule X]		
Rent	189.72	107.37
Rates and taxes	212.82	170.86
Electricity and water charges	95.47	70.53
Royalty	514.33	129.88
Packing, forwarding and transportation expenses	1,197.99	1,120.22
Repair of :		
- Buildings	448.35	340.94
- Machinery	541.30	387.31
- Others	26.77	18.57
Insurance	203.58	220.42
Travelling	1,643.39	1,282.92
Donation	16.04	8.36
Office and miscellaneous expenses *	2,335.14	1,894.76
Managerial remuneration	532.98	1,208.99
Directors' commission / fee	2.41	1.90
Bad debts written off	234.93	62.06
Loss on assets sold / written off	81.45	96.67
Loss on sales/disposal of stores	3.82	2.55
Commission to selling agents and others	1,853.33	572.63
Rebate and discount	56.76	51.17
Foreign Exchange fluctuation	5,247.13	0.00
	<u>15,437.71</u>	<u>7,748.11</u>

* Includes provision made for doubtful debts Nil (Previous year Rs.165.25 Lacs).

Schedule 'VIII'**INTEREST AND FINANCIAL CHARGES****[Refer note 10 on Schedule IX]**

Fixed Deposits	477.47	323.36
Term Loans	748.66	54.03
Other Loans/ Working capital Borrowings	2,766.36	757.87
[Includes accrued interest adjusted Rs.29.26 Lacs (Previous year Nil)]		
Bank Charges	1,057.37	662.22
	<u>5,049.86</u>	<u>1,797.48</u>

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

Schedule 'IX'

Statement on Significant Accounting Policies

1) Basis of Accounting

The Consolidated Financial Statements of the Company are prepared under the Historical Cost Convention, in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India. The Company follows mercantile system of accounting and recognises income & 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.

2) Basis of Consolidation

The Consolidated Financial Statements include accounts of The Saraswati Industrial Syndicate Limited and its subsidiary undertakings and Joint Venture (The Group). Subsidiary undertakings are those companies in which The Saraswati Industrial Syndicate 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.

Investment in Joint Venture (entities over which the company exercises significant influence, which is neither a subsidiary nor an associate) are accounted as per the accounting for jointly controlled entities as recommended by Accounting Standard (AS) 27, "Financial Reporting of Interest in Joint Ventures" issued by The Institute of Chartered Accountants of India.

3) Inventories

Raw materials and stores & spares are valued at the lower of cost or net realisable value, cost being calculated on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost or net realisable value except in case of finished stock of molasses, which is valued at market price. Cost in case of finished goods and work-in-progress includes material cost and applicable manufacturing overheads. In case of valuation of finished stock of sugar and work-in-progress includes material cost and applicable manufacturing overheads excluding estimated liability on account of Additional Cane Price. Value of finished stock is inclusive of excise duty.

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.

4) Fixed Assets

a) Tangible Assets

Fixed 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 issued by The Institute of Chartered Accountants of India.

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

The assets are amortised over a period not exceeding ten years on a straight line basis.

5) Depreciation

Depreciation is provided on fixed assets at the rates 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 at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing less than Rs.5,000/- are fully depreciated in the year of their acquisition.

6) Revenue Recognition

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

Revenue in case of contract sales is recognised under the completed contract method on substantial completion of the contracts. Cost & progress payments received are accumulated and shown as work-in-progress and advances from customers respectively. Profit on incomplete erection contracts is being accounted for on completion of the erection contracts. However, loss on erection work-in-progress has been accounted for in the accounts in accordance with Accounting Standards. Interest income is accounted for on accrual basis. Expenses to be incurred during the performance warranty / guarantee period of contracts estimated on the basis of past experience are provided for in the accounts.

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.

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 amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

7) Investments

Long-term investments except those in Joint Ventures, are valued at cost. Provision is made for diminution in value, other than temporary. Investments in Joint Ventures are accounted for in the consolidated financial statement as per Accounting Standard (AS) 27 on Financial Reporting of Interests in Joint Ventures issued by Institute of Chartered Accountants of India.

8) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Profit/Loss on account of exchange fluctuation is accounted for at the time of actual receipt/payment.

Current assets and current liabilities recoverable / payable in foreign currency are restated at the exchange rate prevailing at the year end and the net gain/loss is adjusted in the profit and loss account. In case of forward exchange contracts, the difference between forward exchange rate & exchange rate at the date of transaction are treated as income or expenses over the life of the contract.

9) Employee Retirement Benefits

As per AS 15 (Revised) issued by Institute of Chartered Accountants of India, the provision for employee benefit is charged on accrual basis as under:

a) Provident Fund :

The Group operates a Provident Fund Trust for its employees where PF contributions are deposited 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.

10) Borrowing Costs

Borrowing costs attributable to acquisition, construction or production of a qualifying asset is capitalised as a part of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

11) 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.

12) 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.

13) Taxation

Tax Expense/ (Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the profit and loss account for the year in accordance with Accounting Standard- 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and measured at the tax rates that have been enacted or substantially enacted by the balance sheet date.

a) Current Year Charge & Fringe Benefit Tax

Provision for taxation for the Group's financial year ended September 30th 2008, being different from tax year which is financial year, has been determined based on the results for the six months ended March 2008 (Assessment Year 2008-2009) based on actual tax return filed and for the six months ended September 2008 (Assessment Year 2009-2010) based on results for the period. The ultimate liability for the Assessment Year 2009-2010 however will be determined on the total income of the respective entities of the Group for the year ending March 31, 2009.

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" issued by the Institute and Chartered Accountants of India, 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.

14) Preliminary Expenses

Preliminary Expenses are written off over a period of ten years.

15) 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 and from its disposal at the end of its useful life.

16) Provisions and Contingent Liabilities

Provision for future contingencies and liquidated damages is considered, where applicable. 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.
- 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.

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2008

Schedule 'X'

Notes to Accounts

1. The Consolidated financial statements (CFS) have been prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and Accounting Standard (AS) 27 on Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India. The CFS comprises the financial statements of Saraswati Industrial Syndicate Limited, its Joint Venture and its subsidiaries.

2. Consolidation

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, 2008	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

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

b) The details of Joint Ventures (entities over which the company exercise significant influence, which have been consolidated using the method prescribed under jointly controlled entity) are as follows. Reporting date for the Joint Venture company is 31st March 2008.

Name of the Associate	Country of Incorporation	Proportion of ownership as on 30 th September, 2008 (%age)
Isgec Haco Metal Forming Machinery Private Limited	India	50%

c) The reporting dates for all the above companies are 31st March 2008, except for Saraswati Sugar Mills Limited and ISGEC Engineering & Projects Limited. The financial statements of these entities are adjusted for significant inter company transactions from the date of their respective financial statement upto the date of consolidation in compliance with Accounting Standard 21.

3. Contingent Liabilities:

- Claims against the Group not acknowledged as debts (including sales tax under dispute) Rs.863.44 Lacs (Previous year Rs.719.65 Lacs).
- Guarantees furnished by the bankers on behalf of the Group for Rs.43,666.50 Lacs (Previous year Rs.27,561.67 Lacs) and counter indemnity furnished by the Group to bankers for the same amount.
- Guarantees given by the Group to the bank against loans, taken by the sugarcane farmers Rs.542.62 Lacs (Previous year Rs.600.00 Lacs).
- C Forms due against Sales Tax for the Assessment Years 2004-05 to 2007-2008 Rs.600.92 Lacs (Previous Year Rs.2,280.19 Lacs).
- Bills discounted with Banks / Financial Institutions outstanding at the year end Rs.267.99 Lacs (Previous year Nil).
- Export obligation on account of EPCG licence is Rs.11,143.54 Lacs (Previous Year Rs.2,280.19 Lacs).

- Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.1,836.91 Lacs (Previous year Rs.5,369.02 Lacs).
 - Liability on account of partly paid units of Kotak India Growth Fund-II Rs.169.75 Lacs (previous year Nil).

5. Letters of credit outstanding at year end Rs.9,143.58 Lacs (Previous Year Rs.9,093.79 Lacs).
6. In respect of Saraswati Sugar Mills Limited, the Company had challenged the Levy Sugar price fixation for the years 1980-81 to 1999-2000 in High Courts. The case has been decided in favour of the Company. In a similar case, however for one or two years, won by another sugar factory, Government of India has filed an appeal in the Supreme Court, which is pending. The Government of India, therefore, despite our reminders is not refixing the price for 1980-81 to 1999-2000. The amount will be accounted for, as and when released by the Government.
7. The Company estimates the deferred tax (charge)/ credit for the year using the applicable tax rate based on the impact of timing differences between financial statements and the estimated taxable income for the current year. The movement in provision for Deferred Tax is given below:

(Rs. in Lacs)

	As at October 1, 2006	Credit / (Charge) during the year	As at October 1, 2007	Credit / (Charge) during the year	As at Sept.30, 2008
Depreciation	(2,031.96)	(224.36)	(2,256.32)	(769.97)	(3026.29)
Other Timing Differences	753.45	188.50	941.95	216.55	1158.50
Accumulated Tax Losses	0.00	556.04	556.04	(125.83)	430.21
Net Deferred Tax	(1,278.51)	520.18	(758.33)	(679.25)	(1437.58)

8. **Micro, Small and Medium Enterprises:-**

The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any, relating to the amount unpaid as at the year end together with interest paid and or payable as required under the said Act have not been given. In previous year the dues to Small Scale Industrial Undertaking were Rs.966.93 Lacs.

9. **Employee Benefits:**

During the year company has adopted the AS-15(Revised) Employee Benefits issued by Institute of Chartered Accountants of India, being applicable for accounting period on or after 1-04-2007. As per that the disclosure requirements are given as under:-

a. Defined Contribution Plan:

The Company has recognised, in the profit and loss account for the current year, an amount of Rs.686.35 Lacs as expenses under the following defined contribution plans:

(Rs. in Lacs)

Provident Fund	601.60
Employees State Insurance	84.75

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:-

Description	Gratuity Funded	Leave Encashment Non-Unfunded
i. Change in Present value of obligation		
a. Present Value of Obligation as at beginning of the period	2383.30	476.21
b. Interest cost	191.52	36.44
c. Current service cost	160.08	117.28
d. Benefits paid	(143.70)	(145.39)
e. Actuarial (gain) / loss	(19.30)	156.30
f. Present Value of the Obligation at the end of period	2571.90	640.84

ii	Change in the Fair Value of Plan Assets		
a.	Fair Value of Plan Assets as at beginning of the period	2147.75	-
b.	Expected Return of Plan Assets	186.47	-
c.	Contributions	382.48	-
d.	Benefits Paid	(143.71)	-
e.	Actuarial Gain / (Loss) on Plan Assets	30.44	-
f.	Fair Value of the Plan Assets at the end of period	2603.43	-
iii.	Reconciliation of Fair Value of Assets and Obligations		
a.	Fair Value of Plan Assets at the end of period	2603.43	-
b.	Present Value of Obligation at the end of period	2571.90	640.84
c.	Amount recognised in the Balance Sheet	31.53	(640.84)
iv	Expenses recognised in the Profit & Loss		
a.	Current Service Cost	160.08	117.28
b.	Interest Cost	191.52	36.44
c.	Expected Return on Plan Assets	(121.47)	0.00
d.	Actuarial (Gain) / Loss	(55.07)	156.29
e.	Expenses recognised in the Profit & Loss	175.06	310.01
v	Assumption		
a.	Discount Rate (per annum)	8.00%	8.00%
b.	Estimated Rate of return on Plan Assets(per annum)	8.00%	0.00%
c.	Rate of Escalation in Salary (per annum)	5.50%	5.50%

Prior to the adoption of revised AS – 15 premium was paid as per actuarial valuation done by LIC in respect of the Group Gratuity Cum Life Assurance policy taken by the Trust for all the employees. The liability for gratuity is recognised in the balance sheet for the first time, due to which corresponding recognition of liability is accrued in profit & loss account.

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10. Segment Reporting

A. Information about Primary segments

(Rs. in Lacs)

	Sugar	Engineering	Unallocated	Eliminations	Total
Revenue					
External	31,495.22	133,827.92	-	-	165,323.14
	(31,860.46)	(1,17,795.44)	(-)	(-)	(1,49,655.90)
Inter-segment	-	-690.69	-	-	-690.69
	(-)	(-444.37)	(-)	(-)	(-444.37)
Total revenue	31,495.22	133,137.23	-	-	164,632.45
	(31,860.46)	(1,17,351.07)	(-)	(-)	(1,49,211.53)
Results					
Segment result	2,239.92	6,640.79	-	-	8,880.71
	(-795.46)	(10,858.92)	(-)	(-)	(10,063.46)
Unallocated expenditure net of unallocated income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Interest Expense					
a) External	-2,047.57	-2,140.00	-	-	-4,187.57
	(-856.30)	(-520.95)	(-)	(-)	(-1,377.25)
b) Inter Segment	-195.08	195.08	-	195.08	-
	(-242.00)	(242.00)	(-)	(242.00)	(-)
Interest income					
a) External	15.28	119.89	-	-	135.17
	(19.78)	(129.90)	(-)	(-)	(149.68)
b) Inter Segment	-	-	-	-	-
	(42.78)	(-42.78)	(-)	(42.78)	(-)
Profit / Loss(-) before taxation and exceptional items	12.55	4,815.76	-	-	4,828.31
	(-1,831.20)	(10,667.09)	(-)	(-)	(8,835.89)
Provision for Deferred tax	4.16	675.09	-	-	679.25
	(-544.35)	(-24.17)	(-)	(-)	(-520.18)
Provision for Income tax	257.63	1,268.81	-	-	1,526.44
	(0.97)	(3,619.06)	(-)	(-)	(3,620.03)
Fringe Benefit Tax	19.00	113.78	-	-	132.78
	(12.00)	(90.00)	(-)	(-)	(102.00)
Profit / Loss(-) after taxation and before exceptional items	-268.24	2,758.08	-	-	2,489.84
	(-1,299.82)	(6,933.86)	(-)	(-)	(5,634.04)
Other Information					
Segment assets	34,100.35	118,860.02	-	-803.44	152,156.93
	(28,924.53)	(78,870.85)	(-)	(-4,733.78)	(1,03,061.60)
Segment liabilities	24,368.48	95,964.18	-	-803.44	119,529.22
	(18,924.42)	(58,724.68)	(-)	(-4,733.78)	(72,915.32)
Capital expenditure-External	1,235.02	12,391.48	-	-	13,626.50
	(1,517.52)	(8,275.59)	(-)	(-)	(9,793.11)
Inter-segment	690.69	-	-	-	690.69
	(444.37)	(-)	(-)	(-)	(444.37)
Depreciation	1,019.61	2,172.98	-	-	3,192.59
	(1,012.70)	(1,348.87)	(-)	(-)	(2,361.57)

B. Information about Secondary Business Segments	(Rs. in Lacs)		
	India	Outside India	Total
Revenue by geographical market			
External	127,528.58 (133,900.34)	37,794.56 (15,755.56)	165,323.14 (149,655.90)
Total	127,528.58 (133,900.34)	37,794.56 (15,755.56)	165,323.14 (149,655.90)
Carrying amount of segment assets	152,154.49 (103,058.50)	2.44 (3.10)	152,156.93 (103,061.60)
Addition of fixed assets	13,626.50 (13,270.87)	0.00 (5.65)	13,626.50 (13,276.52)

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 of plant and machinery.

(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 and 10 on Schedule X.
- (ii) Unallocated assets include deferred tax, investments and interest bearing deposits.
- (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.

11. In accordance with Accounting Standard (AS) – 18 on “Related Party Disclosures”, disclosures in respect of Related Parties and transaction with them, as identified and certified by the management, are as follows:

(a) **Nature of Related Parties and description of relationship**

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 (Whole -time Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman and spouse of Mrs. Nina Puri) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri)

(b) **Related party transactions**

(Rs. in lacs)					
S. No.	Nature of Transaction	Entities over which key management personnel can exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
1	2	3	4	5	6
i)	Interest paid	- (-)	1.61 (0.87)	2.33 (1.82)	3.94 (2.69)
ii)	Purchases	262.13 (437.53)	2.19 (3.44)	2.02 (3.31)	266.34 (444.28)
iii)	Commission paid	8.31 (4.59)	- (-)	- (-)	8.31 (4.59)
iv)	Services received	4.02 (2.93)	- (-)	- (-)	4.02 (2.93)
v)	Sale of goods	- (-)	- (-)	- (-)	- (-)
vi)	Rent received	0.34 (0.34)	- (-)	- (-)	0.34 (0.34)
vii)	Rent paid	39.10 (32.90)	- (-)	- (-)	39.10 (32.90)
viii)	Amount payable as at year end	11.86 (6.76)	- (-)	- (-)	11.86 (6.76)
ix)	Receivable at the year end	7.53 (7.53)	- (-)	- (-)	7.53 (7.53)
x)	Remuneration to Directors	- (-)	534.78 (1,208.99)*	- (-)	534.78 (1,208.99)

Note: Previous year figures are indicated in parenthesis.

* Includes for Chairman & Managing Director for part of the year.

12. In accordance with Accounting Standard (AS) – 20 on Earning per Share, the following table reconciles the numerator and denominator used to calculate Basic and Diluted earnings per Share:

	2007-2008	2006-2007
Net Profit / (Loss) available to Equity Shareholders (a)		
Net Profit / (Loss) for the year (Rs. in lacs) after current tax	3,169.09	5,106.80
Weighted Average number of Equity Shares (b)		
Weighted Average number of equity shares outstanding during the year for the purpose of calculation of Basic and Diluted earning per Share (in lacs)	73.695	73.695
Nominal value of Equity Share (in Rs.)	10	10
Basic and Diluted Earning per Share [(a)/(b)] (in Rs.)	43.00	69.30

13. As per Accounting Standard- 26, Software Licences & Know How amounting to Rs.98.22 Lacs (Previous year Rs.294.70 Lacs) and Rs.111.98 Lacs (Previous year Rs.121.09 Lacs) respectively acquired during the year have been capitalised and amortised over estimated useful life of five years except an acquisition of Technical Know How of Rs.162.00 Lacs (Previous Year NIL) acquired during the year have been capitalized and amortized over the useful life of 10 years.

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

- (a) Movement for provision for liabilities:

	<u>(Rs. in lacs)</u>	
<u>Particulars</u>	<u>2007-2008</u>	<u>2006-2007</u>
Opening balance	4,386.80	2,863.18
Provided for during the year	2,435.47	1,930.40
Used during the year	1,192.43	374.44
Reversed during the year	127.42	32.34
Closing balance	5,502.42	4,386.80
Timing of outflow/uncertainties	Outflow on expenses incurred/ crystallisation of dues depends upon claim to be made by customers & others	

- b) Provisions made during the year have been accounted for under the head cost of goods purchased for resale for Rs.2,259.52 Lacs (Previous year Rs.1,810.84 Lacs) and manufacturing expenses for Rs.175.95 Lacs (Previous year Rs.119.56 Lacs).

- c) The Provisions & Contingent Liabilities mentioned in Sl. No. 3 & 14(a) above respectively are dependent upon claim made by customer.

15. Auditors' Remuneration included in misc. expenses :-

	<u>(Rs. in lacs)</u>	
	<u>2007-2008</u>	<u>2006-2007</u>
Audit Fee	7.35	7.33
Other Certification Work	1.11	0.51
Reimbursement of Expenses	0.79	1.03

16. The Saraswati Industrial Syndicate Limited had, in an earlier year, taken certain loans from Sugar Technology Mission against which the said Company had mortgaged immovable properties of its sugar unit located at Yamunanagar. The said loan of Rs.201 lacs has been repaid. However, the charge in respect of this loan is yet to be vacated.

84 The Saraswati Industrial Syndicate Limited

17. Pre-operative expenses forming part of capital work in progress are as under :-

	(Rs. in lacs)	
	<u>2007-2008</u>	<u>2006-2007</u>
Amount brought forward from last year	247.41	10.23
Add: Expenditure incurred during the year		
Salaries & Wages	76.67	49.84
Depreciation	0.01	4.44
Repair & Maintenance	0.02	0.59
Electricity Expenses	28.75	66.43
Travelling Expenses	9.06	9.15
Bank Charges	0.38	24.64
Professional Fees	25.63	33.72
Interest on Loan	173.09	15.93
Exchange Fluctuations	4.59	5.98
Rates & Taxes	4.35	0.00
Rent	1.77	2.51
Others	62.57	24.55
Total	<u>634.30</u>	<u>248.01</u>
Less: Capitalized during the year	<u>616.85</u>	<u>0.60</u>
Amount Carried Forward to CWIP	<u>17.45</u>	<u>247.41</u>

18. Detail of Investment in Mutual Fund purchased & sold during the year :

Name of the fund	(Rs. in lacs)			
	<u>Purchased</u>		<u>Sold</u>	
	No.	Amount	No.	Amount
Magnum Institutional Income-SBI	7981307.09	800.72	7981307.09	800.72
SHF-Liquid Plus-Institutional Plan-SBI	25487256.36	2,550.00	25487256.36	2,550.00
Super Institutional Growth Fund-SBI	11700376.75	1,500.00	11700376.75	1,508.72
Institutional Growth Fund-SBI	6061734.75	801.36	6061734.75	802.29
ICICI Super Institutional Daily Div	11067.47	1.11	11067.47	1.11
Standard Chartered Liquid Manager Plus	21.18	0.21	21.18	0.21
Grindlays floating Rate Fund-LT	30129083.93	3,014.57	30129083.93	3,014.57
- Standard Chartered				
Reliance Liquid Fund-Treasury Plan	54299881.00	10,700.00	54299881.00	10,722.23
Reliance Liquid Fund-Retail Option	133454.08	1,500.00	133454.08	1,502.18
Reliance Monthly Interval Fund	45799289.20	5,000.00	45799289.20	5,036.36
Reliance Liquid Plus Fund	790740.07	8,739.97	790740.07	8,792.88

19. Revenue Expenditure on Research & Development:

	(Rs. in lacs)	
	<u>2007-2008</u>	<u>2006-2007</u>
Salary	<u>7.02</u>	15.49
Contribution to Provident Fund	<u>0.33</u>	0.80
Others	<u>0.05</u>	0.59
Total	<u>7.40</u>	<u>16.88</u>

20. Previous year figures have been regrouped/recast wherever necessary to conform to current year classification.

Consolidated Cash flow statement for the year ended 30th September, 2008

	30.09.2008	(Rs. in Lacs)	30.09.2007
A. Cash flow from Operating activities:			
Net (loss)/profit before tax but after exceptional/extraordinary items	4,828.31		8,835.89
Adjustments for:			
Depreciation	3,192.70		2,361.57
Interest Expense	5,049.86		1,797.47
Interest Income	(135.17)		(106.90)
Income from Investment - Dividends	(23.14)		(168.36)
(Profit)/Loss on Fixed Assets sold (Net)	38.87		23.59
(Profit)/Loss on sale of Investments	-		-
Miscellaneous Expenditure written off	4.14		0.53
Debts / Advances Written off	234.93		62.06
Provision for Bad & Doubtful Debts	(220.97)		126.26
Liability no longer required written back	(763.76)		(392.53)
Provision for Leave Encashment	165.03		81.96
Provision for Pension	167.85		347.40
Profit on sale of investments	(123.33)		(16.67)
Provision for warranty	1,115.62		1,523.62
Any other non cash Item	-		(0.42)
Operating profit before working capital changes	13,530.94		14,475.47
Adjustments for changes in working capital :			
- (INCREASE)/DECREASE in Sundry Debtors	(18,919.64)		(9,242.10)
- (INCREASE)/DECREASE in Other Receivables	(1,365.85)		82.58
- (INCREASE)/DECREASE in Inventories	(15,904.57)		(9,708.45)
- INCREASE/(DECREASE) in Trade and Other Payables	23,256.04		2,403.66
Cash generated from operations	596.92		(1,988.84)
- Taxes (Paid) / Received (Net of TDS)	(3,234.32)		(2,978.84)
Net cash from operating activities	(2,637.40)		(4,967.68)
B. Cash flow from Investing activities:			
Purchase of fixed assets			
Additions during the period	(14,281.17)		(10,024.17)
Proceeds from Sale of fixed assets	95.80		142.12
Sale/(Purchase) of investments	(158.60)		5,163.81
Deposits with bank	178.64		244.22
Interest Received (Revenue)	128.05		87.68
Dividend Received	23.14		168.36
Preliminary Expenses	-		(1.31)
Net cash used in investing activities	(14,014.14)		(4,219.29)

C. Cash flow from Financing activities:

Proceeds/(Repayments) from Secured loans	22,963.23	10,836.48
Proceeds/(Repayment) of unsecured loans	1,136.88	860.35
Interest Paid	(4,858.07)	(2,012.01)
Dividend Paid	(848.94)	(531.09)
Net cash used in financing activities	18,393.10	9,153.73
Net Increase/(Decrease) in Cash & Cash Equivalents	1,741.56	(33.24)
Cash and cash equivalents as at 30.09.2007	1,494.93	1,198.68
Cash and cash equivalents as at 30.09.2008	3,236.49	1,165.44

Cash and cash equivalents comprise

Cash, Cheques & Drafts (in hand) and Remittances in transit	886.36	121.70
Current accounts(dividend account)	44.35	31.09
Balance with Scheduled Banks	2,305.78	1,012.65
	3,236.49	1,165.44

Notes :

- 1** The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- 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)
 - Others

As per our report of even date.

For S.S. Kothari Mehta & Co.
Chartered Accountants

Sanjay Kumar
Sr. Manager (Accounts)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

Place : Noida
Dated: 30th December, 2008

ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

Directors

Mr. Aditya Puri
Mr. S.K. Khorana
Mr. L.M. Talwar
Mr. P.L. Dhar
Mr. V.K. Sachdeva

Bankers

State Bank of Patiala
Corporation Bank
Punjab National Bank

Registered Office

D-860, New Friends Colony,
New Delhi - 110065

DIRECTORS' REPORT**To the Members,**

Your Directors' present the Annual Report together with the audited statement of accounts for the year ended 31st March 2008

1.0 FINANCIAL RESULTS

	Figures in Rs./Lacs For the year ended	
	31st March.2008	31st March.2007
Profit before Depreciation	15.97	4.49
Depreciation	0.47	0.36
Net Profit for the year	15.50	4.13
Provision for Taxation	4.94	2.74
Net Profit after Tax	10.56	1.39
Profit/(Loss) Brought forward from last year	64.63	63.24
Balance in Profit and Loss carried forward	75.19	64.63

2.0 REVIEW OF OPERATIONS OF THE COMPANY

2.1 Erection and Commissioning of Nine Boilers and Two Milling Tandems were successfully completed during the year.

2.2 The order booking is at comfortable level.

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

3.1 The company continues to make efforts in conservation of energy by minimising wastage in its limited areas of operation.

3.2 The Company continues to adopt improved technology in carrying out its activities.

3.3 There was no foreign exchange income or outflow during the above period.

4.0 FIXED DEPOSITS

4.1 No fixed deposit from the Public was accepted during the year.

5.0 AUDITORS

5.1 The Auditors, M/s. K.C. Malhotra & Company, Chartered Accountants, have furnished a certificate that their appointment, if made, would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

6.0 DIRECTORS

6.1 Mr. Aditya Puri and Mr. L.M. Talwar, directors, will retire by rotation on the forthcoming Annual General Meeting and are eligible for reappointment.

7.0 DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT 1956.

The Directors' state :

7.1 that in the preparation of the annual accounts for the year ended March 31, 2008, the applicable Accounting Standards has been followed along with proper explanation relating to material departures.

- 7.2 that the Directors have selected and applied such accounting policies consistently.
- 7.3 that the Directors have 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 or loss of the company for that period.
- 7.4 that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 7.5 that the Directors have prepared the annual accounts on a going concern basis.

8.0 APPRECIATIONS

- 8.1 The Directors place on record their appreciation to the bankers and employees for the co-operation extended to the Company.

With these remarks, we present the Profit & Loss Account for the year ended 31st March, 2008 and the Balance Sheet as on that date.

BY THE ORDER OF THE BOARD

Place: New Delhi
Dated: 30th August, 2008

S.K. Khorana
Director

L.M. Talwar
Director

AUDITOR'S REPORT

We have audited the attached Balance Sheet of ISGEC COVEMA LIMITED as at 31st March, 2008 and also the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment Order), 2004 (together the 'order') issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, of India ("The Act") and on the basis of such checks and records of the company as we considered appropriate and according to the information and explanations given to us, we report a statement on the matters specified in paragraph "4" and "5" of the said order:

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) The management has certified that it has conducted a physical verification of fixed Assets, at reasonable intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) In our opinion the company has not disposed of substantial part of Fixed Assets during the year and the going concern status of the company is not affected.
 - 2 (a) Erection works in progress is identified job wise and these are checked by the management at number of points to ensure physical availability of the said stock In our opinion, the frequency of verification is reasonable.
 - (b) The Procedures of Physical verification of such stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its Business.
 - (c) The company has maintained proper records of such stock. The discrepancies noticed on verification between the physical stock and book records were not material and the same have been properly dealt with in the books of account.
 - 3 (a) (i) The Company has granted unsecured loan in the form of Call Money/Inter Corporate Deposit to one party - SSM Limited (subsidiary of The Saraswati Industrial Syndicate Limited) listed in the register maintained under section 301 of the Companies Act, 1956. Apart from these, the company has not
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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 Rs. 1,62,06,000/- and the year-end balance of such loan is Rs. NIL. 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. In respect of the said loan, the company is regular in payment of interest. We are explained that such loan is repayable on demand and therefore there is NIL balance at the year-end.

Apart from this , there is an amount due from the holding company viz the Saraswati Industrial Syndicate Limited in the normal course of Business amounting to Rs. 219993/- (Maximum amount outstanding during the year Rs.219993/- which is repayable on demand as explained and therefore there is no overdue amount at the year end.

- (b) (i) The company has taken interest-free loan from the holding company viz. The Saraswati Industrial Syndicate Limited listed in the register maintained under Section 301 of the Companies Act, 1956, the terms and conditions of which are, prima facie, not prejudicial to the interest of the company. The maximum amount outstanding during the year and year end balance are Rs. 10,22,50,730/- and Rs. 10,22,50,730/- respectively. 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.
- (b) (ii) In respect of the aforesaid loan and amount due we are explained that such loan and amount due are repayable on demand and therefore, there is no overdue amount at the year end.

4 In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the company, the nature of its business with regard to purchases of materials, fixed assets and with regard to erection receipts. During the course of our audit, we have not noticed any major weaknesses in internal control system.

5 (i) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.

(ii) In our opinion and according to the information and explanation given to us, there are no transactions in pursuance of contracts or agreements entered in the register maintained under section 301 of the companies Act, 1956 aggregating during the year to Rs. 500000 (Rupees five Lacs only) or more in respect of any party.

6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public and hence the provisions of clause 4(vi) of the Companies (Auditors' Report) order, 2003 regarding deposits from the public are not applicable to the Company.

7. In our opinion, the company has an internal Audit System Commensurate with its size and nature of the company's business.

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

- 9 (a) According to the information and explanations given to us and records of the company examined by us, in our opinion, undisputed Statutory dues including Provident Fund, (being deposited by the Holding Company on behalf of the company), Income Tax, Sales Tax, Service Tax, Cess and other statutory dues applicable to it have been regularly deposited during the year with the appropriate authorities. We are informed that there is no liability towards Investor Education and Protection Fund, Employee's State Insurance, and Wealth Tax, Customs Duty and Excise Duty for the year under audit.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service tax, Custom Duty, and Excise Duty, were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable. In respect of Sales Tax payable there were undisputed amount outstanding at Rs. 156000/- as at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Sale Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, and Excise Duty/Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. According to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks, or debenture holders.
12. In our opinion and according to the information and explanation given to us no loans and advances have been granted by the company on the basis of security by way of pledge of Shares, Debentures and other securities.
13. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
14. The company is not dealing or trading in shares, securities debentures and other investments and therefore paragraph 4(xiv) of the order is not applicable.
15. The company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. The Company has not raised any term loans during the year.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. Based on our examination of record and the information provided to us by Management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the period covered by our audit report, the company has not issued debentures and therefore the question of creation of any security or charge in respect of these debentures does not arise.
20. The Company has not raised any money by way of public issue during the year.
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21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Further to our comments referred to above, we report that 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. 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. The Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account. In our opinion the Balance Sheet and Profit and Loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, On the basis of written representations received from the Directors, as 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives 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 31st March, 2008
- (b) In the case of the Profit and Loss account of the profit for the year ended on that date and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K.C.Malhotra & Co.
Chartered Accountants

Place: New Delhi
Dated: 30th August, 2008

Ramesh Malhotra
Partner
Membership No. 013624

BALANCE SHEET as at 31st March, 2008

(Figures in Rupees)

Particulars	Schedule		
		As At 31.03.2008	As At 31.03.2007
SOURCES OF FUNDS			
Share Capital	A	20,000,000	20,000,000
Unsecured Loans	B	102,250,730	3,423,137
Reserves and Surplus	C	7,519,394	6,463,611
Total		<u>129,770,124</u>	<u>29,886,748</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	48,854,273	46,435,882
Less: Depreciation		<u>570,162</u>	<u>523,054</u>
		48,284,111	45,912,828
Current Assets, Loans & Advances			
Erection Work In Progress (Refer Schedule-K note-1(iii))		12,800,000	12,340,374
Sundry Debtors	E	179,343,762	143,287,597
Cash & Bank Balances	F	934,527	512,708
Other Current Assets	G		861,887
Loans & Advances	H	79,559,115	74,311,952
		<u>272,637,404</u>	<u>231,314,518</u>
Less: Current Liabilities & Provisions			
Current Liabilities	I	191,211,561	247,525,261
Net Current Assets		191,211,561	81,425,843
Deferred Tax:			
Deferred Tax Asset		60,170	184,663
Total		<u>129,770,124</u>	<u>29,886,748</u>

Statement on Significant Accounting Policies and notes to accounts **K**

**As per our report of even date attached
For K.C. Malhotra & Co.**
Chartered Accountants

Ramesh Malhotra
Partner
Membership No. 013624

Alok C Kaura
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Place: New Delhi
Dated: 30th August, 2008

PROFIT AND LOSS ACCOUNT as at 31st March, 2008

(Figures in Rupees)

Particulars	Schedule No.	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Erection Receipts		386,387,392	257,276,452
Interest Receipts			2,074,778
(Gross Tax Deducted at source - NIL previous Year Rs.4,65,580/-)			106,820
Interest on Income Tax Refund			
Other Income			
Unclaimed balance written back		417,747	
Excess Provision Written Back		501,592	2,384,851
Total		387,306,731	261,842,901
EXPENDITURE			
Cost of Erection	J	372,447,218	254,946,710
Rent		1,751,615	1,317,478
Power & Fuel		765,293	314,275
Repair & Maintenance			3,500
Rates & Taxes		13,824	1,510
Insurance		11,398	21,960
Brokerage & Commission		4,250	
Office & Miscellaneous Expenses		649,633	558,636
Telephone Charges		669,928	725,597
Stamp Paper			330
Advertisement			10,000
Travelling Expenses		2,917,147	2,995,624
Bank Charges		322,901	318,522
Bad debt written off		1,520,510	
Interest		4,584,330	147
Legal and Professional Expenses		27,500	155,775
Audit fee		20,300	18,025
Directors Meeting Fee		3,500	5,250
Depreciation		47,108	36,178
		385,756,455	261,429,517
Profit Before Taxation		1,550,276	413,384
Provision for Taxation		370,000	393,500
Deferred Tax Credit		124,493	(119,532)
Profit after taxation		1,055,783	139,416
Profit Brought forward from last year		6,463,611	6,324,195
Balance Profit Carried to Balance Sheet		7,519,394	6,463,611
Statement on Significant Accounting Policies and notes to accounts	K		

As per our report of even date attached
For K.C. Malhotra & Co.
Chartered Accountants

Ramesh Malhotra
Partner
Membership No. 013624

Alok C Kaura
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Place: New Delhi
Dated: 30th August, 2008

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at 31.03.2008	As at 31.03.2007
Schedule 'A'		
Share Capital		
Authorised Share Capital		
20,00,000 equity shares of Rs.10/- each	20,000,000	20,000,000
Issued,Subscribed and Paid up capital		
20,00,000 equity shares of Rs.10/- each	20,000,000	20,000,000
Fully Paid up.	20,000,000	20,000,000
Schedule 'B'		
Unsecured Loans		
From the holding company viz- The Saraswati Industrial Syndicate Limited	102,250,730	3,423,137
	102,250,730	3,423,137
Schedule 'C'		
Reserves and Surplus		
Balance in Profit and Loss Account	7,519,394	6,463,611
	7,519,394	6,463,611

Schedule 'D'
Fixed Assets

Particulars	COST			DEPRECIATION				NET BLOCK		
	As At 01.04.2007	Additions during the year	Deductions during the year	As At 01.04.2007	on WDV as on 31.03.2007	on addition during year (below Rs. 5,000/-)	on addition during year (Above Rs. 5,000/-)	During the year	As At 31.03.2008	As At 31.03.2007
Freehold Land	45,788,780.00	2,350,000.00	-	-	-	-	-	-	48,138,780	45,788,780
Plant and Machinery(Tools)	181,333	-	-	102,996	10,897	-	-	10,897	113,893	78,337
Furniture & Fixtures	170,969	-	-	170,969	-	-	-	-	170,969	-
Electrical Appliances	25,660	65,071	-	22,835	393	12,599	4,933	17,925	40,760	2,825
Office Equipments	18,040	3,320	-	9,650	1,167	3,320	-	4,487	14,137	8,390
Computer Hardware	65,100	-	-	30,604	13,799	-	-	13,799	44,403	34,496
Building Temporary Structure	186,000	-	-	186,000	-	-	-	-	186,000	-
	46,435,882	2,418,391	-	523,054	26,256	15,919	4,933	47,108	570,162	48,284,111
Previous Year	615,002	45,820,880	-	486,876	24,112	-	12,066	36,178	523,054	45,912,828

(Figures in Rupees)

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at 31.03.2008	As at 31.03.2007
Schedule 'E'		
Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
-Considered Good	102,928,851	71,634,334
-Considered Doubtful	99,811	99,811
Other Debts- Considered Good	76,414,911	71,653,263
	<u>179,443,573</u>	<u>143,387,408</u>
Less:- Provision for Doubtful Debts	99,811	99,811
	<u>179,343,762</u>	<u>143,287,597</u>
Schedule 'F'		
Cash & Bank Balances		
Cash In Hand	2,770	2,770
Balances With Scheduled Banks in		
Current account	931,757	509,938
	<u>934,527</u>	<u>512,708</u>
Schedule - 'G'		
Other current Assets		
Interest Accrued on :		
Call money /Inter -Corporate Deposit with SSM Limited		856,887
NSC/FD lying with Govt.		5,000
		<u>861,887</u>
Schedule 'H'		
Loans and Advances		
(Unsecured considered good)		
Deposit with SSM Limited :		
Inter Corporate Deposit		2,306,000
Call Money		2,825,000
Advance Tax/Income Tax refundable		
(after adjustment of provision for Income Tax)	15,668,824	6,038,592
Advances Recoverable in Cash or in Kind		
or for value to be received	63,695,091	62,986,410
Security Deposit	195,200	155,950
	<u>79,559,115</u>	<u>74,311,952</u>

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at	As at
Schedule 'I'	31.03.2008	31.03.2007
Current Liabilities		
Sundry Creditors		
- Due to SSI Undertakings	-	-
- Due to Micro and Small Enterprises	-	-
- Others	89,823,094	85,066,906
Advances from Customers	68,766,557	62,237,134
Invoicing for erection work in progress		
Due to bank-SBOP	397,381	1,111,142
Due to bank-Corporation Bank		364,651
Other Liabilities	32,224,529	98,745,428
	191,211,561	247,525,261
 Schedule 'J'		
Erection Cost		
Opening Balance :-		
Erection work-in-progress	12,340,374	10,739,968
Add:		
Erection Cost incurred during the year	372,906,844	256,547,116
	385,247,218	267,287,084
Less :Closing Balance		
Erection Work in Progress	12,800,000	12,340,374
	372,447,218	254,946,710
Erection Cost (*)	369,861,087	250,744,910
Erection Cost	369,861,087	250,744,910
Insurance		8,320
Travelling Expenses	2,586,131	4,193,480
	372,447,218	254,946,710

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2008

Schedule 'K'

Statement on significant Accounting Policies and Notes to accounts:

I Accounting Policies :

1 Accounting Convention :

The accounts have been prepared in accordance with the relevant presentation of the Companies Act, 1956 under the historical cost convention, and in accordance with applicable accounting standards issued by The Institute of Chartered Accountants of India.

2 Fixed Assets :

Fixed Assets are stated at cost less depreciation. Depreciation on fixed assets has been provided for the year on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

3 Inventories :

Erection Work -in-Progress has been valued at lower of cost or net realisable value.

4 Revenue Recognition :

Accounting for sales under erection contracts is recognised on the basis of actual completion & certification of work. Loss on Erection & Commissioning has been accounted for in the accounts, in accordance with Accounting Standards. Interest income is accounted for on accrual basis.

5 Insurance and Other Claims :

These are accounted for as and when the same are accepted by the concerned authorities/Parties.

6 Taxes on Income

Current tax is determined as the account of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing difference between taxable income and accounting income that originates in one year and are capable of reversal in one or more subsequent years.

7 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds it's recoverable value. An impairment loss is charge to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

8 Provisions, Contingent Liabilities and Contingent Assets :

Provisions are created when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimate can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

II Notes to Accounts :

1 Contingent Liability

Contingent liability in respect of guarantees furnished by bankers on our behalf for 'Rs.1,69,49,000/- (Previous Year Rs.2,38,70,000/-) against counter guarantees by the holding company to the bankers for the same amount.

- 2 Out of total issued, subscribed and paid up capital of 20,00,000 equity shares of 'Rs.10/-each amounting to Rs.2,00,00,000/- The Saraswati Industrial Syndicate 'Limited (Holding Company) holds 19,99,900 equity shares of Rs.10/-each fully paid up.
- 3 Balance due to / from parties are subject to confirmation by the respective parties.
- 4 Audit fee includes tax audit fee of Rs.2,000/- (Previous year Rs.2000/-) and Service tax Rs. 2,305/- (Previous year Rs.2,305/-).
- 5 Sundry debtors include amount due from the Holding Company viz. the Saraswati Industrial Syndicate Limited amounting to Rs. 2,19,393/-.
- 6 Provision for Fringe Benefit Tax has not been made in the accounts as Company is of the view that Fringe Benefit Tax is not applicable as there is no employee on the roll of the Company.
- 7 Previous year figures have been regrouped/recast wherever necessary to confirm to current year classification.
- 8 The Company estimates the deferred tax (charges)/credit for the year using the applicable tax rate based on the impact of timing difference 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.

Element of Deferred Tax	Rs. In Lakhs		
	As at March.2007	Credit/ (charge) during the year	As at March.2008
Depreciation	9441	2525	11966
Other Timing Difference	175222	(127018)	48204
Net Deferred Tax Assets	184663	(124493)	60170

9 Amount due to Small Scale Industrial Undertakings :

There are no Micro and Small Enterprises , to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March,2008. This information as required to be disclosed under the Micro , Small and Medium Enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

10 Related Party disclosures :

1 Related parties with whom there were transactions during the year are listed below :

a Directors: Mr. Aditya Puri, Mr. S.K. Khorana, Mr. L.M. Talwar, Mr. V.K. Sachdeva, Mr. P.L. Dhar

b Holding Company :

(i) The company is a subsidiary of The Saraswati Industrial Syndicate Limited.

(ii) **Entities over which Mr. Ranjit Puri, Chairman and Mr. Aditya Puri, Director can exercise significant influence.**

ISGEC Exports Limited and Saraswati Sugar Mills Limited .

(Subsidiaries of 9(b)(i) above)

2 The following transactions were carried out with the related parties at normal commercial terms in the ordinary course of business .

2.1 Holding Company

	(Amount in Rs.)	
	31.03.2008	31.03.2007
i) Payment of travelling and other expenses	46,18,250	56,72,272
ii) Payment of professional charges	27,45,348	66,54,305
iii) Consumable item purchased for the Holding Company	55,26,707	31,44,579
iv) Counter gurantees given to the bankers against guarantees furnished by the bankers	1,69,49,000	2,38,70,000
v) Interest paid	32,32,723	Nil
vi) Outstanding payable / (receivable) by the company (Net) *	10,20,31,338	61,67,202

* Transaction with the above parties are accounted in the respective current account .

2.2 Details relating to party referred to the item 9(b)(ii) :

	(Amount in Rs.)	
	31.03.2008	31.03.2007
Deposit with SSM Limited :		
i) Inter Corporate deposit		
Balance as on 01.04.2007	2,306,000.00	
given during the year	NIL	
	<u>2,306,000.00</u>	
returned during the year	2,306,000.00	Nil
	<u>2,306,000.00</u>	23,06,000
ii) Call money deposit :		
Balance as on 01.04.2007	2,825,000.00	
Given during the year	97,670,000.00	
	<u>100,495,000.00</u>	
Returned during the year	100,495,000.00	Nil
	<u>100,495,000.00</u>	28,25,000
iii) Amount due to SSM Limited		
Balance as on 01.04.2007	44,590,980.00	
Taken during the year	1,850,000.00	
	<u>46,440,980.00</u>	
Returned during the year	46,440,980.00	Nil
	<u>46,440,980.00</u>	4,45,90,980
iv) Interest receipts		Nil
v) Interest paid	13,51,607	Nil

2.3 Details relating to persons referred to the item 9.(1)(a).

Board Meeting fee to Directors	3,500	5,250
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11 Cash flow statement for the year ended 31st March, 2008

	31.03.2008	(Figures in Rupees) 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	1,550,276	413,384
Adjustment for :		
Depreciation	47,108	36,178
Interest Income		(2,181,598)
Operating Profit Before Working Capital Change	1,597,384	(1,732,036)
Adjustment for :		
(Increase)/Decrease in Inventories	(459,626)	(1,600,406)
(Increase)/Decrease in Debtors	(36,056,165)	(101,778,963)
(Increase)/Decrease in Other current assets	861,887	(211,135)
(Increase)/Decrease in Loans and Advances	(5,247,163)	(3,915,947)
Increase/(Decrease) in Creditors	(56,313,700)	150,526,396
Cash Generation from Operation	(95,617,383)	41,287,908
Direct Taxes paid/Refund received	(370,000)	(393,500)
Net cash flow From Operating Activities (Total of A)	(95,987,383)	40,894,408
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,418,391)	(45,820,880)
Interest Received		2,181,598
Net cash used in Investing Activities (Total of B)	(2,418,391)	(43,639,282)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Others	98,827,593	1,089,231
Net cash used in Financial Activities (Total of C)	98,827,593	1,089,231
D. Net Increase / (Decrease) in Cash & Cash Equivalents (Total of A+B+C)	421,819	(1,655,642)
Cash & Cash Equivalents as at Ist April.2007 (Opening balance)	512,708	2,168,350
Cash & Cash Equivalents as at 3Ist March.2008 (Closing balance)	934,527	512,708

Note:The above cash flow statement has been prepared under the “Indirect method” as set out in Accounting Standard - 3 on cash flow statements issued by The Institute of Chartered Accountants of India.

12 Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

Registration No.	25908	State Code	55
Balance Sheet Date	31/03/2008		

II. Capital Raised during the year (Amount in Rs.Lacs)

Public Issue	Rights Issue
NIL	NIL
Bonus Shares	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Lacs)

	Total Liabilities	Total Assets
	1297.70	1297.70
Sources of Funds	Paid-up Capital	Profit & Loss
	200	75.19
	Secured Loans	Unsecured Loans
	NIL	1022.51
Application of Funds	Net Fixed Assets	Investments
	482.84	NIL
	Net Current Assets	Misc. Expenditure
	814.86	NIL
	Accumulated Losses	
	NIL	

IV. Performance of Company (Amount in Rs.Lacs)

Turnover (Gross Revenue)	Total Expenditure
3873.07	3857.56
Profit Before Tax	Profit After Tax
15.50	10.56
Earning per Share in Rs.	Rate of Dividend
0.53	NIL

V. Generic Name of Principal Services of Company (as per monetary terms)
Item Code No. (ITC Code)

Product Description	Erection & Commissioning of Boiler & Sugar Machinery
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For K.C. Malhotra & Co.

Chartered Accountants

Ramesh Malhotra

Partner

Membership No. 13624

Alok C Kaura
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Place: New Delhi

Dated: 30th August, 2008

ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

Directors

Mr. Aditya Puri
Mr. V.K. Sachdeva
Mr. L.M. Talwar
Mr. Y.L. Midha
Mr. V.D. Verma

Bankers

State Bank of Patiala

Registered Office

D-860, New Friends Colony,
New Delhi - 110065

DIRECTORS' REPORT

To the Members,

Your Directors present the 12th Annual Report on the business and operations of the Company and audited Statement of the Accounts for the year 31.03.2008.

1.0 FINANCIAL RESULTS:

figures in Rs. / Lacs

i) Gross turnover	1.58
ii) Net Profit before Tax	0.24
iii) Provision for taxation	0.09
iv) Balance of previous year profit	9.90
v) Profit available for appropriation	10.05
vi) Balance Profit & Loss carried forward	10.05

2.0 DIVIDEND:

The Board of Directors do not recommend any Dividend for the year.

3.0 WORKING OF THE COMPANY:

The Company has not undertaken any export business during last 8-9 years.

4.0 ENERGY, CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

4.1 The Company continues to make efforts in conservation of energy by minimizing wastage in its limited areas of operation.

4.2 There has been no technology absorption and foreign exchange income or outflow during the above period.

5.0 FIXED DEPOSITS:

No fixed deposits from the public were accepted during the year.

6.0 AUDITORS:

The auditors, M/s. K.C. Malhotra & Co., Chartered Accountants have furnished a certificate that their appointment, if made, would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

7.0 SECRETARIAL AUDITORS:

In accordance with Section 383A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2002 your company is required to obtain a Secretarial Compliance Certificate from a Company Secretary in whole time practice. Accordingly, a Compliance Certificate is attached hereto.

8.0 PERSONNEL:

There was no employee in receipt of remuneration exceeding the limits as are prescribed under Section 217(2A) of the Companies Act, 1956, accordingly, there is nothing to report under Companies (particulars of employees) Rules, 1975.

9.0 DIRECTORS:

Mr. V.D. Verma and Mr. Yudhister Lal Midha being longest in office will retire by rotation in the forthcoming Annual General Meeting and are eligible for re-appointment.

10.0 DIRECTOR'S RESPONSIBILITY:

10.1 In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any.

10.2 The Directors' have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss account of the Company for that period.

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

10.4 The Directors' had prepared the annual account on going concern basis.

11.0 APPRECIATIONS:

The Directors' placed on records their appreciation to the bankers for the co-operation extended to the Company.

With these remarks, we present the Profit & Loss Account for the year ended 31.03.2008 and the balance sheet as on that date.

By the Order of the Board

Place : New Delhi.
Date : 25th July, 2008

(L.M.Talwar)
DIRECTOR

(V.D.Verma)
DIRECTOR

SECRETARIAL COMPLIANCE CERTIFICATE

REGISTRATION NO. OF THE COMPANY : 55-76750
NOMINAL CAPITAL OF THE COMPANY : Rs. 10,00,000/-

To,
The Members,
Isgec Exports Limited,
D-860, New Friend Colony
New Delhi - 110065

I have examined the registers, records, books and papers of ISGEC Exports Limited (the Company), as required to be maintained under the Companies Act 1956 (the Act), and rules made thereunder and also provisions contained in the Memorandum & Articles of Association of the Company, for the financial year ended 31st march, 2008. In my opinion and to the best of my information and according the examinations carried out by me and explanations furnished to me by the Company, its officers and agents. I certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all the registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
 2. The Company has duly filed the forms and Returns as stated in **Annexure 'B'** to this Certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and rules made thereunder.
 3. The Company is a Public Limited Company. The provisions relating to Limitation of number of members & invitation of Public Subscription does not apply.
 4. The Board of Directors duly met four times respectively on 23.06.2007, 30.07.2007, 30.10.2007 & 31.01.2008, in respect of which proper notices were given and proceeding were recorded and signed in the Minutes Books maintained for this purpose.
 5. During the financial year under review, the Company has not closed its Register of Members, since its securities were not listed with any Stock Exchange.
 6. The Annual General Meeting for the financial year ended on 31.03.2007 was held on 29.09.2007 after giving due notice to the Members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for this purposes.
 7. No Extraordinary General Meeting was held during the financial year.
 8. The Company has not advanced any loans to its Directors and/or persons or firms or Companies referred to under Section 295 of Act.
 9. The Company has not entered into any contact failing within the purview of the Section 297 of the Act.
 10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
 11. As there was no instances failing within the purview of section 314 of The Act. The Company was not required to obtain any approvals from the Boards of Directors, Members or Central Government.
 12. The Company has not issued any duplicate Share Certificate during the financial year.
 13. i) The Company has not received any request for transfer during the year, hence no transfer was made during the financial year .
ii) The Company has not deposited any amount in separate Bank Account as no dividend was declared during the financial year.
iii) The Company was not required to post warrants to any Member of the Company as no dividend was declared during the financial year.
-

- iv) The provision relating to transfer of funds etc. to Investors Education and Protection Fund are not attracted in the case of the Company.
- v) The Company has duly complied with the requirement of section 217 of the Act, as applicable to it.
- 14. The Boards of Directors of the Company is duly constituted. There was no appointment of Additional Director (s), Alternate Director (s) and Director (s) to fill casual vacancy during the financial year.
- 15. The Company is being managed by Board of Directors.
- 16. The Company has not appointed any sole-selling agent during the financial year.
- 17. The Company was not required to obtain any approval of the Central Government, Company Law Boards, Regional Directors, Registrar of Companies and/or such authorities prescribed under the various provision of the Act during the financial year.
- 18. The Directors have disclosed their interest in other firms/Companies to the Boards of Directors pursuant to the provision of Act and rules made there under.
- 19. The Company has not issued any Share, Debentures or other Securities during the financial year.
- 20. The Company has not bought back any Shares during the financial year.
- 21. There was no redemption of Preference Shares or Debentures during the financial year.
- 22. There were no transactions during the financial year necessitating the Company to keep in abeyance the rights to divided, Rights Shares and Bonus Shares pending registration of transfer of Shares.
- 23. The Company has not invited/accepted or renewed any Deposits falling within the purview of Section 58A of the Act, during the financial year.
- 24. The Company has taken borrowings from other body corporate during the financial year within the limits specified in a general meeting in complying with the Provisions of Sec 293(1) (d) of the Act.
- 25. The Company has not made any Loans/Investments or provided guarantees/securities to/in respects of other bodies corporate failing within the purview of Section 372A of the Act, during the financial year.
- 26. The Company has not altered the provisions of Memorandum with respect to situation of the Company's registered office from one state to another, during the year under scrutiny.
- 27. The Company has not altered the provisions of Memorandum with respect to the Objects of the Company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the year under scrutiny .
- 29. The Company has not altered the provisions of the Memorandum with the respect Share Capital of the Company during scrutiny.
- 30. The Company has not altered its Article of Association during the financial year.
- 31. As per the explanations provide by the officers of the Company, there was no prosecution initiated against or Show Cause Notice(s) received by the Company and no fines or penalties or any other punishment was imposed on the Company, for committing offences under the Act.
- 32. As per the explanations provided by the officers, the Company has not received any money as security from any of its employees during the financial year.
- 33. The Company did not deduct any amount towards Provident Funds during this Financial year

ANNEXURE 'A'

Registers as maintained by the Company:-

(I) Statutory Registers

- (1) Registers of Members u/s 150 of the Act.
- (2) Minute of proceeding of General Meeting and of Board Meetings u/s 193 of the Act.
- (3) Books of Accounts including Fixed Assets Register u/s 193 of the Act.
- (4) Register of Contracts etc. u/s 301 of the Act.
- (5) Registers of Director's etc. u/s 303 of the Act.
- (6) Registers of Director's Shareholding u/s 307 of the Act.
- (7) Registers of Charges u/s 143 of the Act.
- (8) Registers of Investments u/s 372A of the Act.

(II) Other Registers

1. Common Seal Register.
2. Directors and Member's Attendance Register.
3. Share Transfer Register.

ANNEXURE 'B'Forms & Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during year ending 31st March 2008.

Sr. No	Forms No. /Return	Filed U/s	For	Date of Filing	Whether filed With in time Yes/No	If Delayed whether Late Fee paid Yes/No
1.	Balance Sheet	210	Audited Annual Accounts of the Company for the year ended 31.03.07	27.10.2007	Yes	No
2.	Compliance Certificate	383(A)	Annual Certificate from the Company Secretary	27.10.2007	Yes	No
3.	Annual Return	159	Annual Return of the Company made up to 29.09.07	27.11.2007	Yes	No

AUDITOR'S REPORT

We have audited the attached Balance Sheet of ISGEC Exports Limited, as at 31st March, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') 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 report a statement on the matters specified in paragraphs '4' and '5' of the said order.

1. (a) The Company has no other fixed assets except land in respect of which proper records showing full particulars including quantitative detail and situation of fixed asset has been maintained.
 - (b) The Management has certified that it has conducted a physical verification of the fixed assets at reasonable intervals, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verification.
 - (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
 2. The Company do not have any inventory and therefore paragraph 4(ii) of Companies (Auditor's Report) order, 2003 is not applicable to the Company.
 3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the order are not applicable to the Company for the current year.
 - (b) (i) The Company has taken interest-free loan from the holding company viz. The Saraswati Industrial Syndicate Limited listed in the register maintained under Section 301 of the Companies Act, 1956, the terms and conditions of which are, prima facie, not prejudicial to the interest of the company. The maximum amount outstanding during the year and year end balance are Rs. 7,45,34,692/- and Rs. 7,44,76,484/- respectively.
 - (ii) In respect of aforesaid loans, we are explained that such loans and amount due are repayable on demand and therefore, there is no overdue amount at the year end.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company, the nature of its business with regard to other assets. During the course of our audit, we have not noticed any major weaknesses in internal controls.
 5. (i) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
 - (ii) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5,00,000/- (Rupees five lacs only) or more in respect of any party.
-

6. In our opinion and according to the information and explanation given to us, the company has not accepted any deposit from the public and hence the provisions of clause 4(vi) of the Companies (Auditors' Report) order, 2003 regarding deposit from the public are not applicable to the Company.
 7. In our opinion, the company has an internal Audit System commensurate with its size and nature of the Company's business.
 8. Maintenance of cost records has not been prescribed to the Company by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
 9.
 - a) According to the information and explanation given to us and records of the company examined by us, in our opinion, undisputed dues Income Tax and other statutory dues applicable to it have been regularly deposited during the year with the appropriate authorities. We are informed there is no liability towards Investor Education and Protection fund, Employee's State Insurance, Provident Fund, Wealth Tax, Service Tax, Sales Tax, Cess, Customs Duty and Excise Duty for the year under audit.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, and Excise Duty, were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
 - c) According to the records of the Company, there are no dues of Sale Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty/Cess which have not been deposited on account of any dispute.
 10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or immediately preceding financial year.
 11. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions, Banks, or Debenture holders.
 12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of Shares, Debentures and other securities.
 13. In our opinion, the company is not a Chit fund or a Nidhi/Mutual benefit fund/Society. Therefore clause 4(xiii) of the Companies (Auditors' Report) order 2003 is not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4 (xiv) of the order is not applicable.
 15. The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
 16. The Company has not raised any term loans during the year.
 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. Based on our examination of record and the information provided to us by Management we report that the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 19. During the period covered by our audit report, the company has not issued debentures and therefore the question of creation of any security in respect of these debentures does not arise.
 20. The Company has not raised any money by way of public issue during the year.
 21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
-

Further to our comments referred to above, we report that 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. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account. In our opinion, the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956. On the basis of written representations received from the Directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives 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 31st March, 2008;
- (b) In the case of the Profit and Loss account, of the profit for the year ended on that date; and
- (c) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

For K.C. MALHOTRA & CO.
Chartered Accountants

(Ramesh Malhotra)
(Partner)

Membership No. 13624

Place : New Delhi.
Date : 25th July, 2008

BALANCE SHEET as at 31st March, 2008

		(Figures in Rupees)	
		As At 31.03.2008	As At 31.03.2007
	Schedule No.		
Sources of Funds :			
Shareholders Funds :			
Share Capital	A	10,00,000	10,00,000
Reserves and Surplus	B	<u>68,69,753</u>	<u>68,54,907</u>
		78,69,753	78,54,907
Unsecured Loans	C	7,44,76,484	10,76,173
TOTAL		<u>8,23,46,237</u>	<u>89,31,080</u>
Application of Funds :			
Fixed Assets	D	8,26,47,694	8,21,47,694
Current Assets, Loans and Advances :			
Sundry Debtors	E		
Cash and Bank Balances	F	31,731	65,033
Other Current Assets	G	-	14,68,295
Loans and Advances	H	<u>3,090</u>	<u>77,25,000</u>
		34,821	92,58,328
Less:Current Liabilities and Provisions			
Current Liabilities	I	33,744	8,21,81,408
Provisions :	J	<u>3,02,534</u>	<u>2,93,534</u>
		3,36,278	8,24,74,942
Net Current Assets :		(3,01,457)	(7,32,16,614)
TOTAL		<u>8,23,46,237</u>	<u>89,31,080</u>
Statement on Significant Accounting Policies and Notes to the Accounts	M		

As per our Report of even date Attached
For K.C. Malhotra & Co.
Chartered Accountants

H.R. Vij
Secretary

L.M. Talwar
Director

V.D. Verma
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 25th July, 2008

PROFIT AND LOSS ACCOUNT as at 31st March, 2008

(Figures in Rupees)

	Schedule No.	Year ended 31.03.2008	Year ended 31.03.2007
Income :			
Other Income	K	1,58,333	4,69,261
		1,58,333	4,69,261
Expenditure :			
Purchases		-	-
Operating and Other Expenses	L	1,34,487	4,36,465
		1,34,487	4,36,465
Profit for the year before Taxation		23,846	32,796
Current tax		9,000	12,000
Taxation adjustment of previous year		-	(442)
Profit after taxation		14,846	21,238
Balance of Profit from Previous Year		9,90,218	9,68,980
Profit available for Appropriation		10,05,064	9,90,218
Appropriation :			
Balance being Surplus Carried to Balance Sheet		10,05,064	9,90,218
		10,05,064	9,90,218
Statement on Significant Accounting Policies and notes to the accounts			
	M		

As per our Report of even date Attached
For K.C. Malhotra & Co.
Chartered Accountants

H.R. Vij
Secretary

L.M. Talwar
Director

V.D. Verma
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 25th July, 2008

Schedule Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at 31.03.2008	As at 31.03.2007
Schedule 'A'		
Share Capital :		
Authorised :		
1,00,000 Equity Share of.10/- each	10,00,000	10,00,000
Issued,Subscribed & Paid up:		
1,00,000 Equity Share of.10/- each fully paid up	10,00,000	10,00,000
	<u>10,00,000</u>	<u>10,00,000</u>
Schedule 'B'		
Reserves and Surplus :		
General Reserve:		
As per last Balance Sheet	58,64,689	58,64,689
Transfer from Profit and Loss Account		
	<u>58,64,689</u>	<u>58,64,689</u>
Profit and Loss Account :		
Surplus as per Account Annexed	10,05,064	9,90,218
	<u>68,69,753</u>	<u>68,54,907</u>
Schedule 'C'		
UNSECURED LOAN :		
From the holding company viz.The Saraswati Industrial Syndicate Ltd.	7,44,76,484	10,76,173
	<u>7,44,76,484</u>	<u>10,76,173</u>
Schedule 'D'		
FIXED ASSETS :		
Land	8,26,47,694	8,21,47,694
	<u>8,26,47,694</u>	<u>8,21,47,694</u>

Schedule Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at 31.03.2008	As at 31.03.2007
Schedule 'E'		
SUNDRY DEBTORS (Unsecured) :		
Considered Doubtful :		
Over six months old :	1,40,994	1,40,994
Other	-	-
	1,40,994	1,40,994
Less : Provision for doubtful debts	1,40,994	1,40,994
	-	-
 Schedule 'F'		
Cash and Bank Balances :		
With Scheduled Banks :		
In Current Account	31,731	65,033
	31,731	65,033
 Schedule 'G'		
Other Current Assets :		
Interest accrued on Deposits	-	14,68,295
	-	14,68,295
 Schedule 'H'		
Loans and Advances		
(unsecured considered good) :		
Advances recoverable in cash or in kind or for value to be received :		
With Saraswati Sugar Mills Ltd. :		
- Call Money Deposit	-	77,25,000
- Others	3,090	-
	3,090	77,25,000

Schedule Annexed to and forming part of the Balance Sheet as at 31st March, 2008

(Figures in Rupees)

	As at 31.03.2008	As at 31.03.2007
Schedule 'I'		
Current Liabilities :		
Other Liabilities :	33,744	8,21,81,408
	<u>33,744</u>	<u>8,21,81,408</u>
Schedule 'J'		
Provisions :		
For Taxation (Net of Advance Tax)	3,02,534	2,93,534
	<u>3,02,534</u>	<u>2,93,534</u>
Schedule 'K'		
Other Income :		
Interest Received (Tax deducted at source Rs. Nil Previous Year Rs.1,05,133/-)	—	4,69,261
Misc Receipts :	1,58,333	—
	<u>1,58,333</u>	<u>4,69,261</u>
Schedule 'L'		
Operating and other expenses :		
Other Expenses :		
Rates & Taxes	928	1,500
Legal Expenses	3,000	5,300
General Expenses	29,150	28,660
Interest Paid	—	100
Bank Charges	1,01,409	4,00,905
	<u>1,34,487</u>	<u>4,36,465</u>
	<u>1,34,487</u>	<u>4,36,465</u>

Schedule Annexed to and forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE 'M'

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) The accounts have been prepared in accordance with the relevant presentation of the Companies Act, 1956 under the historical cost convention and applicable accounting standards.

(b) Revenue Recognition:

Interest income is accounted for on accrual basis.

(c) Export Incentives:

These are accounted for as and when the amount recoverable can be reasonably determined as being acceptable to the concerned authority.

(d) Taxes in income:

Deferred tax assets/liability has not been recognized since there were no timing differences between taxable income and accounting income.

(e) Provisions, Contingent Liabilities, Contingent Assets:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

(f) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment out loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

B. NOTES ON ACCOUNTS

(a) The entire subscribed capital of the company is held by The Saraswati Industrial Syndicate Limited – holding company and its nominees.

(b) No Board Meeting Fee for attending meetings has been paid to the Directors.

(c) General Expenses include audit fee Rs. 28,120/- (inclusive of service tax Rs.3,120/-) previous year Rs. 28,060/- (inclusive of service tax Rs. 3,060/-).

(d) Previous year figures have been regrouped / recast wherever necessary.

(e) Balance due / from parties are subject to confirmation by the respective parties.

(f) Based on the information available with the company, there are no due to the Micro and small enterprises as defined under Micro, small and medium enterprises Development Act 2006.

(g) Since there were no timing differences between taxable income and accounting income, deferred tax asset/liability has not been recognized as per requirement of Accounting Standard 22 “Accounting for taxes on income” issued by the Institute of Chartered Accountants of India.

(h) Related party Disclosure:

1. Related parties with whom there was transactions during the year are listed below: -

a. Directors: Mr. Aditya Puri, Mr. V. K. Sachdeva, Mr. L.M. Talwar, Mr. Y. L. Midha, Mr. V. D. Verma.

b. (i) Holding Company

The Company is a subsidiary of The Saraswati Industrial Syndicate Limited.

(ii) Entities over which Mr. Aditya Puri, Director can exercise significant influence.

The Saraswati Sugar Mills Limited (Subsidiaries of b (i) above).

2. The following transactions were carried out with the related parties at normal commercial terms in the ordinary course of business.

2.1 Holding Company

(Amounts in Rs.)

	31.03.2008	31.03.2007
(i) Outstanding Payable / (receivable) by the Company (Net) *	7,44,76,484	10,76,173

* Transaction with the above party are accounted in respective current account.

2.2 Detail relating to party referred to the item 1(b) (ii) above -

(Amounts in Rs.)

	31.03.2008	31.03.2007
Deposit with Saraswati Sugar Mills Limited		
i) Call Money Deposit	-	77,25,000
ii) Interest receipts on (i) above	-	4,68,505
iii) Outstanding Payable / (receivable) by the Company (*)	(3,090)	8,21,47,694

* Transaction with the above party are accounted in respective current account.

Cash flow statement for the year ended 31st March, 2008

(Figures in Rupees)

	31.03.2008	31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	23,846	32,796
Adjustments for :		
Preliminary Expenses	-	-
Interest Income	-	4,69,261
Operating Profit Before Working Capital Changes	23,846	5,02,057
Adjustments for :		
(Increase)/Decrease in Other Current Assets	14,68,295	(3,63,372)
(Increase)/Decrease in Loans & Advances	77,21,910	1,00,000
Increase/(Decrease) in Creditors	(8,21,47,664)	8,21,17,455
Cash Generated From Operations	(7,29,33,613)	8,23,56,140
Direct Taxes Paid/Refund received		(92,518)
Net Cash Flow From Operating Activities	(7,29,33,613)	8,22,63,622
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(5,00,000)	(8,21,47,694)
Interest Received	-	(4,69,261)
Net Cash used in Investing Activities	(5,00,000)	(8,26,16,955)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings :		
- Others	7,34,00,311	4,04,374
Dividend Paid	-	-
Net Cash Used in Financing Activities (Total of C)	7,34,00,311	4,04,374
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(33,302)	51,041
Total of A+B+C		
Cash and Cash equivalents as at 1st April, 2007		
(Opening Balance)	65,033	13,992
Cash and Cash equivalents as at 31st March, 2008		
(Closing Balance)	31,731	65,033

Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statements Issued by the Institute of Chartered Accountants of India.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	76750	State Code 55
Balance Sheet Date	31/03/2008	

II. Capital Raised during the year (Amount in Thousands Rupees)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Thousands Rupees)

	Total Liabilities	Total Assets
	82,346	82,346
Sources of Funds	Paid-up Capital	Reserve and Surplus
	1,000	6,870
	Secured Loans	Unsecured Loans
	NIL	74,477
Application of Funds	Net Fixed Assets	Investments
	82,648	NIL
	*Net Current Assets	Misc. Expenditure
	(301)	0
	Accumulated Losses	
	NIL	

*Including Net Deferred Tax Liability

IV. Performance of Company (Amount in Thousands Rupees)

	Turnover	Total Expenditure
	158	134
	Profit Before Tax	Profit After Tax
	24	15
	Earning per Share in Rs.	Rate of Dividend (%)
	0.15	NIL

V. Generic Name of Three Principal product/Services of Company (as per monetary terms)

<u>Item Code No.</u> (ITC Code)	<u>Product Description</u>
843830	Sugar Machinery
84.0211	Boiler

Signatures to Schedules 'A' to 'M', which form an integral part of the Accounts.

As per our Report of even date Attached
For K.C. Malhotra & Co.
Chartered Accountants

H.R. Vij
Secretary

L.M. Talwar
Director

V.D. Verma
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 25th July, 2008

ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

Directors	Mr. S.C. Jolly Mr. Tahir Hasan
Managing Director	Mr. Aditya Puri
Chairman	Mr. Ranjit Puri
Company Secretary	Mr. J.K. Chowdhery
Bankers	State Bank of Patiala Corporation Bank Oriental Bank of Commerce State Bank of Travancore Punjab National Bank
Registered Office	Radaur Road Yamuna Nagar - 135001 (Haryana)

DIRECTORS' REPORT

1.00 The Directors hereby present their Annual Report for the year ended September 30, 2008.

2.00 **FINANCIAL RESULTS**

2.01 The financial results for the year are given below:-

	(Rs.in Lacs)
Profit before Depreciation	1032.16
Depreciation	1019.61
Profit for the year	12.55

2.02 The financial results were not as disappointing as was envisaged in the beginning of the year. This is because of the increase in sugar prices for both your factory as well as All India, due to following reasons:-

- i) All India sugar production, which was expected to be higher than last season's production of 283 lac tonnes, was lower at 263 lac tonnes.
- ii) Country exported more sugar than anticipated. The total export was 49.56 lac tones, which is a record. Export was higher due to higher International price (particularly upto March 2008) as compared with domestic prices and also because of subsidy for reimbursing Internal freight, Ocean freight and Handling & Marketing expense.
- iii) Central Government created Buffer Stock of 50 lac tonnes of sugar for a period of one year.

2.03 Your Company also received subsidy of Rs. 630.62 lac on Buffer Stock and Rs. 131.87 lac on Export of sugar.

2.04 The Central Government gave financial assistance to the Industry in the form of interest subvention @12% p.a. on loan equivalent to Central Excise Duty on total sugar production during the seasons 2006-07 and 2007-08. Your Company received a loan of Rs. 30 crore under the scheme. The interest subvention will be accounted for as and when the same is sanctioned by the Central Government.

2.05 In view of nominal profit, the Directors have not recommended any dividend.

3.00 **REVIEW OF THE OPERATIONS OF THE COMPANY:**

3.01 It was reported in last year's Directors' Report that the Company has challenged the State Advised Price (SAP) before the Punjab & Haryana High Court. The High Court did not grant any interim order and the Company had to make payment to cane growers on the basis of SAP. The case is now listed for regular hearing, date of which is yet to be fixed.

3.02 The statistical position is given below:-

Particulars	Season	
	2007-08	2006-07
All India Production of Sugar (Lac Tonnes)	263	283
Production of Sugar by SSM (Lac Quintals)	18.53	23.28
Cane Crush by SSM (Lac Quintals)	174.29	219.05
Recovery %	10.63	10.63

3.03 There was a severe incidence of frost which affected sugarcane yield and recovery substantially. The recovery was higher by about 0.5% in the first 70 days of the season as compared to previous year, but for the balance period when we started receiving frost affected cane, the recovery was much lower.

3.04 The sugar losses in the season were significantly lower as compared with previous season. The sugarcane crushed, however, was lower because of lower availability of sugarcane, which in turn was due to less planting.

Current Season - 2008-09:

- 3.05 The cane availability during the current season is likely to decrease substantially. This is due to lower planting as a result of:-
- i) Very heavy frost – The fields of a large number of farmers deteriorated/rotted during the last season itself. They uprooted their sugarcane crop and did not plant sugarcane for the current season.
 - ii) Highly remunerative prices of rice and wheat crops whereby farmers shifted from cane to those crops.
- 3.06 The Haryana Government has fixed State Advised Price (SAP) for sugarcane for the current season as under:
- i) Early Variety : Rs. 170/- per quintal (increase of Rs. 32/- per quintal over the season 2007-08).
 - ii) Mid Variety : Rs. 165/- per quintal (increase of Rs. 37/- per quintal over the season 2007-08).
 - iii) Late Variety : Rs. 160/- per quintal (increase of Rs. 34/- per quintal over the season 2007-08).
- The aforesaid prices are very high as compared to the prices fixed by the Uttar Pradesh Government and Bihar Government. For Uttar Pradesh, the State Government has fixed cane price of Rs. 140/- per quintal and for Bihar, the State Government has fixed cane price of Rs. 120/- per quintal.
- 3.07 The sugarcane prices fixed by the Haryana Government are without any basis and are arbitrary. We have filed a petition challenging the fixation of SAP in the Punjab & Haryana High Court. The High Court has issued notices to the State Government and the cane growers. The proceedings are continuing.
- 3.08 In the meantime, after reviewing the matter, the factory has started crushing on the 5th December 2008 and the cane price payable shall be subject to the decision of the High Court. The working of the factory has been satisfactory.
- 4.00 **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:**
- 4.01 In compliance with the provisions of Section 217(1) (e) of the Companies Act, 1956, the statement giving the required information is annexed hereto.
- 5.00 **PARTICULARS OF EMPLOYEES:**
- 5.01 There was no employee in receipt of remuneration exceeding the limits as are prescribed under Section 217(2A) of the Companies Act, 1956. Accordingly, there is nothing to report under Companies (Particulars of Employees) Rules, 1975.
- 6.00 **DIRECTORS' RESPONSIBILITY STATEMENT:**
- 6.01 The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 is enclosed.
- 7.00 **FIXED DEPOSITS:**
- 7.01 32 depositors of the company had, as on September 30, 2008, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 20.55 lac. 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.
- 8.00 **ACKNOWLEDGEMENTS:**
- 8.01 The Directors appreciate the services and co-operation of the staff and the workmen during the year under report.
- 8.02 The Directors also place on record their appreciation of the financial institutions and banks for prompt financial assistance and co-operation.
- 8.03 With these remarks, we present the Accounts for the year ended September 30, 2008.

BY ORDER OF THE BOARD

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 2007-08 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.

Nil

(g) Total Foreign Exchange used and earned (2007-08)

(Amount in Rs./Lacs)

- Total Foreign Exchange used	1.81
- Total Foreign Exchange earned	Nil

FORM 'A'

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION :

		Current Year 2007-2008	Previous Year 2006-2007
1. Electricity :			
a) Purchased (Units)	(KWH)	2,487,118	2,632,250
Total Amount	(Rs.)	12,030,337	12,011,078
Rate/unit	(Rs./unit)	4.84	4.56
b) Own Generation :			
i) Through Steam Turbine			
Units	(KWH)	49,139,052	58,076,466
Unit per qtl. of bagasse	(Units)	211	204
Cost/unit	(Rs./unit)	1.38	1.12
ii) Through D.G. Set :			
Units	(KWH)	231,409	169,407
Unit per litre of Diesel	(Unit)	3.09	3.19
Cost/unit	(Rs./unit)	11.83	19.58
2. Furnace Oil :			
Quantity	(Ltrs.)	9,000	32,000
Total Amount	(Rs.)	192,192	563,121
Average Rate	(Rs./Ltr.)	21.35	17.60
3. Others :			
a) Bagasse :			
Quantity	(Qtls.)	4,175,532	5,267,698
Total Cost	(Rs.)	416,698,203	458,097,060
Rate/unit	(Rs./Qtl.)	99.80	86.96
b) High Speed diesel oil:			
Quantity	(Ltrs.)	74,900	53,100
Total Cost	(Rs.)	2,497,980	1,686,414
Rate/unit	(Rs./Ltr.)	33.35	31.76
c) Saw Dust :			
Quantity	(Qtls.)	-	11,876.35
Total Cost	(Rs.)	-	2,410,085
Rate/unit	(Rs./Qtl.)	-	202.93
d) Fire wood :			
Quantity	(Qtls.)	76.35	990.60
Total Cost	(Rs.)	33,594	386,335
Rate/unit	(Rs./Qtl.)	440.00	390.00

B. Consumption per unit of production (Sugar per qtl.)

		Current Year	Previous Year
		2007-2008	2006-2007
Electricity (Units)	(KWH)	27.99	26.15
Furnace Oil	(Ltrs.)	0.0049	0.0137
Saw Dust	(Qtls.)	-	0.0051
High Speed Diesel Oil	(Ltrs.)	0.0404	0.0228
Others (Specify) :			
Bagasse	(Qtls.)	2.25	2.26

Reasons for variation in the Consumption of power and fuel and costs from previous year:

- i) Energy consumption was higher because of replacement of Steam Driven Turbines with Electric Motors at Mills. The replacement resulted in higher mill extraction i.e. 94.86 from 94.76. The higher mill extraction has resulted in lesser Bagasse loss.
- ii) Although power generated by consuming unit per quintal of bagasse is higher as compared with last year, the cost per unit is also more because of low generation of power due to lower cane crush.
- iii) Cost of power generated through D.G.Set was higher in the previous year, as expenses were incurred on major repair of D.G.Set.

FORM – B

Form for disclosure of particulars in respect of technology absorption, 2007-08.

RESEARCH & DEVELOPMENT:

I & II Specific areas in which R&D carried out by the company and Benefits derived:

The company continued its efforts towards investigating and propagating among the farmers, improved agronomy, plant protection and varietal practices.

III. Future Plans

- a) Continued Research and Development is an ongoing exercise, efforts will continue to achieve higher yield of Cane and propagation of High Sugar varieties of Cane.

IV. Expenditure on R & D:

(Figures in Rs./lacs)

i) Capital	Nil
ii) Recurring	7.40
iii) Total	7.40
iv) Total R& D expenditure as a percentage of total Turnover of the unit	0.023%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made and benefits derived as a result of the above.** Not applicable.
2. **Particulars of Technologies imported during the last 5 years.** Not applicable.

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

The Directors state:

- i) that in the preparation of the annual accounts for the year ended September 30, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
 - ii) that the Directors have selected and applied such accounting policies consistently;
 - iii) that the Directors have 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 or loss of the company for that period;
 - iv) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - v) that the Directors have prepared the annual accounts on a going concern basis.
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AUDITORS' REPORT

To the members of Saraswati Sugar Mills Limited

We have audited the attached Balance Sheet of **Saraswati Sugar Mills Limited** as at 30th September, 2008 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 30th September, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting policies and Notes thereon, 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:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2008;
 - ii) In the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Place : Noida
Dated : 30th December, 2008

(ARUN K. TULSIAN)
Partner
Membership No.089907

ANNEXURE TO AUDITORS' REPORT
(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified major fixed assets during the year. There were no major discrepancies noticed on such verification between the physical balances and fixed assets records.
(c) Fixed assets disposed off during the year were not substantial.
 2. (a) The inventory has been physically verified by the management during the year except material in transit which has been confirmed by 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 not given any loan, secured/unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) Since there are no such loans, comments on repayment of the principal amount and interest thereon and overdue amount at the year end are not required.
(c) The company has taken unsecured loans from holding company and from a Director in the form of fixed deposits, listed in the register maintained under section 301 of the Companies Act, 1956 including part of the loan payable to the Holding company The Saraswati Industrial Syndicate Limited on account of transfer of sugar undertaking effected during earlier year which has been squared off during the year. Apart from these, the company has not accepted any other loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum balance outstanding during the year from Holding company and Director is Rs 4404 lacs and balance outstanding at end of the year from these is Rs 409.09 lacs. In our opinion, the rate of interest and other terms & conditions for repayment of the principal amount & interest thereon are not, prima facie, prejudicial to interest of company.
(d) In respect of the aforesaid loans, the company was regular in payment of interest. We are explained that the loan from Holding company is repayable on demand and fixed deposits from a director have not fallen due for repayment, therefore, there are no overdue amounts at the year end.
 4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
 5. (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements required to be entered into the register maintained under section 301 of the Act have been so entered.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and
-

aggregating during the year to Rupees five lakhs or more more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.

6. The Company has complied with the directives of Reserve Bank of India and sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975 with regard to fixed deposits accepted from public.
7. In our opinion, the Company has an in-house internal audit system commensurate with the size & 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 records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, wherever applicable, have been generally regularly deposited with the appropriate authorities during the year and there are no such undisputed statutory dues outstanding as on the date of Balance Sheet for a period exceeding six months from the date they became payable.
- (b) According to the information & explanations given to us and as per the books and records examined by us, there are no dues of Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute, except the following in respect of Sales Tax along with the forum where dispute is pending:

Name of the Statute	Nature of Dues	Year	Amount (Rs. in lacs) (Net of Payments)	Forum is where dispute Pending
Cane Purchase Tax Act	Cane purchase tax	1991-1996	32.98	Civil Court, Jagadhri -Haryana

10. There are no accumulated losses of the Company at the end of the financial year. The company has not incurred cash losses during the current financial year, however there are cash losses during immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. The company has given corporate guarantee to a bank of Rs. 542.62 Lacs against loan taken by cane growers in the mill command area. The terms & conditions of this guarantee are, prima facie, not prejudicial to the interest of the company.

16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. According to the information & explanations given to us and as per the books and records examined by us, as on the date of balance sheet, short term funds of Rs 699.92 lacs 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 Companies Act, 1956.
19. The Company has not issued any debentures during the year nor are there any outstanding debentures.
20. The Company has not raised any money by way of 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, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Place : Noida
Dated : 30th December, 2008

(ARUN K. TULSIAN)
Partner
Membership No.089907

BALANCE SHEET as at 30th September, 2008

		(Rs. in Lacs)	
	Schedule No.	As At 30.09.2008	As At 30.09.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	709.99	709.99
Reserves & Surplus	B	9,021.88	9,290.12
		<u>9,731.87</u>	<u>10,000.11</u>
Loan Funds			
Secured Loans	C	17,052.70	8,485.99
Unsecured Loans	D	1,771.55	5,581.62
		<u>18,824.25</u>	<u>14,067.61</u>
Deferred Tax Liability		817.03	812.87
		<u>19,641.28</u>	<u>14,880.48</u>
TOTAL		<u>29,373.15</u>	<u>24,880.59</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	18,815.19	17,448.14
Less : Depreciation		5,793.04	4,781.80
Net Block		<u>13,022.15</u>	12,666.34
Capital Work in Progress		1,116.88	659.50
Investments	F	305.45	8.95
Current Assets, Loans and Advances			
Inventories	G	14,371.03	13,001.12
Sundry Debtors	H	1,761.80	947.93
Cash & Bank balances	I	2,131.26	522.50
Other Current Assets	J	0.84	53.68
Loans & Advances	K	1,508.28	1,406.70
		<u>19,773.21</u>	15,931.93
Less: Current Liabilities and Provisions			
Liabilities	L	4,138.25	3,759.07
Provisions	M	706.29	627.06
		<u>4,844.54</u>	4,386.13
Net Current Assets		<u>14,928.67</u>	<u>11,545.80</u>
TOTAL		<u>29,373.15</u>	<u>24,880.59</u>
Statement on Significant Accounting Policies	VIII		
Notes to Accounts	IX		

As per our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

For S.S. Kothari Mehta & Co.
Chartered AccountantsR.K. Verma
DGM (Finance)Kishore Chatnani
Vice President (Finance & Accounts)Arun K. Tulsian
Partner
Membership No. 089907J.K. Chowdhery
Vice President & Company SecretaryS.K. Khorana
Executive Director (Finance)Place: Noida
Dated : 30th December, 2008Tahir Hasan
DirectorAditya Puri
Managing Director

PROFIT AND LOSS ACCOUNT as at 30th September, 2008

(Rs. in Lacs)

	Schedule No.	Year ended 30.09.2008	Year ended 30.09.2007
INCOME			
Gross Sales	I	32,647.36	33,728.47
Less: Excise Duty		2,298.95	2,426.54
Net Sales		30,348.41	31,301.93
Other Income	II	1,162.09	621.09
TOTAL		31,510.50	31,923.02
EXPENDITURE			
Manufacturing expenses	III	26,210.03	32,209.07
Employee's Cost	IV	2,633.94	2,596.87
Administration & Selling Expenses	V	1,047.13	1,026.93
Interest & Financial Charges	VI	2,242.65	1,098.30
Depreciation		1,019.61	1,012.70
Preliminary Expenses written off		0.00	0.53
		33,153.36	37,944.40
(Increase)/Decrease in Work -in-progress and Finished goods	VII	(1,655.41)	(4,190.18)
TOTAL		31,497.95	33,754.22
Profit/Loss(-) for the year before tax.		12.55	(1,831.20)
Provision for Tax:			
Income Tax ((including for previous years Rs. 256.78 lacs(Previous year Nil))		257.63	0.97
Fringe Benefit tax		19.00	12.00
Deferred Tax		4.16	(544.35)
		(268.24)	(1,299.82)
Brought Forward from Last Year		2,860.12	4,159.94
Profit available for Appropriation		2,591.88	2,860.12
Dividend		0.00	0.00
Dividend Tax		0.00	0.00
General Reserve		0.00	0.00
Balance carried to Balance Sheet		2,591.88	2,860.12
Basic/Diluted Earnings/(Loss) per share (Rs.)		(3.72)	(25.97)

Statement on Significant Accounting Policies VIII
Notes to Accounts IX

**The Schedules referred to above form an
integral part of the Profit & Loss Account**

As per our report of even date.

For S.S. Kothari Mehta & Co.
Chartered Accountants

R.K. Verma
DGM (Finance)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

J.K. Chowdhery
Vice President & Company Secretary

S.K. Khorana
Executive Director (Finance)

Place: Noida
Dated : 30th December, 2008

Tahir Hasan
Director

Aditya Puri
Managing Director

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'A'	As at 30.09.2008	As at 30.09.2007
SHARE CAPITAL		
Authorised :		
71,00,000 (Previous year 71,00,000) Equity shares of Rs.10/- each	710.00	710.00
Issued,Subscribed and paid up. 70,99,900 Equity Shares of Rs.10/- each	709.99	709.99

Notes:

Entire Share Capital is held by the holding company, The Saraswati Industrial Syndicate Ltd. and its nominees.

Schedule 'B'

	(Rs. in Lacs)			
RESERVES AND SURPLUS	As at 01.10.2007	Additions	Deductions	As At 30.09.2008
Share Premium	6300.00	-	-	6300.00
	(6300.00)	-	-	(6300.00)
General Reserve	130.00	-	-	130.00
	(130.00)	-	-	(130.00)
Profit and Loss Account Balance	2860.12	-268.24	-	2591.88
	(4159.94)	(-1299.82)	-	(2860.12)
	<u>9290.12</u>	<u>-268.24</u>	<u>-</u>	<u>9021.88</u>

Schedule 'C'

	(Rs. in Lacs)	
SECURED LOANS	As at 30.09.2008	As at 30.09.2007
From Financial Institutions and Banks :		
Term Loan (Note 1)	3746.49	972.81
Cash Credit Accounts (Note 2)	13306.21	7293.99
Other Loans- From Sugar Development Fund (Note 3)	-	219.19
	17052.70	8485.99

Notes:

- Secured by first mortgage 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). Amount repayable within one year Rs. 321.30 lacs.
- Secured by pledge/hypothecation of inventories and by a charge on book debts and other assets of the company excluding those mortgaged/charged in favour of financial institutions.
- Secured by second charge on immovable properties of the companys both present & future, and mortgage / hypothecation of movable assets.

Schedule 'D'

UNSECURED LOANS		
From the Holding Company	404.09	4399.58
Sugar Development Fund Loan (For cane development)	19.76	34.16
Fixed Deposits*	1347.70	1147.88
	1771.55	5581.62

* Include deposits received from Directors Rs. 5 Lacs (Previous Year Rs. 5 lacs)

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

Schedule 'E'

Fixed Assets

Particulars	COST			DEPRECIATION			NET BLOCK		
	As at 1st Oct., 2007	Transfers during year	Deductions during the year	As at 30th Sept.,2008	Upto 30.09.2007	During the year	Adjustment on Deduction	As at 30th Sept.,2008	As at 30th Sept.,2007
Free Hold Land	1516.20	176.80	-	1693.00	-	-	-	1693.00	1516.20
Buildings & Roads	1949.95	482.44	2.63	2429.76	441.89	146.82	0.14	588.57	1841.19
Plant & Machinery	13231.61	666.31	93.32	13804.60	3740.52	819.10	7.51	4552.11	9252.49
Furniture & Fixtures	58.83	2.13	0.20	60.76	30.63	4.91	0.02	35.52	25.24
Vehicles	223.98	71.31	3.86	291.43	134.82	32.88	0.47	167.23	124.20
Office Equipments	125.47	68.25	1.27	192.45	91.84	15.89	0.24	107.49	84.96
Intangible Assets									
Good Will	342.10	-	-	342.10	342.10	-	-	342.10	-
Computer Software	-	1.09	-	1.09	-	0.02	-	0.02	1.07
Total	17448.14	1468.33	101.28	18815.19	4781.80	1019.62	8.38	5793.04	13022.15
Capital Work in Progress									914.38
Advances for purchase of Land (Note)									202.50
Total									659.50
Grand Total	17448.14	1468.33	101.28	18815.19	4781.80	1019.62	8.38	5793.04	13325.84
Previous year	15125.69	2455.95	133.50	17448.14	3782.22	1012.68	13.10	4781.80	13325.84

Note : * Possession & title of the land, for which advance has been paid, is yet to be transferred in the name of the Company.

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'F'	As at 30.09.2008	As at 30.09.2007
INVESTMENTS		
Long term at cost		
Non-Trade Investments :		
Unquoted;		
Post Office National Saving certificates (Pledged as Security with various Government Departments)	0.70	0.70
Mutual Fund :		
SBI Magnum Institutional Income (Previous year 10196.46 units of Rs.10/- each)	0.00	1.02
Standard Chartered Liquidity Manager Plus (Previous year 722.608 units of Rs.10/- each)	0.00	7.23
Investment in other companies (Quoted) :		
265000 (Previous Year Nil) Equity Shares of Rs. 10/- each of DCM Shriram Industries Ltd. (Market Value as on 30.09.08 is Rs. 193.45 lacs)	304.75	0.00
	305.45	8.95
Aggregate Book Value of Investments :		
Unquoted	0.70	8.95
Quoted	304.75	-
	305.45	8.95
Schedule 'G'		
INVENTORIES (as taken, valued & certified by the management)		
Stores and Spare Parts	580.87	784.89
Store in Transit	42.25	123.73
Work-in-Progress :		
Sugar	14.34	20.26
Finished Stock :		
Sugar	13634.07	12039.66
Molasses	99.50	32.58
	14371.03	13001.12
Schedule 'H'		
SUNDRY DEBTORS		
(Unsecured Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months(considered doubtful)	98.26	1.26
Other Debts	1664.80	947.93
Less: Provision for Doubtful Debts	(1.26)	(1.26)
	1761.80	947.93

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

(Rs. in Lacs)

	As at 30.09.2008	As at 30.09.2007
Schedule 'I'		
CASH AND BANK BALANCES		
Cash in hand	20.44	1.99
Cheques in hand	254.99	33.50
Margin Money with Bank	-	117.25
With Scheduled Banks in :		
Current Accounts	1829.82	279.43
Stamps in Franking Machine & deposit with Post Office	0.02	0.03
Fixed Deposits	25.99	90.30
	2131.26	522.50

Schedule 'J'

**OTHER CURRENT ASSETS
(UNSECURED CONSIDERED GOOD)**

Interest accrued on Investment		
- Fixed Deposits	0.84	10.88
- Others	0.00	42.80
	0.84	53.68

Schedule 'K'

**LOANS AND ADVANCES
(UNSECURED CONSIDERED GOOD)**

Security Deposits	41.56	35.02
Advances recoverable in cash or in kind or for value to be received (including capital advances Rs. 57.26 lacs (Previous Year Rs. 161.55 lacs))	589.64	519.23
Balance with Excise and Customs	110.55	81.03
Claims pending with Govt.	649.19	429.23
Income Tax recoverable	117.34	342.19
	1508.28	1406.70

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
	As at 30.09.2008	As at 30.09.2007
Schedule 'L'		
CURRENT LIABILITIES		
Sundry Creditors	2396.34	2251.78
Other liabilities	66.79	46.33
Advances from Customers	28.70	43.24
Excise duty payable	1406.70	1041.88
Security and other deposits	81.13	95.20
Interest accrued but not due on Loans	134.54	226.89
Investor Education & Protection Fund(Note)		
Unpaid Matured deposits	20.55	42.83
Interest accrued on the above	3.50	10.92
	4138.25	3759.07

Note- Amounts under Investor Education and Protection Fund are not due for deposit.

Schedule 'M'

Provisions

Provision for Leave Salary	90.25	80.77
Provision for Pension	522.91	546.29
Provision for Gratuity	93.13	-
	706.29	627.06

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

(Rs. in Lacs)

Schedule 'I'	Year ended 30.09.2008	Year ended 30.09.2007
GROSS SALE		
Sugar	28483.73	28346.80
Molasses	3554.74	4563.87
By-Products	608.89	817.80
	<u>32647.36</u>	<u>33728.47</u>

Schedule 'II'

OTHER INCOME

Interest		
- On Govt. Securities	0.01	0.01
- On Fixed Deposit & others	15.27	62.55
- Dividend from Mutual Fund	0.54	79.45
- Profit on sale of investment	123.33	0.09
Sundry unclaimed balances written back	24.21	9.99
Transportation and Bufferstock Subsidy	762.49	319.91
Profit on sale of fixed assets	9.39	57.34
Miscellaneous Income	226.85	91.75
Total	<u>1162.09</u>	<u>621.09</u>

Schedule 'III'

MANUFACTURING EXPENSES

Cane consumed	22890.98	28786.03
Consumption of Stores and Spares	2535.29	2455.36
Power & Fuel	125.76	159.69
Repairs to :		
- Plant and Machinery	290.26	247.90
- Building	133.07	117.06
Insurance	71.60	104.05
Excise duty difference on opening & closing stock of Finished Goods	163.07	338.98
	<u>26210.03</u>	<u>32209.07</u>

Schedule 'IV'

EMPLOYEE'S COST

Salaries, Wages and Bonus	2236.50	2297.18
Contribution to Provident Fund and other Funds	299.85	210.98
Workmen and Staff Welfare Expenses	97.59	88.71
	<u>2633.94</u>	<u>2596.87</u>

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

	(Rs. in Lacs)	
Schedule 'V'	Year ended 30.09.2008	Year ended 30.09.2007
ADMINISTRATION AND SELLING EXPENSES		
Rent	65.58	67.74
Rates and Taxes	56.16	72.48
Donation	4.90	2.04
Office and Miscellaneous Expenses	464.72	444.80
Auditors Remuneration	3.37	3.37
Loss on Sale of Store	3.82	0.00
Loss on Assets sold and/or written off	75.20	88.15
Commission to Selling Agents and others	76.94	78.35
Packing, Forwarding and Transportation Expenses	295.54	269.77
Bad Debts Written Off	0.70	0.00
Rebate and Discount	0.20	0.23
	1047.13	1026.93
Schedule 'VI'		
INTEREST & FINANCIAL CHARGES		
Fixed Loan	507.33	54.03
Other Loans	1735.32	1044.27
(includes accrued interest adjusted Rs.29.26L , Previous year Nil)		
	2242.65	1098.30
Schedule 'VII'		
INCREASE(-)DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
Closing Stock		
Finished Stock	13733.57	12072.24
Work in progress	14.34	20.26
	13747.91	12092.50
Less: Opening Stock:		
Finished Stock	12072.24	7889.42
Work in progress	20.26	12.90
	12092.50	7902.32
Increase(-)Decrease in stock of Finished Goods & Work in Progress	(1655.41)	(4190.18)

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

Schedule 'VIII'

Significant Accounting Policies

1) Basis of Accounting:

The Financial Statements of the Company are prepared under the Historical Cost Convention, and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India. For recognition of Income and Expenditure, accrual basis of accounting is followed.

2) Fixed Assets:

Fixed 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 except fixed assets acquired by virtue of slump sale agreement with Saraswati Industrial Syndicate Limited which have been valued by competent valuers. Capital spares directly attributable to the assets are depreciated with the cost of the assets.

3) Depreciation:

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

Assets costing less than Rs. 5,000/- are fully depreciated in the year of their acquisition.

4) Inventories:

Raw materials, Components and Stores & Spares are valued at cost or net realisable value which ever is lower, cost being calculated on Weighted Average basis.

Work-in-progress and finished stock of sugar are valued at lower of cost or net realisable value except in case of finished stock of molasses which is valued at market price. Cost in case of finished stock of sugar and work-in-progress includes material cost at Statutory Minimum Price of sugar cane fixed by the Central Government and applicable manufacturing overheads. Further, the value of finished stock is inclusive of excise duty.

5) Revenue Recognition:

Revenue is recognised on despatch of goods from the factory.

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

6) Investments:

Long-term investments are valued at cost. Provision is made for diminution in value, other than temporary.

7) Employee Benefits:

As per AS 15(revised) issued by Institute of Chartered Accountants of India, the provision for employee benefits is charged on accrual basis as under :

a) Provident Fund:

Contribution to provident fund is made as per defined contribution plan through a Trust managed by group and charged to Profit & Loss account.

b) Gratuity & Leave encashment

Provision for liability on account of gratuity & leave encashment being defined benefit plan, is determined as per actuarial valuation and charged to Profit & Loss Account. The group operates a Gratuity Fund Trust, which has taken Group Gratuity Cum Life Assurance Policy with LIC of India for all the employees.

c) Pension

Provision for liability on account of pension payable to employees covered under Company's pension scheme is made on accrual basis.

8) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Profit/Loss on account of exchange fluctuation is accounted for at the time of actual receipt/payment.

Current assets and current liabilities recoverable / payable in foreign currency are restated at the exchange rate prevailing at the year end and the overall net gain/loss is adjusted in the profit and loss account. In case of forward exchange contracts, the difference between forward exchange rate & exchange rate at the date of transaction are treated as income or expenses over the life of the contract.

9) 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.

10) Borrowing Costs:

Borrowing costs are recognised as an expense in the period in which they are incurred except those attributable to acquisition, construction or production of qualifying asset which are capitalized as part of that asset.

11) Taxation:

Tax Expense (Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the profit and loss account for the year in accordance with Accounting Standard-22 – “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India and measured at the tax rates that have been enacted or substantially enacted by the Balance Sheet date.

a) Current Year Charge

Provision for taxation for the Company’s financial year ended September 30th, 2008 has been determined based on the results for the six months ended March, 2008 (Assessment Year 2008-09) and for the six months ended September 2008 (Assessment Year 2009-2010). The ultimate liability for the Assessment Year 2009-10 however will be determined on the total income of the Company for the year ending March 31, 2009.

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

The Company provides for deferred tax using the liability method based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current Income Tax Provision.

12) Intangible Assets:

Intangible Assets are recognised on the basis of recognition criteria as set out in Accounting Standard AS – 26 ‘Intangible Assets’ issued by the Institute of Chartered Accountants of India.

13) 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 any 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 and from its disposal at the end of its useful life.

14) Provisions and Contingent Liabilities:

Provisions are recognised for liabilities that can be measured 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.
- 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.

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2008

SCHEDULE - IX

NOTES TO ACCOUNTS

1. (a) Claims against the company not acknowledged as debts:
 - (i) Employees for wages Rs. 10.65 lac (Previous year Rs. Nil lacs)
 - (ii) Others Rs 5.14 Lacs (Previous year Rs.3.89 lacs)
- (b) Guarantees furnished by company's bankers for Rs.404.30 lacs (Previous year Rs.404.70 lacs) and counter indemnity furnished by the company to bankers for the same amount.
- (c) Guarantees given by company to the bank against the loans taken by the cane growers Rs. 542.62 lacs (Previous year Rs. 600 lacs).

2. Employee Benefits:

During the year company has adopted the AS-15(Revised) "Employee Benefits" issued by Institute of Chartered Accountants of India, the disclosure requirements of the revised standard are given as under:-

Defined Contribution Plan

The employer contribution to Provident Fund Rs.77.42 lacs. The fund is administered by Trust managed by Company. The contributions made to the Trust are charged to Profit & Loss Account.

Defined Benefit Plan

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

A. Change in present value of obligation

Particulars	Gratuity (Rs.in Lacs)	Leave Encashment (Rs.in Lacs)
Present value of obligation at the beginning of the period	792.16	80.77
Acquisition cost	-	-
Interest cost	64.23	6.37
Current service cost	35.57	7.34
Benefits paid	(58.58)	(24.39)
Acturial (gain)/loss on obligation	(55.30)	20.16
Present value of the obligation at the end of period (30.09.08)	778.09	90.25

B. Change in Fair value of plan assets

Fair value of plan assets at the beginning of the period	629.40	-
Acquisition adjustment	NIL	-
Expected return on plan assets	65.00	-
Contributions	54.46	-
Benefits paid	(58.58)	-
Actuarial gain/(loss) on plan assets	(5.32)	-
Fair value of plan assets at the end of the period	684.96	-

C. Amount to be recognised in Balance Sheet

Present value of obligation as at the end of the period	778.09	90.25
Fair value of plan assets as at the end of the period	684.96	-
Net Asset/(liability) recognised in Balance Sheet	(93.13)	(90.25)

D Expenses recognised in the statement of profit & loss account.

Current service cost	35.57	7.34
Interest cost	64.23	6.37
Net actuarial (gain)/loss recognised in profit/loss	(55.30)	20.16
Expenses recognised in the statement of Profit & Loss	44.51	33.87

Prior to the adoption of revised AS-15 premium was paid as per actuarial valuation done by LIC in respect of the Group Gratuity Cum Life Assurance policy taken by the Trust for all the employees. The liability for gratuity is recognised in the balance sheet for the first time. Due to which corresponding recognition of liability is accrued in profit & loss account.

3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) Rs.125.95 lacs (Previous year Rs. 350.11 lacs).
4. a) The case challenging the Levy Sugar price fixation for the seasons 1980-81 to 1999-2000 has been decided in our favour. The Central Government has been directed by the Court to refix the Levy Sugar Prices which has not been done so far. The differential amount will be accounted for as and when released by the Government.
- b) The Company has challenged the fixation of State Advised Price of sugar cane fixed by the Haryana Government in the Punjab & Haryana High Court. Consequently, the Company has valued the finished stock of sugar and work-in-progress at cost, which includes applicable manufacturing overheads and material cost at Statutory Minimum Price of sugarcane fixed by the Central Government.
5. The Company estimates the deferred tax charge/(credit) for the year using the applicable tax rate based on the impact of timing difference between items in the financial statements and the estimated taxable income for the current year. The movement of provision for Deferred Tax is given below:-

(Rs. in Lacs)

	As at October 1, 2006	Credit / (Charge) during the year	As at October 1, 2007	Credit / (Charge) during the year	Closing Balance
Depreciation	(1525.55)	(73.52)	(1599.07)	72.03	(1527.04)
Other Timing Differences	168.33	61.85	230.18	49.64	279.82
Accumulated Tax Losses	0.00	556.02	556.02	(125.83)	430.19
Net deferred tax liability	(1357.22)	544.35	(812.87)	(4.16)	(817.03)

6. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any, relating to the amount unpaid as at the year end together with interest paid and or payable as required under the said Act have not been given. In previous year the dues to Small Scale Industrial Undertakings are Rs. 621.26 lacs.
7. The holding company had in an earlier year taken certain loans from Sugar Technology Mission against the mortgage of immovable properties of the company. The said loan of Rs. 201 lacs has been repaid in earlier years. However, the charge in respect of this loan is yet to be vacated.
8. Purchase and Sale in Units of Mutual Funds for the period 1-10-2007 to 30-09-2008

Particulars	Units	Opening Balance	Additional/Reinvestment	Sale
SBI Mutual Fund	Units	10197	19677773	19687970
Standard Chartered	Units	723	21	744
Reliance Mutual Fund	Units	Nil	101023364	101023364

9. Segment Reporting

The Company does not have more than one reportable segment in accordance with the principles outlined in Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India, hence segment information is not applicable.

10. Related party Transactions

A) Nature of related parties and description of relationship

<u>Nature of relationship</u>	<u>Names</u>
Holding Company	The Saraswati Industrial Syndicate Ltd.
Entities over which Directors and their relatives can exercise significant influence	Yamuna Syndicate Ltd. ISGEC Covema Ltd. ISGEC Exports Ltd.
Key Management Personnel	Mr. Aditya Puri (Managing Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman & Father of Mr. Aditya Puri) Mrs. Nina Puri (Mother of Mr. Aditya Puri) Mrs. Tanupriya Puri (W/o Mr. Aditya Puri)

B) Details of transactions with related parties are:

(Rs. in lacs)

S. No.	Nature of Transaction	Holding Company	Associate	Entities over which key management personnel can exercise significant influence	Key Management Personnel	Relative of Key Management Personnel	Total
1	2	3	4	5	6	7	8
I	Sale of goods	32.54 (9.94)	-	-	-	-	32.54 (9.94)
II	Purchase of goods	690.69 (444.37)	-	248.03 (323.99)	1.10 (1.75)	1.09 (1.69)	940.91 (771.80)
III	Commission paid	-	-	8.31 (4.59)	-	-	8.31 (4.59)
IV	Services Received	12.68 (5.64)	-	4.02 (2.93)	-	-	16.70 (8.57)
V	Rent paid	-	-	-	-	-	-
VI	Interest Received/Receivable	-	-	-	-	-	-
VII	Interest paid/Payable	165.82 (228.61)	-	0.12 (13.50)	-	-	165.94 (242.11)
VIII	Amt. Receivable at year end	-	-	-	-	-	-
IX	Amt. Payable as at year end	802.81 (4679.25)	-	-	-	-	802.81 (4679.25)

11. In accordance with Accounting Standard (AS - 20) on 'Earning Per Share', the following table reconciles the numerator and denominator used to calculate Basic and Diluted earning per Share:

	2007-08	2006-07
a. Profit/(Loss) available to Equity Shareholders, before deferred tax, (Rs. In Lacs)	(264.08)	(1844.17)
b. Weighted Average number of Equity Shares	70,99,900	70,99,900
c. Nominal value of Equity Shares (in Rs.)	10	10
d. Basic and Diluted Earning Per Share [(a)/(b)] (in Rs.)	(3.72)	(25.97)

12. **Managerial Remuneration:**

	(Rs. in lacs)	
	2007-08	2006-07
To the Managing Director(s)	Nil	Nil
To Other Directors:		
As Commission	-	-
As Sitting Fee	<u>0.55</u>	<u>0.55</u>
	<u>0.55</u>	<u>0.55</u>
Total Managerial Remuneration	<u>0.55</u>	<u>0.55</u>

Note: Since no commission is payable to managerial personnel, computation of profits under section 349 of the act is not furnished.

13. **Revenue Expenditure on Research & development :**

	2007-08	2006-07
Salary	Rs. 7.02 lacs	Rs. 15.49 lacs
Contribution to Provident Fund	Rs. 0.33 lacs	Rs. 0.80 lacs
Others	Rs. 0.05 lacs	Rs. 0.59 lacs
Total:	Rs. 7.40 lacs	Rs. 16.88 lacs

14. **Licensed and Installed Capacity and Actual Production/Sales**

	Licensed		Installed	
	2007-08	2006-07	2007-08	2006-07
	NA	NA	13,000 (TCD)	13000 (TCD)
	2007-08			2006-07
	(Qty.in Qtls.)	Value (in Lacs Rs.)	(Qty.in Qtls.)	Value (in Lacs Rs)
(a) Cane Crushed	17428729	22,890.98	21905217	28,786.03
(b) Actual Production	1853905	-	2326044	-
(c) Sugar Sold	1823031	28,483.73	1842670	28,346.80
(d) Opening and Closing stock of Sugar:				
Opening Stock	1096667	12,039.66	613293	7,431.19
Closing Stock	1127541	13,634.07	1096667	12,039.66

Notes: Sugar sent for remelting out of opening stock and production thereof have not been considered.

	(Qty.in Qtls.)	Value (in Lacs Rs.)	(Qty.in Qtls)	Value (in Lacs Rs)
(e) Molasses Production	889890		1143805	
(f) Molasses Sold	884879.05	3,554.74	1230109	4,563.87
(g) Opening and Closing Stock of Molasses:				
Opening Stock	9659.55	32.58	95963.55	458.23
Closing Stock	14670.50	99.50	9659.55	32.58
15 Value of imported/indigenous raw materials, spare parts components & stores consumed:				
	2007-08	2006-07	2007-08 (%)	2006-07 (%)
Raw material:				
Imported	Nil	Nil	Nil	Nil
Indigenous-sugarcane	22890.98	28786.03	100	100
	<u>22890.98</u>	<u>28786.03</u>	<u>100</u>	<u>100</u>
Spare parts, components & Stores:				
Imported	-	13.53	-	0.54
Indigenous	2580.19	2502.44	100	99.46
	<u>2580.19</u>	<u>2515.97</u>	<u>100</u>	<u>100</u>
16 Expenditure in foreign currency: (Value Rs. in lacs):			2007-08	2006-07
Royalty			-	-
Know-how (drawings)			-	-
Travelling and other matters			1.81	-
17 Value of imports on CIF basis:				
Spare parts and components (in Rs.)			-	-
Capital goods			-	-
Others			-	-

Cash flow statement for the year ended 30th September, 2008

	30.09.2008	(Rs. in Lacs)	30.09.2007
A. Cash flow from Operating activities:			
Net (loss)/profit before tax but after exceptional/extraordinary items	12.55		(1,831.20)
Adjustments for:			
Depreciation	1,019.61		1,012.70
Interest Expense	2,242.65		1,098.30
Interest/Dividend Income	(15.82)		(142.01)
(Profit)/Loss on Fixed Assets sold (Net)	65.81		30.81
(Profit)/Loss on Sale of Investment	(123.33)		(0.09)
(Profit)/Loss on Sale/Revaluation of store	3.82		-
Miscellaneous Expenditure written off	-		-
Debts / Advances Written off	0.70		1.26
Liability no longer required written back	(24.21)		(9.99)
Provision for Gratuity	93.13		-
Provision for Leave Encashment	5.21		14.36
Pension Provision	(23.38)		43.54
Any other non cash Item	-		0.48
Operating profit before working capital changes	3,256.75		218.16
Adjustments for changes in working capital :			
- (INCREASE)/DECREASE in Sundry Debtors	(814.57)		(97.19)
- (INCREASE)/DECREASE in Other Receivables	(101.58)		529.82
- (INCREASE)/DECREASE in Inventories	(1,373.73)		(4,148.44)
- INCREASE/(DECREASE) in Trade and Other Payables	507.43		(2,094.86)
Cash generated from operations	1,474.29		(5,592.51)
- Taxes (Paid) / Received (Net of TDS)	(276.63)		(75.45)
Net cash from operating activities	1,197.66		(5,667.96)
B. Cash Flow from Investing Activities			
Purchase of fixed assets			
Additions during the period	(1,925.70)		(1,961.89)
Proceeds from Sale of fixed assets	27.09		89.59
Sale/(Purchase) of Investments	(108.85)		2,862.86
Interest/Dividend Received (Revenue)	68.66		88.78
Net cash used in investing activities	(1,938.80)		1,079.34

C. Cash flow from Financing activities:

Proceeds/(Repayment) from Secured loans	8,566.71	6,823.48
Proceeds/(Repayment) of unsecured loans	(3,810.07)	(931.30)
Interest Paid	(2,342.42)	(1,269.25)
Net cash used in financing activities	2,414.22	4,622.93
Net Increase/(Decrease) in Cash & Cash Equivalents	1,673.08	34.31
Cash and cash equivalents as at 30.09.2007	432.17	397.86
Cash and cash equivalents as at 30.09.2008	2,105.25	432.17
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	275.43	35.49
Current accounts(dividend account)	-	-
Balance with Scheduled Banks	1,829.84	396.68
	2,105.27	432.17

Notes :

- 1 The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 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)
 - Others

As per our report of even date.

For S.S. Kothari Mehta & Co.
Chartered Accountants

R.K. Verma
DGM (Finance)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

J.K. Chowdhery
Vice President & Company Secretary

S.K. Khorana
Executive Director (Finance)

Place: Noida
Dated : 30th December, 2008

Tahir Hasan
Director

Aditya Puri
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	05-034519	State Code	05
Balance Sheet Date	30/09/2008		

II. Capital Raised during the year (Amount in Rs.Lacs)

Public Issue	Rights Issue
NIL	NIL
Bonus Shares	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Lacs)

	Total Liabilities	Total Assets
	29,373.15	29,373.15
Sources of Funds	Paid-up Capital	Reserve & Surplus
	709.99	9,021.88
	Secured Loans	Unsecured Loans
	17,052.70	1,771.55
	Deferred Tax Liability	
	817.03	
Application of Funds	Net Fixed Assets	Investments
	14,139.03	305.45
	Net Current Assets	
	14,928.67	

IV. Performance of Company (Amount in Rs.Lacs)

Turnover (Gross Revenue)	Total Expenditure
31,510.50	31,497.95
Profit/(Loss) Before Tax	Profit / (Loss) After Tax
12.55	(268.24)
Earning per Share in Rs.	Rate of Dividend
(3.72)	NIL

V. Generic Name of Three Principal product/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	1701.11
Product Description	SUGAR

For S.S. Kothari Mehta & Co.
Chartered Accountants

R.K. Verma
DGM (Finance)

Kishore Chatnani
Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
Membership No. 089907

J.K. Chowdhery
Vice President & Company Secretary

S.K. Khorana
Executive Director (Finance)

Place: Noida
Dated : 30th December, 2008

Tahir Hasan
Director

Aditya Puri
Managing Director

ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

Mr. Ranjit Puri
Mr. Aditya Puri
Mr. S.K. Khorana

Bankers

State Bank of Patiala

Registered Office

ISGEC Building,
Radaur Saharanpur Road
Yamunanagar - 135001 (Haryana)

DIRECTORS' REPORT

To the Members,

Your Directors' present the Annual Report together with the audited statement of accounts for the period ended 30th September, 2008

1.0 FINANCIAL RESULTS

1.1 There is no operation during the year.

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

2.1 The company has not consumed energy as there is no operations during the year.

2.2 There has been no technology absorption.

2.3 There is no Foreign Exchange earnings and outgo during the year.

3.0 FIXED DEPOSITS

3.1 No fixed deposit from the Public was accepted during the year.

4.0 AUDITORS

4.1 The Auditors, P.G. Chawla & Co. Chartered Accountants are retiring at the forthcoming Annual General Meeting and they have offered themselves for reappointment.

5.0 DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT 1956.

The Directors' state :

5.1 that in the preparation of the annual accounts for the year ended 30th September, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

5.2 that the Directors have selected and applied such accounting policies consistently.

5.3 that the Directors have 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 or loss of the company for that period.

5.4 that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

5.5 that the Directors have prepared the annual accounts on a going concern basis.

BY THE ORDER OF THE BOARD

PLACE : Noida
DATED : 30th December, 2008

S.K. Khorana
Director

Aditya Puri
Director

AUDITORS REPORT

To

The Shareholders,
Isgec Engineering & Projects Limited.
Yamunanagar, Haryana.

1. We have audited the attached Balance Sheet of Isgec Engineering & Projects Ltd. as at 30th September, 2008 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 Companies (Auditor's report) (Amendment) Order 2004 (together the 'order') issued by the Central government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to 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 purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2008 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 accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2008.
 - b) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

FOR P.G.CHAWLA & CO.
Chartered Accountants

Place : Noida
Dated : 30th December, 2008

P.G.CHAWLA
(Prop.)

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets: N.A.
As explained to us, the Company has not acquired/sold any fixed assets during the period under audit.
2. In respect of its inventories: N.A.
There being no commercial activity during the period.
3. The Company has not granted any loans, secured or unsecured, to the Company or firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. The Company has not taken any loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. The Company has been registered on 22nd March 2007, the requirements of clause (x) of paragraph 4 of the order is not applicable.
6. In respect of transactions covered under section 301 of the Companies Act, 1956:
In our opinion and according to the information and explanations given to us, there has not been any transaction during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding during the period to Rs. 5,00,000 or more in respect of each party.
7. The Company has not accepted any deposits from the public.
8. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
9. As informed to us, the provisions of Section 209 (1) (d) of the Companies Act, 1956 in regard to maintenance of cost records do not apply to the company.
10. In respect of Statutory dues:
 - a. According to the records of the Company, undisputed Statutory Dues including Provident Fund, Investor education and Protection fund, Employees' State Insurance, Income-Tax, Sales - Tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 30th September, 2008 for a period of more than six months from the date of becoming payable.
11. The Company has no accumulated losses and has not incurred any cash losses during the financial period covered by our audit or in the immediately preceding financial period.
12. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
13. In our opinion and according to the information and explanations given to us, no loans and advance have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 as amended by Companies (Auditor's report) (Amendment) Order 2004 (together the 'order') and is not applicable to the Company.
15. The Company does not deal or trade in shares, securities, debentures and other investments.
16. The Company has not given guarantees for loans taken by others from banks or financial institutions.
17. The Company has not raised any new loan raised during the period.
18. According to the information and explanations given to us and on an overall examinations of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised any short term sources towards repayment of long-term borrowings and/or acquisition of fixed assets.
19. During the period, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
20. Since there are no Debentures issued by the Company, creation of securities in respect of debentures issued is not applicable.
21. The Company has not raised any money by way of public issue during the period.
22. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period, that causes the financial statements to be materially misstated.

For P.G.Chawla & Co.
Chartered Accountants

BALANCE SHEET as at 30th September, 2008

(Figures in Rupees)

	Schedule No.	As At 30.09.2008		As At 30.09.2007
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital				
Authorised:				
1,000,000 equity shares of Rs.10/- each		10,000,000		10,000,000
Issued, Subscribed and paid up:				
50,000 equity shares of Rs.10 each fully paid		500,000		500,000
Reserve & Surplus				
Profit & Loss A/c		4,929		-
Current Liabilities & provisions:				
Sundry creditors:				
Saraswati Industrial Syndicate Ltd (Company under the same management)		-		15,000
Expense Payable		5,618		-
Provision For Taxation		2,204		-
Total		512,751		515,000
APPLICATION OF FUNDS				
Loans & advances				
Interest accrued on fixed deposits		3,839		2,863
TDS Recoverable		2,856		-
Cash & bank balances:				
Balance with scheduled banks:				
On Current Account		38,102	113,810	
On Deposit Account		266,764	200,000	313,810
Miscellaneous expenditure (to the extent not written off or adjusted)				
Preliminary Expenses		183,500	183,500	
Pre-Operative Expenses		17,690	14,827	198,327
Total		512,751		515,000

Significant accounting policies and notes on accounts annexed thereto form an integral part of accounts

As per our report of even
dated attached

For P.G.Chawla &Co.
Chartered Accountants

For ISGEC Engineering & Projects Ltd.

P.G.Chawla
(Prop.)

Place : Noida
Dated : 30th December, 2008

S.K. Khorana
(Director)

Adity Puri
(Director)

PROFIT AND LOSS ACCOUNT For the year ended 30th September, 2008

(Figures in Rupees)
Year ended
30.09.2008

INCOME

Interest on Fixed Deposit **23,459**

EXPENDITURE

Professional Expenses **2,500**

Auditors Remuneration **11,236**

(Including prior period Exp of Rs 5618/-)

Filling Fee **2,040**

Bank Charges **550**

Total Expenses **16,326**

Profit/(Loss) for the year **7,133**

Provision for tax **2,204**

Profit/(Loss) after tax carried to

Balance sheet **4,929**

Significant accounting policies and notes on accounts annexed thereto form an integral part of accounts

As per our report of even
dated attached

For P.G.Chawla &Co.
Chartered Accountants

For ISGEC Engineering & Projects Ltd.

P.G.Chawla
(Prop.)

Place : Noida
Dated : 30th December, 2008

S.K. Khorana
(Director)

Adity Puri
(Director)

NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING INTEGRAL PART OF THE FINANCIAL STATEMENT AS ON 30th SEPT.2008.

A). SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The financial statements of the company have been prepared under historical cost convention in accordance with the generally accepted accounting principles in accordance with applicable Accounting Standards issued by the Institute of Chartered accountants of India subject to the provisions of the Companies Act, 1956, and in accordance subject to what is stated herein below. The Company follows mercantile system of accounting.

ii) Revenue Recognition

Interest income is accounted for on accrual basis.

iii) Preliminary & Pre-operative Exp.

Preliminary Exp. and Pre operative Exp. Incurred prior to the commencement of business would be written off/ capitalized after the start of commercial operations.

B). NOTES ON ACCOUNTS.

- i) Contingent Liability not provided for is Nil.
- ii) Previous year figures have been regrouped/rearranged wherever required to make them comparable with current year figures in case of balance sheet of the company. However in case of Profit & loss account this being first year previous figures are not applicable.
- iii) Third Party balances in case of Current Assets and Current Liabilities are subject to confirmation by the party.
- iv) Since the Company has not yet started Commercial Operations, information regarding Licensed Capacity, Installed Capacity and quantitative details are not applicable.
- v) As regards paragraphs 15-18 of As -22, no provision for deferred taxation has been made in accounts as there is no certainty that sufficient future taxable income will be available during the set-off period, against which deferred tax asset available to the company can be realized.
- vi) There was no Foreign exchange earnings and outgo.
- vii) The particulars of employees as required in terms of section 217(2A) of the Companies Act, 1956 are NIL.
- viii) Since there are no employees in the company, no provision for retirement benefits have been made.
- ix) On the basis of information available with the company, there were no amounts overdue and remaining unpaid to small scale and /or ancillary industrial suppliers on account of principal and/or interest as at close of the period.
- x) On the basis of information available with the company as to whether an enterprise is a Micro/Small enterprises under the MSMED Act, 2006 there was no amount remaining unpaid as on 30th Sept 2008 or delayed in payment during the year beyond the agreed credit period. Hence no interest is due or paid to any such enterprise.
- xi) Transaction made with the related party are as under:

Amount paid by Holding Company "The Saraswati Industrial Syndicate Ltd" on behalf of the Company:

	<u>2007-08</u>	<u>2006-07</u>
Preliminary Expenses	Nil	Rs. 183500
Professional expenses	Nil	Rs. 15000

As per our report of even dated attached

For P.G.Chawla & Co.
Chartered Accountants

For ISGEC Engineering & Projects Ltd.

P.G.Chawla
(Prop.)

Place : Noida
Dated : 30th December, 2008

S.K. Khorana
(Director)

Adity Puri
(Director)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U29248HR2007PLC036695	State Code	05
Balance Sheet Date	30/09/2008		

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue	Rights Issue
NIL	NIL
Bonus Shares	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousand)

	Total Liabilities	Total Assets
	513	513
Sources of Funds	Paid-up Capital	Reserve and Surplus
	500	5
	Secured Loans	Unsecured Loans
	NIL	NIL
	Current Liabilities	
	8	
Application of Funds	Net Fixed Assets	Investments
	NIL	NIL
	Current Assets	Misc. Expenditure
	312	201

IV. Performance of Company (Amount in Rs.Thousand)

Turnover (Gross Revenue)	Total Expenditure
23	16
Profit Before Tax	Profit After Tax
7	5
Earning per Share in Rs.	Rate of Dividend
0.10	NIL

V. Generic Name of Three Principal product/Services of Company (as per monetary terms)

NIL

**For P.G.Chawla & Co.
Chartered Accountants**

P.G.Chawla
(Prop.)

Place : Noida
Dated : 30th December, 2008

S.K. Khorana
(Director)

Adity Puri
(Director)

