
The Saraswati Industrial Syndicate Limited

**Reports and Accounts for the year ended
30th September, 2009**

ANNUAL REPORT 2008-09**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-sixth Annual Report on the business and operations of the company and financial results for the year ended September 30, 2009.

2.00 **FINANCIAL RESULTS:**

(Figures in Rs./Lacs)

2.01 The Financial Results for the year are given below:

Profit before Depreciation	10,836
Depreciation	2,832
Profit for the year	8,004
Less: Provision for Taxation including deferred tax	2,891
Proposed Dividend	737
Transfer to General Reserve	511
Balance carried to Profit & Loss Account	3,865

2.02 In spite of recession world over your Company had increase in sales for the seventh year in succession. Sales were Rs. 1,765 crore against Rs. 1,364 crore in the previous year.

2.03 The shareholders will also be pleased to see the profit that has been reported.

2.04 Export billing continued to surge and it was 30% of the total turnover.

3.00 **DIVIDEND:**

3.01 The Board has decided to recommend dividend of Rs. 10/- per Equity Share of Rs. 10/- each.

4.00 **OPERATIONS:**

4.01 The manufacturing operations of Works at Yamunanagar and Dahej were affected by the downturn in the economy. Several projects in the Oil & Refinery sectors were delayed because of low crude prices. There was improvement in this business during the last quarter. In spite of recovery in the automotive sector, new capacities are not being set up. The enquiries for presses for this sector were very few. Accordingly, efforts are being made to book orders from steel plants, railways and defence.

4.02 The market for Boilers and Sugar Machinery remains fairly good. The Company has been able to secure repeat order for two large Boilers from the Bhushan group. These will be the largest Boilers to be supplied by your Company.

4.03 With regard to Steel Castings, the export market was badly affected by the slowdown. Orders from domestic buyers were, however, satisfactory. The market has improved and an expansion to manufacture complex and larger steel castings upto 40 Tonnes is under implementation.

4.04 In view of the expected healthy demand for Standard Presses, a factory designed for standard presses is being set up at Bawal, near Gurgaon. The factory is likely to start operations in January 2010.

4.05 Orders in hand including exports are at a record level.

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- 4.06 Important export orders include orders for the supply of two boilers to South America, one boiler to Africa, seven pressure vessels to Africa and seven heat exchangers to Europe. The Pressure Vessels for Africa will be the first equipment to be despatched by Barge from Dahej Plant.
- 4.07 On the domestic front, your company had a breakthrough in the Engineering Procurement and Construction (EPC) business of power plant by booking an order for a 36 MW Cogeneration Plant from Infrastructure Leasing and Financial Services Limited (IL&FS).
- 4.08 Other major domestic orders include an order for Coke Drums, which is the largest value single order booked by the Pressure Vessel Division and also the largest equipment to be fabricated in shop and to be delivered in a single piece. This Division has also booked an order for two Hot Separator Vessels, which will be the thickest Chromium-Molybdenum Vessel to be fabricated in the shop. Another first is the order for six Helix Exchangers with 9 Chromium & 1 Molybdenum material, which will be handled for the first time by the Division.
- 4.09 The Company shipped the first package type Oil and Gas fired boiler to the United States and successfully commissioned 18 boilers during the year.
- 4.10 As a step towards technology up-gradation, the Company has signed an agreement with a Japanese company, Hitachi Zosen, for technology transfer for the manufacture of Chrome - Moly Vanadium Reactors and critical Equipments for the Fertilizer sector.
- 4.11 During the year the Pressure Vessel Division manufactured and supplied a Hot Separator Column in 2.25 Chromium 1 Molybdenum with thickness 115 mm from Dahej. This is the thickest vessel manufactured by your Company in this metallurgy.
- 4.12 The Company successfully manufactured and supplied 2500 T Transfer Press to Europe.
- 4.13 Industrial relations remain generally peaceful.
- 4.14 As mentioned above, the orders in hand including export are at record level. However, the margins continue to be under pressure due to increase in the steel prices and competition particularly from South Korea where there is abundant spare capacity for the manufacture of Pressure Vessels and Presses.
- 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:

11.01 207 depositors of the company had, as on September 30, 2009, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 114.51 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 PERSONNEL:

13.01 The Board wishes to express their appreciation to all the members of the staff and workforce of the Company for their outstanding contribution to the operations of the Company during the year.

14.00 ACKNOWLEDGEMENT:

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

14.02 With these remarks, we present the Accounts for the year ended September 30, 2009.

BY ORDER OF THE BOARD

RANJIT PURI
Chairman

Dated: 29th December, 2009

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 2008-09 also. In our Works, use of compressed air has been reduced thereby reducing the average running of the compressors, which in turn would save electricity cost. We are also in the process of shifting operations of furnaces from High Speed Diesel to LPG, which is under implementation and which will save energy. We are progressively replacing higher power consuming equipments with energy efficient equipments such as Screw Compressors in place of Reciprocating Compressors and Solid State Thyristorised Welding Rectifiers in place of Conventional Rectifiers.

(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 4.06 of the Directors' Report.

(g) Total Foreign Exchange used and earned (2008-09) :

		(Rs. / crore)
- Total Foreign Exchange earned	:	514.82
Total Foreign Exchange used	:	204.49

FORM- A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

UTTAR PRADESH STEELS

		Current Year 2008-2009	Previous year 2007-2008
(A) POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
(a) PURCHASE (UNITS)	(KWH)	1,14,42,080	1,17,07,120
TOTAL AMOUNT	(RUPEES)	6,05,18,092	5,75,21,364
RATE/UNIT	(RS. PER UNIT)	5.29	4.91
(b) OWN GENERATION (UNITS)			
(THROUGH DIESEL GENERATOR)	(KWH)	3,29,661	2,04,400
UNIT PER LITRE OF DIESEL OIL	(UNITS)	3.38	3.64
COST/UNIT	(RS. PER UNIT)	9.00	8.54
2. OTHER			
(a) HARD COKE			
QUANTITY	(TONNES)	2.55	1.91
TOTAL COST	(RUPEES)	21,675	13,916
AVERAGE RATE	(RS. PER TONNE)	8,500	7,286
(b) FURNACE OIL			
QUANTITY	(LITRES)	16,69,652	16,04,036
TOTAL COST	(RUPEES)	3,39,21,618	4,19,72,713
AVERAGE RATE	(RUPEES PER LTR)	20.32	26.17
(c) HIGH SPEED DIESEL OIL			
QUANTITY	(LITRES)	2,46,691	4,07,112
TOTAL COST	(RUPEES)	79,17,911	1,30,33,699
AVERAGE RATE	(RUPEES PER LTR)	32.10	32.02
(B) CONSUMPTION PER UNIT PRODUCTION			
1. INGOTS			
(i) PRODUCTION	(TONNES)	738.410	672.820
(ii) ELECTRICITY PER M.T.	(KWH)	556	553
2. CASTINGS			
(i) PRODUCTION	(TONNES)	3,676.663	3,355.493
(ii) ELECTRICITY PER M.T.	(KWH)	1609	1764

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

- a) Electricity cost has increased over last year due to rate increased by Uttar Pradesh Power Corporation Ltd (UPPCL).
- b) In case of own generation, cost per unit is higher because there was continuous power cuts during night hours when load remains less and idle fuel consumption of DG Set remains same resulting in less generation of electricity units.
- c) The power consumption per M.T. of castings produced is lower than last year because in current year product mix of casting had high yield as compared to last year

FORM -B

FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION, 2008-2009 TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

ISGEC John Thompson Unit

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

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

The validity of the first Agreement is upto 2022 and the second one is upto 2017.

We have supplied boilers under agreement but are progressively moving towards higher sized ones. Our staff has been trained by Foster Wheeler and it will take us some time before we are able to independently design these boilers with some minimal help from Foster Wheeler. The complete adoption and adaptation will happen when we have successfully commissioned a number of boilers of different sizes as well as use of different fuels.

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956, as on 30th September, 2009

(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	Nature of Duties	Remuneration (Amount in Rs.)	Last Employment		% of share held to total Share Capital of Co.
									Name of Employer	Post Held	
1	Bhagat Sunil	54	B. Sc. (Engg.), MBA	32	01.02.1994	Vice President	Head of Human Resources IJT	2,431,913	M/s. Escorts Ltd.	Sr. Manager	Nil
2	Jaidka Ravi	63	B.E. (Mech.) Hons.	41	04.07.1968	Executive Director	Unit Head ISGEC (Works)	3,856,361	-	-	0.0027%
3	Gupta Mahesh	46	B.E (Mech.), M. Tech.	26	27.07.1991	Executive Vice President	Unit Head U.P.Steels	2,435,302	M/s. Bhartiya Caccia Lanza Fire System Ltd.	Works Manager	0.0027%
4	Khorana S.K.	63	B.Com. (Hons.), M.Com., F.C.A., F.C.S.	39	01.02.1975	Executive Director & Company Secretary	Chief Financial Officer & Company Secretary	4,580,380	M/s. Jay Engineering Works Ltd.	Officer on Special duty	0.2136%
5	Madan R.D.	64	B.Tech. (Mech.)	42	01.07.1967	President	Head of Machine Building Division	3,018,631	-	-	0.0033%
6	Murtaza Hussain	50	B.E. (Mech.)	26	26.05.1983	Technical Director	Technical Head, Machine Building Division	2,570,697	-	-	Nil
7	Pillli Lazar	48	B.E., MBA	24	21.03.2008	Executive Vice President	Head of Corporate HRD	2,604,748	M/s. Marg Infrastructure Ltd.	Vice President	Nil
8	Puri Aditya	42	B.A. (Hons.), M.A. (CANTAB) ECON from Cambridge University (U.K.)	18	01.10.1991	Managing Director	Managing Director	4,50,03,265	-	-	6.0347%
9	Puri Nina	66	B.A. Honours (History) Delhi University, M.A. (History) - Georgetown University, Washington D.C., Ph. D. - Modern India History Kurukshetra University	40	16.02.2007	Whole-time Director	Whole-time Director	4,50,03,265	-	-	8.8619%
10	Subramanian A. K.	52	M.E. (Mech.)	30	10.13.1999	Vice President	Head of Proposal Engg. -IJT	2,416,019	M/s. DLF Industries Ltd.	Chief Manager	Nil
11	Talwar L.M.	63	B.Sc. Engg. Elect., A.S.T.A.	41	01.08.1968	Executive Director	Unit Head EPC Group	4,478,486	-	-	0.0068%

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Particulars of Employees under Section 217 (2A) of the Companies Act,1956, as on 30th September, 2009

(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 of Employment	Designation and nature of Duties	Nature of Duties	Remuneration (Amount in Rs.)	Last Employment		% of share held to total Share Capital of Co.
									Name of Employer	Post Held	
1	Bhatia J.R.	57	M.E.(Mech. Engg)	34	01.08.1988	Executive Vice President	Head of Quality Control (ISGEC-Works)	1,875,702	M/s. Saw Pipe Ltd.	Dy. Gen. Manager	Nil
2	Gogia A.S.	50	B.E.(Mech.)	27	19.09.2005	Sr. Manager	Purchase	407,842	Own Business	-	Nil
3	Murlihar B.G.	52	M.E.(Mech.)	30	22.02.2005	Vice President	Head Product Development Machine Building Division	1,241,688	Own Business	-	Nil
4	Ramesh T.R.	51	B.E.(Mech.)	25	06.12.2004	General Manger	Head of Quality Dahej Plant	1,773,968	M/s.Thyssen Krupp Industries India Ltd.	Dy. Gen. Manger	Nil
5	Sachdeva V.K.	67	B.Sc., B.E. (Mech.)	43	23.09.1966	Executive Director	Head of Diversification	3,507,274	-	-	0.0147%
6	Sandhu Zora Singh	61	B.E.(Mech.)	25	02.07.2007	Vice President	Head of Manufacturing Pressure Vessel Division	1,080,790	M/s. Godrej & Boyce	General Manager	Nil
7	Satyanarayana D.V.	58	B. Tech, M.M.S.	34	17.09.2007	President	Head of Industrial Boiler Divison	784,140	M/s. Tharmal Systems Pvt. Ltd.	President	Nil
8	Soneja Praveen	50	B.E. (Mech.), MBA	28	11.10.2008	Executive Vice President	Head of Corpoate Planning	2,604,748	M/s. ACME Telepower Ltd.	Vice President (Operations)	Nil

NOTES :

- Nature of Employment :** All appointments are/were contractals and terminatable by notice on either side.
- Other Terms and conditions :** As per Company rules.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- None of the employees mentioned above is the relative of any director of the company, excepting Shri Aditya Puri, Managing director and Smt. Nina Puri, Whole-time Director who are related to each other and to Shri Ranjit Puri, Chairman.
- Remuneration includes salary, company's contribution to provident fund, leave travel concession/allowance, leave encashment, house rent allowance/assistance, medical expenses reimbursement/allowance but excluding gratuity paid or provided and provision for pension. Where it is not possible to ascertain the actual expenditure incurred by the company in providing perquisites the monetary value of such perquisites has been calculated in accordance with the Income Tax Act,1961 and the Rules made thereunder.

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

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

- (i) in the preparation of the Annual Accounts for 2008-09, the applicable Accounting Standards have been followed and there are no material departures,
 - (ii) they have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year,
 - (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
 - (iv) they have prepared the Annual Accounts on going concern basis.
-

Management Discussion & Analysis

The year was characterized by good order bookings. The margins were, however, low. The fluctuating nature of the Euro and Dollar continue to pose a challenge for us. There were many export orders booked in Dollars whose imports were in Euros and vice versa.

The uncertainty of orders being lifted by customers because of financial stringencies has reduced considerably though there are still some orders on hold.

We continue our endeavor to sharpen our internal processes and to improve efficiencies.

The thrust on exports continues. The markets in the Western World continue to be poor. Africa and Latin America are showing signs of good demand.

I. Analysis & Review

- a) The Pressure Vessels Division is booking orders for heavier vessels as also vessels and heat exchangers with more complex chemistries. The Dahej plant which started operation last year was under loaded in the year gone by but we do expect better loading in this year. The plant has been approved by many Indian and foreign consultants.
- b) The Press business continues to be dull. We are trying to keep the shops reasonably full by booking non-press business but since the element of technology/design in these products is low, so are the profit margins.
- c) The steel castings business looks to be promising and we are expanding the facilities to cater to both the domestic and international market.
- d) The market for Sugar Machinery and Boilers was good last year and we hope that the same trend will continue this year. We have started booking orders for larger sized boilers and more complex sugar machinery.

II. Outlook and Threats

- a) We do see an improved demand for most of our products. However, because there are large capacities available in India and overseas, competition is very intense and hence margins are under pressure.
 - b) Steel prices are relatively low right now. Any volatility in the price of steel could impact our margins. We are exploring the possibility of having some sort of a hedge against steel price increase but our initial investigations reveal that there may not be a perfect hedge available.
 - c) Availability of technology is going to be a challenge as there are many companies in China and India hungry for technology and because of this technology providers are in a position to demand hefty payments and heavy investments.
 - d) The uncertainty in the foreign exchange market remains.
-

Report on Corporate Governance

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

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

2. **Board of Directors:**

a. **Composition:**

As on 30th September 2009, the Board of Directors comprises of a Non- Executive Chairman, two Executive Directors and five 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
Non-Executive Chairman & Promoter						
Mr. Ranjit Puri	6	Yes	5	-	4	1
Executive Directors & Promoters						
Mr. Aditya Puri, Managing Director	6	Yes	7	1	5	-
Mrs. Nina Puri, Whole-time Director	5	No	1	-	-	-
Non-Executive Independent Director						
Mr. Vinod K. Nagpal	6	Yes	1	2	-	-
Mr. Tahir Hasan	6	Yes	5	2	-	1
Mr. C.R. Thompson	Nil	No	-	-	-	-
Mr. Arun Kathpalia *	4	Yes	1	3	-	-
Mr. Vinod Kumar Sachdeva *	4	Yes	1	-	-	-

* appointed on 31-01-2009

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

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

- November 12, 2008
- December 30, 2008
- January 31, 2009
- March 28, 2009
- April 25, 2009
- July 30, 2009

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, 2008, January 31, 2009, April 25, 2009 and July 30, 2009. 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 'Para 12 of 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	40,000.00
02.	Mr. Tahir Hasan	Remuneration	25,000.00
		Sitting Fees	40,000.00
03.	Mr. Ranjit Puri	Remuneration	25,000.00
		Sitting Fees	40,000.00
04.	Mr. Arun Kathpalia	Remuneration	16,666.00
		Sitting Fees	30,000.00
05.	Mr. Vinod K. Sachdeva	Remuneration	16,666.00
		Sitting Fees	30,000.00
06.	Mr. C. R. Thompson	Remuneration	25,000.00
		Total	3,13,332.00

5. **Shareholders'/ Investors' Grievance Committee:**

i. Composition, name of members and Chairperson:

Mr. Vinod K. Nagpal	-	Chairman
Mr. Tahir Hasan	-	Member
Mr. Aditya Puri	-	Member

ii. Name and designation of Compliance Officer:

Mr. S.K. Khorana, Company Secretary.

iii. Number of shareholders' complaints received:

Nil.

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

Nil.

v. Number of pending complaints :

Nil

6 **General Body Meetings:**

i. Location and time of last three AGMs held:

Date	Location	Time
March 24, 2007	Registered Office, Yamunanagar	10.00 A.M.
March 20, 2008	Registered Office, Yamunanagar	10.00 A.M.
March 28, 2009	Registered Office, Yamunanagar	12.00 NOON

ii. Whether any special resolutions passed in the previous 3 AGMs:

Yes. Special Resolutions regarding remuneration to Whole-time Director and Non-executive Directors were passed in the AGM held on March 24, 2007 and March 28, 2009 respectively.

18 The Saraswati Industrial Syndicate Limited

- 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.corpfiling.co.in
(c) on BSE's website: www.bseindia.com
-

iv Whether it also displays official news releases:

There was no official news release.

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

No presentation was made to institutional investors or to the analysts.

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

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

10. **General Shareholder information:**

i. AGM; Date, time and venue:

AGM will be held on 20th March, 2010, at 12:00 Noon at the office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar – 135 001 (Haryana).

ii. Financial Year:

1st October to 30th September.

Financial Calendar 2009-2010:

First Quarter Results : January, 2010

Second Quarter Results : April, 2010

Third Quarter Results : July, 2010

Fourth Quarter Results : October, 2010

Alternatively,

Annual Results for the year ending on 30th September, 2010 : on or before 31st December, 2010.

iii. Dates of Book closure:

From 12th March, 2010 to 20th March, 2010 (both days inclusive).

iv. Dividend Payment Date:

By 27th March, 2010.

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.

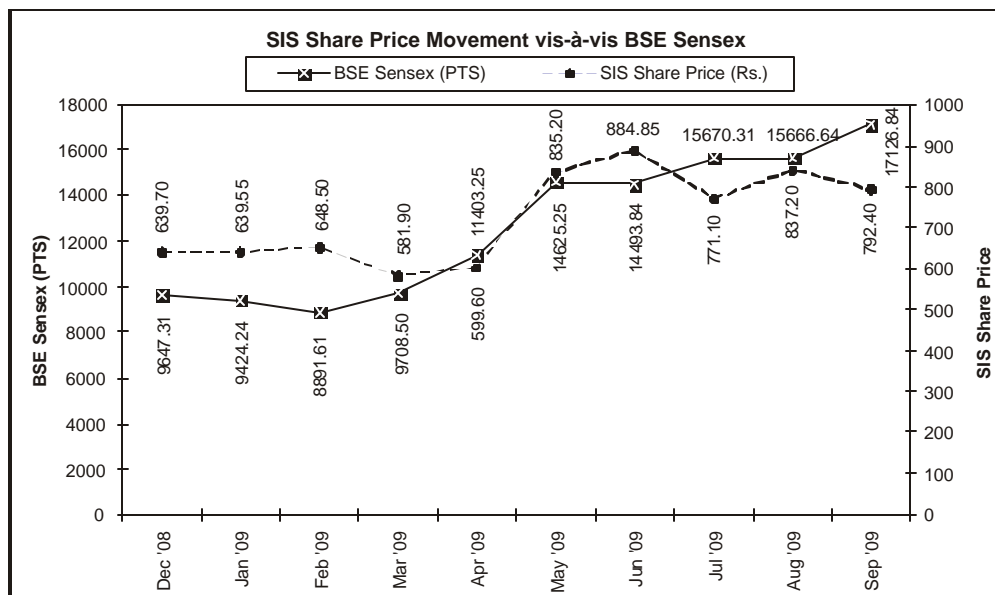
vii. Stock Market Price Data: High, Low during each month in last financial year on BSE and DSE:

As the share was listed on BSE on 05-12-2008, no quotation available for the month of October and November, 2008.

Month	Bombay Stock Exchange	
	Highest (Rs.)	Lowest (Rs.)
October, 2008	-	-
November, 2008	-	-
December, 2008	829.00	50.00
January, 2009	765.00	500.05
February, 2009	745.00	556.00
March, 2009	699.80	567.00
April, 2009	665.95	500.00
May, 2009	835.20	548.50
June, 2009	948.00	725.00
July, 2009	899.90	742.00
August, 2009	861.00	755.00
September, 2009	845.00	772.00

As there was no trading on DSE, quotations were not available for the year ended on 30th September, 2009.

viii Share Price Performance in comparison to BSE Sensex



ix. Registrar and Transfer Agents:

M/s. Alankit Assignments Limited, 'Alankit House', 2E/ 21, Jhandewalan Extension, New Delhi – 110055.
 Phone: +91-11-42541234, 23541234, Fax : +91-11-41540064,
 Email: alankit@alankit.com

x Share Transfer System:

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

xi. Distribution of shareholding:

The Distribution of shareholding as on September 30, 2009 is

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	Number	% of Total	(In Rs.)	% of Total
Up-to	5,000	3461	87.91	3290040.00	4.46
5,001	10,000	169	4.29	1279810.00	1.74
10,001	20,000	114	2.90	1745660.00	2.37
20,001	30,000	45	1.14	1147330.00	1.55
30,001	40,000	38	0.96	1321280.00	1.79
40,001	50,000	16	0.41	736740.00	1.00
50,001	1,00,000	32	0.81	2376640.00	3.23
1,00,001	and above	62	1.58	61797900.00	83.86
TOTAL		3937	100.00	73695400.00	100.00

Shareholding pattern as on September 30, 2009:

Category	No of Shareholders	No. of shares held	Percentage
Promoters	4	41,58,868	56.43
FIs, Banks & Mutual Funds	7	65,520	0.89
Others (Public)	3926	31,45,152	42.68

xii. Dematerialization of shares and liquidity

30.77 % of share capital has been dematerialized as on September 30, 2009.

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

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

xiv. Compliance under Listing Agreement:

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

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

There has been no deviation from the Accounting Standards in preparation of annual accounts for the financial year 2008-2009.

xvi. Plant locations:

Plant Location	Item of Manufacture	Address for correspondence
a) ISGEC Yamunanagar	Pressure Vessels & Heat Exchangers, Presses- Mechanical & Hydraulic, Boilers, Container, Castings Sugar and other Industrial Machinery.	Yamunanagar 135001 Haryana.

	Plant Location	Item of Manufacture	Address for correspondence
b)	ISGEC Dahej	Pressure Vessels, Columns, Heat Exchangers and Boilers.	13/B, G.I.D.C Industrial Estate, Dahej, Taluka- Vagara, Dist. Bharuch - 392 130. Gujarat.
c)	Uttar Pradesh Steels, Muzaffernagar	Castings - Steel & Iron	Village Nara, P.O. Mansurpur - 251 203 District Muzaffarnagar, U.P.

xvii. 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.

xviii. Address for correspondence:

Corporate Office: A-4, Sector – 24, Noida – 201 301, U.P.
Tel. : +91-120-241 12 89/241 12 90/330 10 01
Fax.: +91-120-241 22 50/330 10 00
e-mail: skkhorana@isgec.com

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

xix. Details of the Director seeking reappointment in Annual General Meeting to be held on 20th March 2010 (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Viond K. Nagpal	Mr. C. R. Thompson
Date of Birth	23.01.1948	14.12.1927
Date of Appointment	30.03.1996	30.05.1991
Qualification	B.Com, F.C.A.	MI Mech. E.
Board position held	Non-Executive Director	Non-Executive Director
Nature of his /her expertise in specific function areas	Practicing Chartered Accountant	Company Director
Other Directorship	<ul style="list-style-type: none"> > The Yamuna Syndicate Limited > The Lake Place Hotels & Motels Private Limited > South Asia Consultants Pvt. Ltd. 	-
Chairman / Member of Committee of the Board of Companies of which he/she is a Director.	The Saraswati Industrial Syndicate Limited Audit Committee - Chairman Investors Grievance Committee - Chairman Remuneration Committee - Chairman	-
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (v) .	610 Shares 0.01 %	- -

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

As required under Clause 49(1) (D)(ii) of the Listing Agreement with the Stock Exchange, I declare that all Board Members and Senior Management Personnel of the Company have affirmed compliances with the Company's Code of Conduct and Ethics for the year ended 30-09-2009.

Yamunanagar
Dated: 29th December, 2009

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, 2009 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.

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: 29th December, 2009

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, 2009 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. In respect of the branches not visited by us, Management certified accounts have been forwarded to us for the purpose of our audit which have been appropriately dealt with.
- 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2009 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, 2009;
 - 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

Membership No. 089907

Place: Noida
Dated: 29th December, 2009

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 records 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, 2009 have been verified by the management with reference to confirmation or statement of accounts or correspondence of the third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
 3. (a) The company has taken unsecured loans of Rs. 40.58 lacs in the form of fixed deposits from its four Directors and one party, 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. 40.58 Lacs. 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) 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. 2190.72 Lacs and year end balances of such loans are Rs.1040.40 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 according to the information and explanations 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 information and explanations 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 such undisputed statutory dues payable for a period of more than six months from the date they became payable as at 30th September, 2009.
- (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	Hon'ble High Court, Allahabad	8.00
		Hon'ble CESTAT, New Delhi	47.69
		Commissioner(Appeals),Gurgaon	21.27
	Service Tax	Commissioner (Appeals), Service Tax Meerut	6.00
		Commissioner (Appeals), Gurgaon	22.31
		Assessing Authority (AO), Yamunanagar	8.34
Sales Tax Act	Sales Tax	Hon'ble High Court-Allahabad	6.26
		Sales Tax Tribunal, Muzaffarnagar	24.00
		Sales Tax Tribunal, Orissa	31.02
		Sales Tax Tribunal	6.63
		Appellate Authority Tribunal-West Bengal	245.00
		Commissioner Sales Tax, Lucknow	6.00
		Commissioner Appeals, Muzaffarnagar	3.00
		Joint Commissioner (Appeals), Muzaffarnagar	1.09
		Additional Comm. of Appeals	23.25
		Dy Commissioner of Commercial Taxes	38.00
		Sales Tax Authorities, Jabalpur	4.16
		Commercial Tax Officer	61.00
	Assessing Authority (AO)	2.49	
	Work Contract Tax	Assessing Authority, Maharashtra	6.50
Haryana State Pollution Control Law	Water Cess	Hon'ble Punjab & Haryana High Court	70.26

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. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
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 register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any secured debentures during the year nor are there 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 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: 29th December, 2009

BALANCE SHEET AS AT 30th September, 2009

(Rs. in Lacs)

	Schedule No.	As At 30.09.2009	As At 30.09.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	<u>33,316.16</u>	<u>28,939.79</u>
		34,053.11	29,676.74
Loan Funds			
Secured Loans	C	8,096.57	19,805.31
Unsecured Loans	D	<u>5,696.82</u>	<u>3,558.18</u>
		13,793.39	23,363.49
Deferred Tax Liability (Net)			
[(Refer note 11. b) on Schedule IX and note 4 on Schedule X]		569.15	656.56
TOTAL		<u>48,415.65</u>	<u>53,696.79</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	36,028.89	33,049.12
Less: Depreciation		<u>13,037.56</u>	<u>10,367.25</u>
Net Block		22,991.33	22,681.87
Capital Work in Progress		<u>1,121.83</u>	<u>1,453.95</u>
		24,113.16	24,135.82
Investments			
	F	9,257.02	8,044.20
Current Assets, Loans and Advances			
Inventories	G	24,672.24	36,829.85
Sundry Debtors	H	42,397.72	43,918.03
Cash & Bank balances	I	4,434.55	1,646.95
Other Current Assets	J	22.52	48.39
Loans & Advances	K	<u>8,313.85</u>	<u>8,816.71</u>
		79,840.88	91,259.93
Less: Current Liabilities and Provisions			
Current Liabilities	L	53,706.52	61,989.72
Provisions	M	<u>11,088.89</u>	<u>7,753.44</u>
		64,795.41	69,743.16
Net Current Assets		15,045.47	21,516.77
Miscellaneous Expenditure to the extent not written off		-	-
TOTAL		<u>48,415.65</u>	<u>53,696.79</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 DirectorVinod K. Nagpal
DirectorPlace:- Noida
Dated: 29th December, 2009

PROFIT AND LOSS ACCOUNT For the year ended 30th September, 2009

(Rs. in Lacs)

	Schedule No.	Year ended 30.09.2009	Year ended 30.09.2008
INCOME			
Sale, Services and related income	I	1,76,530.71	1,36,380.39
Less : Excise duty		6,539.46	7,409.67
Net sales		1,69,991.25	1,28,970.72
Other income	II	1,618.90	1,282.34
Profit from Farm Operations	III	3.13	0.25
Increase/(Decrease) in stock of Finished goods and Work-in-progress	IV	(5,861.00)	10,638.37
TOTAL		1,65,752.28	1,40,891.68
EXPENDITURE			
Cost of goods purchased for resale (Refer note 15 of Schedule X)		64,134.88	52,847.93
Erection & Civil Cost		4,688.93	1,562.90
Manufacturing expenses	V	55,030.34	52,946.82
Employee cost	VI	11,154.40	9,815.02
Administration & Selling expenses	VII	16,556.99	13,840.57
Interest and Financial Charges	VIII	3,349.94	2,918.14
Depreciation		2,832.36	2,138.08
TOTAL		1,57,747.84	1,36,069.46
Profit / (Loss) for the year before tax		8,004.44	4,822.22
Provision for tax			
- Current tax ((including Wealth Tax) - (Refer note 11.a) on Schedule IX)		2,915.00	1,265.00
- Deferred tax ((Refer note 11.b) on Schedule IX and note 4 on Schedule X)		(87.41)	709.25
- Fringe Benefit Tax ((Refer note 11. a) on Schedule IX)		63.53	112.73
Profit / (Loss) after tax		5,113.32	2,735.24
Balance in Profit & Loss account brought forward from last year		16,450.38	14,187.58
Amount available for appropriation		21,563.70	16,922.82
Proposed Dividend		736.95	147.39
Corporate Dividend Tax (refer note 17 on Schedule X)		-	25.05
Transferred to General Reserve		511.33	300.00
Balance carried to Balance Sheet		20,315.42	16,450.38
Basic & Diluted Earnings Per Share (Rs.) (Refer Note 10 on Schedule X)		68.20	46.74

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: 29th December, 2009

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'A'	As at 30.09.2009	As at 30.09.2008
SHARE CAPITAL		
Authorised :		
85,00,000 Equity Shares of Rs.10/- each (Previous year 85,00,000 Equity Shares of Rs.10/- each)	<u>850.00</u>	<u>850.00</u>
Issued, Subscribed and paid up :		
73,69,540 Equity Shares of Rs.10/- each fully paid up (Previous year 73,69,540 Equity shares 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 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, 2009

Schedule 'B'
RESERVES AND SURPLUS

	As At 01.10.2008	(Rs. in Lacs)		As At 30.9.2009
		Additions	Deductions	
Capital Reserve	0.01 (0.01)	-	-	0.01 (0.01)
Capital Redemption Reserve	1.58 (1.58)	-	-	1.58 (1.58)
Securities Premium	450.22 (450.22)	-	-	450.22 (450.22)
Export Allowance Reserve	6.50 (6.50)	-	-	6.50 (6.50)
General Reserve	12,031.10 (11,731.10)	511.33 (300.00)	-	12,542.43 (12,031.10)
Profit and Loss Account Balance	16,450.38 (14,187.58)	20,315.42 (16,450.38)	16,450.38 (14,187.58)	20,315.42 (16,450.38)
	28,939.79 (26,376.99)	20,826.75 (16,750.38)	16,450.38 (14,187.58)	33,316.16 (28,939.79)

Note :

Previous year figures are indicated in parenthesis.

	As at 30.09.2009	As at 30.09.2008
(Rs. in Lacs)		
Schedule 'C'		
SECURED LOANS		
(Refer note 9 on Schedule IX)		
Debentures	-	-
From Banks :		
Cash Credit Accounts (Refer note 1)	2,419.27	15,591.97
Buyer's Credit (Refer note 1&3)	-	141.64
External Commercial Borrowings (Refer note 2 &3)	5,677.30	4,071.70
Loans and Advances from subsidiaries	-	-
	8,096.57	19,805.31

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 both present & future of unit at Dahej, Gujarat.
3. Amount repayable within one year Rs.1136.08 lacs (Previous Year Rs.962.64 lacs)

Schedule 'D'

UNSECURED LOANS

(Refer note 9 on Schedule IX)		
Fixed Deposits (Refer note below)	5,696.82	3,558.18
Loans and Advances from subsidiaries	-	-
Short Term Loans and Advances	-	-
Other Loans and Advances	-	-
	5,696.82	3,558.18

Note :

Includes deposits received from Directors Rs.40.58 lacs (Previous Year Rs. 37.92 lacs).

**Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009
Schedule 'E'**

FIXED ASSETS (Refer Notes 3, 4, 7, 9, 10 & 12 on Schedule IX and notes 3a, 14 & 16 on Schedule X)

Particulars	COST			DEPRECIATION		NET BLOCK			
	As at 1st Oct., 2008	Additional/ Transfers during year	Deductions during the year	As at 30th Sept., 2009	Upto 30.09.2008	During the year	Adjustment on Deduction	As at 30th Sept., 2009	As at 30th Sept., 2008
Land (Free Hold)	376.49	-	-	376.49	-	-	-	376.49	376.49
Land (Lease Hold)	2,757.55	9.84	-	2,767.39	92.10	75.34	-	2,599.95	2,665.45
Buildings and Roads	9,290.70	904.32	-	10,195.02	1,648.55	716.20	-	7,830.27	7,642.15
Plant and Machinery	16,627.51	1,798.86	61.98	18,364.39	6,544.51	1,473.05	50.49	10,397.32	10,083.00
Furniture & Fixtures	856.69	49.69	17.46	888.92	458.18	79.48	16.87	368.13	398.51
Vehicles	758.20	153.81	76.00	836.01	348.38	127.03	40.70	401.30	409.82
Railway Siding and Tramway Lines	1.49	-	1.49	-	1.49	-	1.49	-	-
Office equipments	1,708.22	172.70	55.37	1,825.55	1,104.76	215.89	52.68	557.58	603.46
Live Stock	0.03	-	-	0.03	-	-	-	0.03	0.03
Intangible Assets (Purchased)									
- Software (For internal use)	439.17	103.72	0.87	542.02	130.85	99.88	0.24	311.53	308.32
- Technical Know-how	233.07	-	-	233.07	38.43	45.91	-	148.73	194.64
Total:	33,049.12	3,192.94	213.17	36,028.89	10,367.25	2,832.78	162.47	22,991.33	22,681.87
Capital work in progress									
								1121.83	1453.95
								24113.16	24135.82
Previous Year	19710.28	13489.09	150.25	33049.12	8339.20	2138.20	110.15	10367.25	22681.87

Notes :

- Freehold agricultural land in village Nara, Muzaffarnagar, 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.
- Leasehold land includes land at Bawal, Haryana and Dahej (SEZ) Gujarat pending registration in favour of the Company.
- Cost of software includes Purchase Price, Duties & taxes (Other than recoverable from taxing authorities)
- Depreciation during the year includes Rs.0.33 Lacs (previous year Rs. 0.01 Lacs) taken under pre-operative expenses.
- Capital work in progress includes pre-operative expenses amounting Rs.68.02 lacs (previous year Rs. 17.45 lacs) and capital advance Rs. 22.56 lacs (previous year Rs. 448.58 Lacs).

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'F'	As at 30.09.2009	As at 30.09.2008
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 fully paid up of Saraswati Sugar Mills Limited	7,009.99	7,009.99
50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid up 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 fully paid up of ISGEC Haco Metal Forming Machinery Pvt. Ltd.	801.34	801.34
Other Companies:		
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 fully paid up of Reliance Petroleum Ltd.	3.38	3.38
Market Value Rs. 7.39 lacs (previous year Rs. 8.09 lacs).		
872 (Previous Year 872) Equity Shares of Rs. 10/- each fully paid up of Reliance Power Ltd	2.46	2.46
Market Value Rs. 1.46 lacs (previous year 1.34 lacs).		
Current, At Cost		
Mutual Funds:		
SBI - SHF- Liquid Plus Institutional Plan (Nil (Previous year 65192.105) units of Rs. 10/- each)	-	6.52
SBI Magnum Insta Cash Fund (Nil (Previous year 1612.861) units of Rs. 10/- each)	-	0.27
Kotak India Growth Fund -II (Partly Paid) (175 (Previous year 175) units of Rs. 100,000/- each)	5.25	5.25
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan (121823.4040 (Previous year Nil) units of Rs. 1000/- each) (Refer note 3(b) on Schedule X)	1219.61	-
	9,257.02	8,044.20
Aggregate Book Value of Investments :		
Unquoted	9,251.18	8,038.36
Quoted	5.84	5.84
	9,257.02	8,044.20

Note: For sale and purchase of Mutual Fund investment during the year refer Note 13 of Schedule 'X'.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs in Lacs)	
Schedule 'G'	As at 30.09.2009	As at 30.09.2008
INVENTORIES		
(Refer note 2 on schedule IX)		
Raw Materials (including in transit Rs.278.96 lacs Previous year Rs. 861.75 lacs)	7,253.40	12,523.61
Stores and Spare Parts including loose tools (including in transit Rs. 39.40 lacs Previous year Rs. Nil)	2,226.42	2,789.42
Work-in-Progress :		
a) Engineering goods	13,229.86	18,591.25
b) Ingots and Steel Castings	1,590.47	2,102.65
c) Erection	72.67	-
	14,893.00	20,693.90
Standing Crops	7.26	4.78
Finished Trading goods in transit	282.41	748.29
Finished Stock:		
a) Engineering goods	7.63	-
b) Ingots and Steel Castings	2.12	69.85
	9.75	69.85
	24,672.24	36,829.85

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	10,499.43	6,249.80
- considered doubtful	105.45	10.40
Other Debts - Considered good	31,898.29	37,668.23
	42,503.17	43,928.43
Less : Provision for doubtful debts	105.45	10.40
	42,397.72	43,918.03

Notes:

Debtors include amount due from subsidiary company:

a) Saraswati Sugar Mills Ltd.	17.60	293.29
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Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

(Rs in Lacs)

	As at 30.09.2009	As at 30.09.2008
Schedule 'I'		
CASH AND BANK BALANCES		
(Refer note 7 on schedule IX)		
Cash in hand	16.41	14.49
Cheques in hand	356.90	583.58
Balances with Scheduled Banks in:		
Current & Cash Credit Accounts	3,608.79	534.29
Unclaimed Dividend Accounts	47.74	44.35
Term Deposits	142.44	30.98
Margin Money with Banks (against bank guarantees and letter of credit issued by bank.)	262.27	439.26
Balances with other banks	-	-
	4,434.55	1,646.95
Schedule 'J'		
OTHER CURRENT ASSETS (Unsecured, Considered Good)		
Interest accrued but not due on Term Deposits/margin money	22.52	48.39
Interest/Dividend accrued on investment	-	-
	22.52	48.39
Schedule 'K'		
LOANS AND ADVANCES		
(Refer note 7 on Schedule IX)		
(Unsecured, except to the extent stated & Considered Good)		
Security Deposits	330.11	301.31
Advances recoverable in cash or in kind or for value to be received (Include surplus plan assets over actuarial liability Rs. 320.67 lacs (previous Year Rs. 125.18 lacs))	5,538.50	6,482.37
Loan to subsidiary companies	1,040.40	746.14
Balance with Government Department and Others	1,404.84	1,286.89
	8,313.85	8,816.71
Note:		
<u>Detail of Loan to subsidiary companies</u>		
1. Saraswati Sugar Mills Ltd., Yamunanagar (Maximum amount due during the year)	337.85 (1,462.67)	404.09 (4,399.58)
2. Isgec Covema Ltd. (Maximum amount due during the year)	702.55 (1,048.93)	342.05 (1,011.96)
<u>Detail of Advances to subsidiary companies</u>		
1. Saraswati Sugar Mills Ltd., Yamunanagar (Maximum amount due during the year)	5.04 (105.43)	105.43 (105.43)
2. Isgec Covema Ltd. (Maximum amount due during the year)	- (481.53)	481.53 (502.42)
3. Isgec Exports Ltd. (Maximum amount due during the year)	- (748.16)	748.16 (748.16)

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

Schedule 'L'	(Rs. in Lacs)	
	As at 30.09.2009	As at 30.09.2008
CURRENT LIABILITIES		
(Refer note 7 on Schedule IX)		
Sundry creditors (Refer note 5 on schedule X)	24,611.72	30,343.11
Advances from customers	26,993.75	30,209.03
Investor Education and Protection Fund:		
Unpaid dividends	47.74	44.35
Unpaid Matured Deposits	114.51	15.53
Interest accrued on the above	26.92	2.43
Other liabilities	1,289.14	916.31
Security and other deposits	6.30	6.45
Interest accrued but not due on loans	616.44	452.51
	53,706.52	61,989.72

Note:

- 1 Sundry Creditors include:
 - a) Balance in Director's Current Account Rs 0.21 Lacs (Previous year Rs. 0.14 lacs).
Maximum amount outstanding during the year Rs. 1.96 lacs (Previous year Rs.2.38 lacs)
 - b) Rs. 859.33 lacs (Previous year 111.61 lacs) payable as commission to directors.
 - c) Amount due to subsidiary company, Saraswati Sugar Mills Ltd Rs. 22.34 lacs (Previous year Nil)
- 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) & 15 on Schedule X]

Provision for Taxation :

a) Provision for Income Tax	2,185.06	790.06	
Less : Advance Tax & TDS	1,241.66	927.60	
	943.40	(137.54)	
b) Provision for Fringe Benefit Tax (Net of advance payment Nil (Previous Year Rs. 50.00 lacs))	-	3.47	
c) Provision for Tax on Proposed Dividend (Refer note 17 on Schedule X)	-	25.05	(109.02)
Proposed Dividend	736.95		147.39
Provision for Leave encashment	592.24		548.12
Provision for Pension	1,938.89		1,664.78
Provision for Contingencies, performance warranties/ after sales service	6,877.41		5,502.17
	11,088.89		7,753.44

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

(Rs in Lacs)

Schedule 'I'	Year ended 30.09.2009	Year ended 30.09.2008
SALE, SERVICES AND RELATED INCOME		
[Refer note 5 on Schedule IX and 18 on Schedule X]		
Sale of Engineering goods	1,68,479.66	1,33,037.17
Sale of scrap and waste	636.68	839.43
Erection, Commissioning and other receipts	6,163.93	1,994.74
Export Incentives	1,250.44	509.05
	<u>1,76,530.71</u>	<u>1,36,380.39</u>

Schedule 'II'

OTHER INCOME

[Refer note 5 and 7 on Schedule IX]

Dividend Income on Investments

Long Term - Non Trade

- Subsidiary Companies

-

-

Current - Non Trade

- Mutual Funds

26.13

26.13

22.60

22.60

Interest

- On Loan to Subsidiary Companies

124.39

207.98

- Others

145.41

269.80

117.13

325.11

(includes TDS Rs. 50.78 lacs
(Previous year Rs.64.27 lacs))

Sundry balances written back

264.45

23.54

Excess provision of earlier years

386.39

706.82

written back (includes provision for doubtful debts written back Rs. Nil (previous year Rs.191.27 lacs))

11.00

32.93

Profit on sale of fixed assets

13.60

3.78

Insurance Claim receipts

647.53

167.56

Miscellaneous income.

1,618.90

1,282.34

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs in Lacs)	
Schedule 'III'	Year ended 30.09.2009	Year ended 30.09.2008
PROFIT FROM FARM OPERATIONS		
Income:		
Sale of Farm Produce [including Farm Produce worth Rs.Nil (previous year Rs. 0.01 lacs) at selling price used by Farm as seed and live stock maintenance]	6.78	6.39
Miscellaneous Income	0.34	0.05
(Increase)/Decrease in stock	2.48	(0.66)
	<u>9.60</u>	<u>5.78</u>
EXPENDITURE:		
Salaries, Wages and Bonus	3.23	3.27
Cultivation Expenses	2.30	1.76
Miscellaneous Expenses	0.54	0.30
Repairs and Maintenance:		
- Machinery and tractors	0.21	0.09
- Building	0.10	-
Depreciation	0.09	0.11
	<u>6.47</u>	<u>5.53</u>
Profit carried to Profit and Loss Account	3.13	0.25

Schedule 'IV'

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

Closing Stock :

Finished Goods	9.75	69.85
Work-in-progress	14,893.00	20,693.90
	<u>14,902.75</u>	<u>20,763.75</u>

Less: Opening Stock:

Finished Goods	69.85	307.51
Work-in-progress	20,693.90	9,817.87
	<u>20,763.75</u>	<u>10,125.38</u>

Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	<u>(5,861.00)</u>	<u>10,638.37</u>
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Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs in Lacs)	
Schedule 'V'	Year ended 30.09.2009	Year ended 30.09.2008
MANUFACTURING EXPENSES		
(Refer note 15, 19, 20 and 21 on Schedule X)		
Raw materials & components	41,230.46	40,483.44
Consumption of stores and spares	4,130.94	5,240.43
Power & fuel	1,381.13	1,295.87
Other expenses	8,290.39	5,993.18
Excise duty on account of increase/(decrease) in stock of finished goods	(2.58)	(66.10)
	55,030.34	52,946.82
	55,030.34	52,946.82

Schedule 'VI'

EMPLOYEE COST

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

Salaries, wages & bonus	9,953.45	8,644.16
Contribution to provident and other funds	905.23	892.31
Workmen and staff welfare expenses	295.72	278.55
	11,154.40	9,815.02
	11,154.40	9,815.02

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs in Lacs)	
Schedule 'VII'	Year ended 30.09.2009	Year ended 30.09.2008
ADMINISTRATION AND SELLING EXPENSES		
(Refer note 7 on Schedule IX and 11 & 12 on Schedule X)		
Rent	168.52	105.79
Insurance	140.15	131.56
Rates and taxes	182.88	155.49
Royalty	358.72	514.33
Electricity and water charges	138.07	87.82
Repair & Maintenance of :		
- Buildings	263.22	314.69
- Plant & Machinery	279.57	250.34
- Others	19.03	26.69
Travelling Expenses	1,790.92	1,543.61
Donation	2.53	11.14
Office and miscellaneous expenses *	2,396.94	1,957.74
Managerial remuneration	900.07	532.98
Directors' commission / fee	3.13	1.80
Packing, forwarding and transportation expenses	1,138.36	901.26
Commission to selling agents and others	1,584.20	1,776.39
Rebate and discount	245.59	56.56
Bad debts written off	17.83	219.02
Loss on assets sold / written off	10.76	6.25
Loss/provision on sales/disposal/diminution/ in value of Investments/Stores	0.58	-
Foreign Exchange Fluctuation	6,915.92	5,247.11
(Net of income of Rs. 3796.31 lacs (previous year Rs.4571.00 lacs))	16,556.99	13,840.57

* includes provision made for doubtful debts Rs.95.05 lacs (Previous Year Rs. Nil)

Schedule 'VIII'**INTEREST AND FINANCIAL CHARGES**

[Refer note 9 on Schedule IX and note 16 on Schedule X]

On Fixed Deposits	521.24	338.33
On Term Loans from banks	403.29	219.46
On Other Loans/ Working Capital borrowings	1,401.73	1,365.25
Bank Charges	1,023.68	995.10
	3,349.94	2,918.14

Schedules annexed to and forming part of the Accounts for the year ended 30th September , 2009

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

Assets costing 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.

Current assets and current liabilities recoverable / payable in foreign currency are restated at the exchange rate prevailing at the year end. The difference in translation of Monetary Assets & Liabilities and Realised gains & losses on foreign exchange translation are recognised in profit & 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 in accordance with Accounting Standard – 11 on “The Effects of Changes in Foreign Exchange Rates” issued by Institute of Chartered Accountants of India.

8 Employee 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. Payments made under cancellable operating leases for other assets are charged to profit & loss account as per respective lease agreements.

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 substantively 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, 2009, being different from tax year, which is financial year, has been determined based on the results for the six months ended March, 2009 (assessment year 2009-10) based on actual tax return filed and for the six months ended September 2009 (assessment year 2010-11) based on result for the period. The ultimate liability for the assessment year 2010-11 however will be determined on the total income of the Company for the year ending March 31, 2010.

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.

14. Commodity Hedging

Risk associated with fluctuations in the prices of the raw material are minimised by hedging on future market. The result of metal hedging contracts/transactions are recorded at their settlement and charged / credited to profit and loss account.

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2009

Schedule 'X' - Notes to Accounts

1. Contingent Liabilities :

- a) Claims against the Company not acknowledged as debts (including sales tax under dispute) Rs. 861.46 Lacs (Previous year Rs. 788.41 lacs).
- b) Guarantees furnished by the bankers on behalf of the Company for Rs. 49309.47 lacs.* (Previous year Rs. 43,253.70 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 122.17 lacs (Previous year Rs. 183.04 lacs).
- c) C Forms due against Sales Tax for the assessment years 2004-05 to 2008-2009 of Rs.739.02 lacs (Previous year Rs. 600.92 lacs.)
- d) Bills discounted with Banks / Financial Institutions outstanding at the year end Rs.341.57 lacs (Previous year Rs. 267.99 lacs)
- e) Bonds executed in favour of President of India against EPCG licence Rs. 1917.45 lacs (Previous year Rs. 996.08 lacs)

2. Letters of credit outstanding at year end Rs. 3668.47 lacs (Previous Year Rs. 9,143.58 lacs).

3. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 340.10 lacs (Previous year Rs. 1831.84 lacs).

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

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, 2007	Credit / (Charge) during the year	As at October 1, 2008	Credit / (Charge) during the year	As at Sept.30, 2009
Depreciation	(657.34)	(819.46)	(1476.80)	(13.90)	(1490.70)
Other Timing Differences	710.03	110.21	820.24	101.31	921.55
Net Deferred Tax	52.69	(709.25)	(656.56)	87.41	(569.15)

5. Micro, Small & Medium Enterprises Development Act, 2006

The Company is in the process of compiling information from its suppliers regarding their status under the above Act and hence disclosure, if any, of the amounts unpaid as at the year end together with the interest paid/ payable as required has been given to the extent of information available.

S.No.	Particulars	(Rs. in Lacs)	
		2008-09	2007-08
a)	<u>Amount Remaining Unpaid to any Supplier</u>		
	Principal Amount	51.15	-
	Interest due Thereon	-	-
b)	Interest paid under MSMED Act, 2006	0.21	-
c)	Interest Due (Other than 5(b))	-	-
d)	Interest accrued and unpaid	-	-
e)	Interest due and payable till actual payment	-	-

6. Employee Benefits:

As per Accounting Standard -15 (Revised) "Employee Benefits", the disclosure of employee benefits as defined in Accounting Standard is given below:-

a. Defined Contribution Plan:

The Company has recognised, in the profit and loss account for the current year, an amount of **Rs.562.25** Lacs (Previous Year Rs. 525.39 lacs) as expenses under the following defined contribution plans:

Particulars	(Rs. in Lacs)	
	2008-09	2007-08
Provident Fund	494.17	440.67
Employees State Insurance	71.08	84.72
Total	<u>562.25</u>	<u>525.39</u>

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	(Rs. In Lacs)			
	Gratuity Funded		Leave Encashment Non-funded	
	2008-09	2007-08	2008-09	2007-08
i. Change in Present value of obligation				
a. Present Value of Obligation at the beginning of the year	1,793.29	1,591.02	548.12	387.75
b. Interest cost	143.64	127.28	43.86	31.25
c. Current service cost	133.94	124.10	109.38	111.79
d. Benefits paid	(174.13)	(85.12)	(142.27)	(120.73)
e. Actuarial (gain) / loss	(56.64)	36.01	33.14	138.06
f. Present Value of Obligation at the end of the year	1,840.10	1,793.29	592.24	548.12
ii. Change in the Fair Value of Plan Assets				
a. Fair Value of Plan Assets at the beginning of the year	1,918.47	1,518.35	N.A.	N.A.
b. Expected Return of Plan Assets	153.48	121.47	-	-
c. Contributions	309.24	328.02	-	-
d. Benefits paid	(174.13)	(85.13)	-	-
e. Actuarial Gain / (Loss) on Plan Assets	(46.29)	35.76	-	-
f. Fair Value of Plan Assets at the end of the year	2,160.77	1,918.47	-	-

Description	(Rs. In Lacs)			
	Gratuity Funded		Leave Encashment Non-funded	
	2008-09	2007-08	2008-09	2007-08
iii. Reconciliation of Fair Value of Assets and Obligations				
a. Fair Value of Plan Assets at the end of the year	2,160.77	1,918.47	-	-
b. Present Value of Obligation at the end of the year	1,840.10	1,793.29	592.24	548.12
c. Amount recognised in the Balance Sheet	320.67	125.18	(592.24)	(548.12)
iv. Expenses recognised in the Profit & Loss				
a. Current Service Cost	133.94	124.10	109.39	111.79
b. Interest Cost	143.64	127.28	43.86	31.25
c. Expected Return on Plan Assets	(153.48)	(121.47)	-	-
d. Actuarial (Gain) / Loss	(10.35)	0.25	33.14	138.06
e. Expenses recognised in the Profit & Loss	113.75	130.16	186.38	281.10
v. Actuarial Assumptions				
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets (per annum)	8.00%	8.00%	0.00%	0.00%
c. Rate of Escalation in Salary (per annum)	5.50%	5.50%	5.50%	5.50%

Disclosure in respect of previous three annual periods as required by Accounting Standard -15 (Revised) is not presented as the management considers its impracticable in absence of requisite information.

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), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

(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	41.86 (32.54)	-	118.16 (150.89)	-	-	160.02 (183.43)
Sale of goods	32.38 (690.69)	-	-	-	-	32.38 (690.69)
Rendering of services	12.83 (12.68)	-	0.27 (0.25)	-	-	13.10 (12.93)
Services received	1.46 (1.87)	-	-	-	-	1.46 (1.87)
Rent received	-	-	-	-	-	-
Rent Paid	(-)	-	(0.34)	-	-	(0.34)
Remuneration to Directors	-	-	-	903.20	-	903.20
Interest paid	(-)	-	-	(534.78)	-	(534.78)
Guarantees given on behalf of subsidiaries	-	-	-	1.39	2.86	4.25
Interest Received	(-)	-	-	(1.61)	(2.33)	(3.94)
Amount payable as at year end	122.17 (183.04)	-	-	-	-	122.17 (183.04)
	124.39 (207.98)	-	-	-	-	124.39 (207.98)
Amount receivable as at year end:	-	-	8.73	870.78	26.24	907.61
ISGEC Covema Ltd.	(-)	-	(13.02)	(149.67)	-	(162.69)
ISGEC Covema Ltd.	702.55 (823.58)	-	-	-	-	702.55 (823.58)
ISGEC Exports Ltd	-	-	-	-	-	-
ISGEC Engineering & Projects Ltd.	(748.16)	-	-	-	-	(748.16)
Saraswati Sugar Mills Ltd.	-	-	-	-	-	-
Blue Water Enterprises	(802.81)	-	-	-	-	(802.81)
	338.15 (802.81)	-	-	-	-	338.15 (802.81)
Investment as at year end:	-	-	10.11	-	-	10.11
ISGEC Covema Ltd	(-)	-	(7.53)	-	-	(7.53)
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
ISGEC Engineering & Projects Ltd.	(-)	(801.34)	-	-	-	(801.34)
	5.00	-	-	-	-	5.00
	(5.00)	-	-	-	-	(5.00)

Note: Previous year figures are indicated in parenthesis.

9. In accordance with Accounting Standard (AS-19) on 'Leases', the Company has taken various residential/commercial premises and plant and machinery under cancellable operating leases. Lease rent charged to Profit & Loss account for the year Rs 168.52 Lacs (Previous year Rs 105.79 lacs)

10. 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:

	2008-09	2007-08
a) Net Profit / (Loss) available to Equity Shareholders (Rs. in lacs) (after current tax and FBT).	5,025.91	3,444.49
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.)	68.20	46.74
		(Rs. in Lacs)

11. **Auditor's Remuneration included in misc. expenses.**

	2008-09	2007-08
Audit Fee	5.00	3.50
Other Certification Work	1.45	1.11
Reimbursement of Expenses	1.09	0.79

12. **Managerial Remuneration:**

	2008-09	2007-08
(Rs. in Lacs)		
To the Whole time Directors:		
Salary	31.80	31.80
Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund	8.59	8.59
Other Perquisites	1.68	2.09
Commission	858.00	490.59
	900.07	532.98
To Other Directors:		
As Commission	1.33	1.00
As Sitting Fee	1.80	0.80
	3.13	1.80
Total Managerial Remuneration	903.20	534.78

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

	2008-09	2007-08
Profit for the year before tax	8,004.44	4,822.22
Add : Provision for doubtful Debts	95.31	-
Loss on sale of fixed assets	10.76	6.25
	8,110.51	4,828.47
Less: Profit on sale of fixed assets	11.00	32.93
Profit as per Section 349	8,099.51	4,795.54
Add : Managerial Remuneration	42.07	42.98
Commission to Executive Directors	858.00	490.50
Commission to Non Executive Directors	1.33	1.00
Directors Sitting Fees	1.80	0.80
Net Profit as per Section 198	9,002.71	5,330.32

Maximum remuneration payable restricted to:

- Whole time Directors 10% of above	900.27	533.03
- Other Directors 1% of above	90.03	53.30

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

13. 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
SBI-Magnum Insta Cash Fund	11345724.67	1,900.17	11345724.67	1,900.17
	(NIL)	(NIL)	(NIL)	(NIL)
SBI-Ultra Short Term Fund	19054781.32	1,906.51	19054781.32	1,906.51
	(NIL)	(NIL)	(NIL)	(NIL)
SBI-Magnum Institutional Income	NIL (3910.50)	NIL (0.39)	NIL (3910.50)	NIL (0.39)
SBI-SHF-Liquid Plus-Inst. Plan	NIL (25487256.36)	NIL (2,550.00)	NIL (25487256.36)	NIL (2,550.00)
ICICI Super Institutional Daily Div	NIL (11067.47)	NIL (1.11)	NIL (11067.47)	NIL (1.11)
Grindlays Floating Rate Fund- LT-Standard Chartered	NIL (30129083.83)	NIL (3,014.57)	NIL (30129083.83)	NIL (3,014.57)
Reliance Liquid Fund-Treasury Plan	5233589.71 (NIL)	800.07 (NIL)	5233589.71 (NIL)	800.07 (NIL)
Reliance Money Manager Fund- Institution	404540.28 (NIL)	4,050.00 (NIL)	404540.28 (NIL)	4,050.00 (NIL)
Total	36038635.98 (55631318.26)	8656.75 (5566.07)	36038635.98 (55631318.26)	8656.75 (5566.07)

* Figures under acquired during the year includes additional units received against dividend reinvested.

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14. As per Accounting Standard, AS – 26, Software Licences and Technical Know How amounting to Rs. 103.72 lacs (Previous Year 98.13 lacs) and Rs. NIL lacs (Previous Year Rs. 111.98 Lacs) respectively acquired during the year have been capitalised and amortised over estimated useful life of five years.

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

a) Movement for provision for Liabilities:	(Rs. in Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Opening Balance	5,502.17	4,386.80
Provided for during the year	2,587.80	2,435.22
Used during the year	571.34	1,192.43
Reversed during the year	641.22	127.42
Closing Balance	6,877.41	5,502.17
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.2307.71 lacs (Previous year Rs. 2259.52 Lacs) and manufacturing expenses for Rs.280.09 lacs (Previous year Rs. 175.70 Lacs).

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

	(Rs. In lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Amount brought forward from last year	17.45	247.41
Add: Expenditure incurred during the year:		
Salaries & Wages	29.89	76.67
Depreciation	0.33	0.01
Repair & Maintenance	-	0.02
Electricity Expenses	-	28.75
Travelling Expenses	5.19	9.06
Bank Charges	0.03	0.38
Professional Fees	-	25.63
Interest on Loan	-	173.09
Exchange Fluctuations	-	4.59
Rates & Taxes	-	4.35
Rent	-	1.77
Others	15.13	62.57
Total	<u>68.02</u>	<u>634.30</u>
Less: Capitalized during the year	<u>NIL</u>	<u>616.85</u>
Amount carried forward to Capital work in progress	<u><u>68.02</u></u>	<u><u>17.45</u></u>

17. The Company has not made any provision for Corporate Dividend Tax as the dividend receivable by the Company from its subsidiary during the financial year ending 31.03.2010 when the right to receive payment is established, is likely to be more than the dividend to be distributed.

18. 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	Closing stock
			Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
A						
ENGINEERING UNITS						
(Refer Note (iii) below)						
(Manufacturing & Contract)						
Components of Sugar Mill plants	-	-	-	112.29 (458.63)	-	-
Steel Structural, iron and steel pipes and agricultural implements	-	1501 MT (68 MT)	1501 MT (68 MT)	4296.29 (2132.25)	-	-
Steel forging	-	-	-	-	-	-
C.I. Castings	-	2220 MT (2395 MT)	2220 MT (2395 MT)	-	-	-
Boiler Components for industrial use (including spare parts)	-	-	-	10745.09 (11457.33)	-	-
Mechanical Presses	-	48 Nos. (92 Nos.)	48 Nos. (92 Nos.)	12054.55 (12446.46)	-	-
Chlorine and other liquified gas containers	-	9168 Nos. (6954 Nos.)	9156 Nos. (6954 Nos.)	4971.23 (3577.15)	-	7.63
Hydraulic Presses	-	11 Nos. (17 Nos.)	11 Nos. (17 Nos.)	2293.65 (3399.47)	-	-
	-				-	-
					12 Nos.	

19. Raw Material Consumed:

(Value in Rs. lacs)					
Type of Materials	Units	<u>2008-09</u>		<u>2007-08</u>	
		Quantity	Value	Quantity	Value
Iron and Steel	MT	20728.66	16,647.27	26656	15,838.14
Non-ferrous	MT	188.00	129.79	167	141.29
M.S. Scrap	MT	4736.37	1,094.59	4439.56	932.84
Components issued for jobs			23,358.81		23,571.17
Total			<u>41,230.46</u>		<u>40,483.44</u>

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

(Value in Rs. lacs)					
(a) Raw Materials :	%	<u>2008-09</u>		<u>2007-08</u>	
		Value	Value	Value	Value
Imported	44.88	18,506.12	18,506.12	41.84	16,939.47
Indigenous	55.12	22,724.34	22,724.34	58.16	23,534.97
Total	<u>100.00</u>	<u>41,230.46</u>	<u>41,230.46</u>	<u>100.00</u>	<u>40,483.44</u>
(b) Spare Parts :	%	<u>2008-09</u>		<u>2007-08</u>	
		Value	Value	Value	Value
Imported	4.69	193.87	193.87	2.04	107.03
Indigenous	95.31	3,937.07	3,937.07	97.96	5,133.40
Total	<u>100.00</u>	<u>4,130.94</u>	<u>4,130.94</u>	<u>100.00</u>	<u>5,240.43</u>

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

	(Rs. in Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Raw Materials	12,263.64	16,273.95
Spare Parts	1,607.54	1,319.69
Goods for resale	1,095.36	117.77
Capital Goods	902.44	1,368.91

22. Earnings in Foreign Exchange:

Export of goods and services on F.O.B. basis	51,481.86	36,493.62
--	-----------	-----------

23. Expenditure in Foreign Currency (Cash Basis)

Travelling Expenses	151.27	275.53
Royalty	285.65	430.24
Brokerage & Commission	1,376.35	506.42
Interest on ECB Loan (for foreign remittance)	166.57	153.20
Others	2,643.30	1,260.36

24. Dividend paid during the year includes Nil (Previous Year Nil) dividend in foreign currency on 508900 (Previous Year 512050) Equity Shares held by six (previous year six) Non - Resident shareholders. The dividend to these shareholders has been paid in Indian Currency.

25. 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, 2009
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)	
		As at	As at
I ASSETS		31.03.2009	31.03.2008
a)	Fixed Assets	1,006.95	1,058.64
b)	Defferred Tax Assets	37.72	35.89
c)	Current Assets, Loans and Advances		
i)	Inventories	208.16	145.92
ii)	Sundry Debtors	37.53	4.14
iii)	Cash and Bank Balances	5.98	102.86
iv)	Loans and Advances	80.02	71.47
v)	Other Current Assets	0.15	0.22
II. LIABILITIES			
a)	Secured Loans	706.30	587.10
b)	Current Liabilities and Provisions		
i)	Current Liabilities	190.66	93.02
ii)	Provisions	11.20	6.88
III. INCOME		For the period	For the period
		ended 31.03.2009	ended 31.03.2008
a)	Net Sales	262.20	24.80
b)	Other Income	2.38	2.81
c)	Increase/ (Decrease) in Work in Progress	12.19	124.69
IV. EXPENSES			
a)	Manufacturing Expenses	279.57	134.58
b)	Employees Cost	64.22	33.80
c)	Administration and Selling Expenses	50.16	20.06
d)	Interest and Financial Charges	82.68	22.26
e)	Depreciation	64.88	34.43
f)	Miscellaneous Expenses Written off	—	4.14

26. Foreign Currency Exposures :

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

- a.) The Particulars of contracts entered into hedging purpose outstanding as at 30th September, 2009 are as under:

		(Rs. in lacs)	
		As at	As at
		30.09.2009	30.09.2008
i)	Forward contracts for receivables	22,700.56	34,279.80
ii)	For loans	5,677.30	4,071.70
iii)	For hedging interest payments	31.42	96.66

- b.) Unhedged foreign currency exposures as at 30th September, 2009 are as under :

		As at	As at
		30.09.2009	30.09.2008
i)	Receivables	3,443.41	8,396.60

27. 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, 2009

(Rs. in Lacs)

	Year ended 30.09.2009	Year ended 30.09.2008
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	8,004.44	4,822.22
Adjustments for:		
Depreciation	2,832.36	2,138.08
Interest Expense	3,349.94	2,918.14
Interest Income	(269.80)	(325.11)
Income from Investment - Dividends	(26.13)	(22.60)
(Profit)/Loss on Fixed Assets sold (Net)	(0.24)	(26.68)
Debts / Advances Written off	17.83	219.02
Provision for Bad & Doubtful Debts	95.05	(220.97)
Liability no longer required written back	(650.84)	(730.36)
Provision for Leave Encashment	44.12	160.37
Provision for warranty	1,375.24	1,115.37
Investment written off	0.58	-
Pension Provision	274.11	189.25
Operating profit before working capital changes	15,046.67	10,236.85
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	1,407.43	(17,779.03)
- (INCREASE)/DECREASE in Other Receivables	502.86	2,864.02
- (INCREASE)/DECREASE in Inventories	12,157.03	(14,384.14)
- INCREASE/(DECREASE) in Trade and Other Payables	(7,824.18)	22,525.85
Cash generated from operations	21,289.82	3,463.55
- Taxes (Paid) / Received (Net of TDS)	(1,901.07)	(3,082.51)
Net cash from operating activities	19,388.75	381.04
B. Cash flow from Investing Activities		
Purchase of fixed assets	(2,860.40)	(11,486.19)
Proceeds from Sale of fixed assets	50.94	66.78
Profit on sale of Investment	-	-
Sale/(Purchase) of Investments	(1,212.82)	14.57
Deposits with bank	-	-
Dividend Received	26.13	22.60
Interest Received (Revenue)	295.67	297.27
Net cash used in investing activities	(3,700.48)	(11,084.97)

C Cash flow from Financing activities:		
Proceeds/(Repayment) from Secured loans	(11,708.74)	13,824.18
Proceeds/(Repayment) of unsecured loans	2,138.64	951.46
Interest Paid	(3,161.52)	(2,631.98)
Dividend & Dividend Tax Paid	(169.05)	(848.94)
Net cash used in financing activities	(12,900.67)	11,294.72
Net Increase/(Decrease) in Cash & Cash Equivalents	2,787.60	590.79
Opening Balance of Cash and cash equivalents	1,646.95	1,056.16
Closing Balance of Cash and cash equivalents	4,434.55	1,646.95
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	373.31	598.07
Current accounts(dividend account)	47.74	44.35
Balance with Scheduled Banks	3,608.79	534.29
Term Deposits	142.44	30.98
Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	262.27	439.26
	4,434.55	1,646.95

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

Place:- Noida
Dated: 29th December, 2009

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	30/09/2009		

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
	48,415.65	48,415.65
Sources of Funds	Paid-up Capital	Reserve & Surplus
	736.95	33,316.16
	Secured Loans	Unsecured Loans
	8,096.57	5,696.82
	Deferred Tax Liability	
	569.15	
Application of Funds	Net Fixed Assets	Investments
	24,113.16	9,257.02
	Net Current Assets	
	15,045.47	

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

Turnover (Gross Revenue)	Total Expenditure
1,71,613.28	1,63,608.84
Profit Before Tax	Profit After Tax
8,004.44	5,113.32
Earning per Share in Rs.	Rate of Dividend
68.20	100%

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: 29th December, 2009

**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, 2009	Year ended 31st March, 2009	Year ended 30th Sept., 2009	Year ended 30th Sept., 2009
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, 2009 of Isgec Covema Limited & Isgec Exports Limited and as at the close of financial year ended 30th September 2009	691.36	Nil	342.89	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;	(19.38)	(0.25)	5319.05	0.13
	ii) For subsidiary's Previous Financial years since it became subsidiary:	75.19	68.70	2591.88	0.05
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, 2009 (end of financial year of holding company) (There is no material change in other borrowing of subsidiary companies)	702.55	Nil	N.A.	N.A.

Sanjay Kumar
Sr. Manager
(Accounts)

Kishore Chatnani
Vice President
(Finance & Accounts)

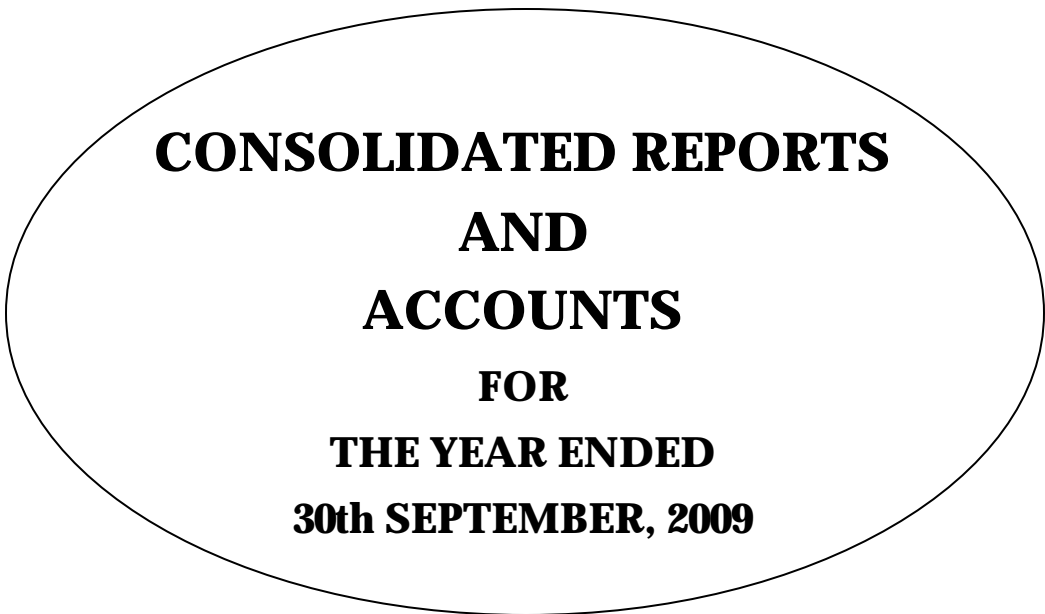
S.K. Khorana
Executive Director &
Company Secretary

Vinod K. Nagpal
Director

Aditya Puri
Managing
Director

Place : Noida

Dated : 29th December, 2009



**CONSOLIDATED REPORTS
AND
ACCOUNTS
FOR
THE YEAR ENDED
30th SEPTEMBER, 2009**

**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, 2009, 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, except Saraswati Sugar Mills Ltd., whose adjusted financial statements reflect total assets of Rs. 3791.97 lacs and total liabilities of Rs. 3478.59 lacs as at 30th September, 2009 and total revenues of Rs.2878.43 lacs and total expenses of Rs. 2905.26 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. Interest 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 AS-21, 'Consolidated Financial Statements' and Accounting Standard AS-27 'Financial Reporting of Interests 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, 2009;
- 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. 89907

Place : New Delhi
Dated: 29th December, 2009

CONSOLIDATED BALANCE SHEET AS AT 30th September, 2009

		(Rs. in Lacs)	
	Schedule No.	As At 30.09.2009	As At 30.09.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	<u>40,883.59</u>	<u>31,720.15</u>
		<u>41,620.54</u>	<u>32,457.10</u>
Loan Funds			
Secured Loans	C	11,991.16	37,445.11
Unsecured Loans	D	<u>7,127.45</u>	<u>4,925.64</u>
		<u>19,118.61</u>	<u>42,370.75</u>
Deferred Tax Liability(Net) [Refer note 13(b) on Schedule IX and note 7 on Schedule X]		<u>1,932.42</u>	1,437.10
TOTAL		<u><u>62,671.57</u></u>	<u><u>76,264.95</u></u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	58,648.70	54,248.72
Less: Depreciation		<u>20,147.59</u>	<u>16,203.29</u>
Net Block		<u>38,501.11</u>	38,045.43
Capital Work in Progress		<u>1,384.23</u>	2,602.95
		<u>39,885.34</u>	40,648.38
Investments	F	<u>4,808.35</u>	323.33
Current Assets, Loans and Advances			
Inventories	G	27,790.04	51,474.80
Sundry Debtors	H	45,061.37	47,116.41
Cash & Bank balances	I	8,070.82	3,779.34
Other Current Assets	J	54.23	34.52
Loans & Advances	K	<u>8,597.11</u>	8,686.50
		<u>89,573.57</u>	1,11,091.57
Less: Current Liabilities and Provisions			
Current Liabilities	L	59,166.07	67,698.21
Provisions	M	<u>12,431.45</u>	<u>8,101.95</u>
		<u>71,597.52</u>	75,800.16
Net Current Assets		<u>17,976.05</u>	35,291.41
Miscellaneous Expenditure(to the extent not written off or adjusted)		<u>1.83</u>	1.83
TOTAL		<u><u>62,671.57</u></u>	<u><u>76,264.95</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: 29th December, 2009

CONSOLIDATED PROFIT & LOSS ACCOUNT For the year ended 30th September, 2009

(Rs. in Lacs)

	Schedule No.	Year ended 30.09.2009	Year ended 30.09.2008
INCOME			
Sale, Services and related Income	I	2,19,552.54	1,72,920.09
Less : Excise duty		8,446.39	9,712.29
		2,11,106.15	1,63,207.80
Other income	II	2,024.28	2,250.26
Profit from Farm Operations	III	3.13	0.25
Increase/(Decrease) in stock of Finished goods and Work-in-progress	IV	(17,211.46)	12,418.47
TOTAL		1,95,922.10	1,77,876.78
EXPENDITURE			
Cost of goods purchased for resale (Refer note 14 on Schedule X)		64,134.88	52,847.93
Erection & Civil Cost		7,564.16	5,236.97
Manufacturing expenses	V	68,454.95	78,796.51
Employee cost	VI	13,717.72	12,482.76
Administration & Selling expense	VII	17,616.24	15,437.71
Interest and Financial Charges	VIII	4,678.42	5,049.86
Preliminary Expenses Written Off		0.00	4.14
Depreciation		4,111.81	3,192.59
TOTAL		1,80,278.18	1,73,048.47
Profit / (Loss) for the year before tax		15,643.92	4,828.31
Provision for current tax (including Wealth Tax) (Refer note 13(a) on Schedule IX)		4,936.05	1,526.44
Provision for deferred tax (Refer note 13(b) on Schedule IX and note 7 on Schedule X)		495.31	679.25
Fringe benefit tax (Refer note 13(a) on Schedule IX)		70.84	132.78
Profit / (Loss) after tax		10,141.72	2,489.84
Balance in Profit & Loss account brought forward from last year		19,042.09	17,024.69
Amount available for appropriation		29,183.81	19,514.53
Proposed Dividend		736.95	147.39
Corporate Dividend Tax		241.33	25.05
Transferred to General reserve		1,043.33	300.00
Balance carried to Balance Sheet		27,162.20	19,042.09
Basic/Diluted Earnings / (Loss) per share (Rs.) (Refer Note 12 on Schedule X)		144.34	43.00
Statement on Significant Accounting Policies	IX		
Notes to Accounts	X		

**This is the Profit and Loss Account referred to
in our report of even date**

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

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

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: 29th December, 2009

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009

	(Rs. in Lacs)	
	As at 30.09.2009	As at 30.09.2008
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 fully paid up.	<u>736.95</u>	<u>736.95</u>
	<u><u>736.95</u></u>	<u><u>736.95</u></u>

Notes:

- i) 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, 2009

Schedule 'B'	As At 01.10.2008	Additions	Deductions	(Rs. in Lacs) As At 30.09.2009
RESERVES AND SURPLUS				
Capital Reserve	0.01 (0.01)	-	-	0.01 (0.01)
Capital Redemption Reserve	1.58 (1.58)	-	-	1.58 (1.58)
Securities Premium	450.22 (450.22)	-	-	450.22 (450.22)
Export Allowance Reserve	6.50 (6.50)	-	-	6.50 (6.50)
General Reserve	12,219.75 (11,919.75)	1,043.33 (300.00)	-	13,263.08 (12,219.75)
Profit and Loss Account Balance [Refer note No. 2(c) of Schedule X]	19,042.09 (17,024.69)	27,162.20 (19,042.09)	19,042.09 (17,024.69)	27,162.20 (19,042.09)
	<u>31,720.15</u>	<u>28,205.53</u>	<u>19,042.09</u>	<u>40,883.59</u>
	(29,402.75)	(19,342.09)	(17,024.69)	(31,720.15)

Note :

Previous year figures are indicated in parenthesis.

Schedule 'C'

SECURED LOANS

(Refer note 10 on Schedule IX)

	(Rs. in Lacs) As at 30.09.2009	As at 30.09.2008
Debentures	-	-
From Banks and Financial Institutions:		
- Cash Credit Accounts (Refer Note 1 & 4)	2,606.39	28,898.18
- Buyer's Credit (Refer Note 1 & 5)	-	141.64
- Term Loans (Refer Note 2 & 6)	3,707.47	4,333.59
- External Commercial Borrowings (Refer Note 3 & 5)	5,677.30	4,071.70
Other loans	-	-
	<u>11,991.16</u>	<u>37,445.11</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 residual mortgage on immovable properties of the Company located at Yamunagar, 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, both present and future, of unit at Dahej, Gujarat.
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.2,198.74 Lacs (Previous year Rs.1,619.64 Lacs)
6. Term loan of Rs.587.10 Lacs (Previous year Rs.587.10 Lacs) 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	7,127.45	4,905.88
Sugar Development Fund (For cane development)	-	19.76
Short Term Loans and Advances	-	-
Other Loans and Advances	-	-
	<u>7,127.45</u>	<u>4,925.64</u>

Note :

Fixed deposits include deposits received from directors Rs.45.58 Lacs (Previous year Rs.42.92 Lacs).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009 Schedule 'E'

FIXED ASSETS (Consolidated)

[Refer Notes 4, 5, 10, 11, 12 & 14 on Schedule IX and notes 4(a), 13 and 16 on Schedule XI]

Particulars	COST			DEPRECIATION			NET BLOCK		
	As at 1st Oct., 2008	Additional/ Transfers during year	Deductions during the year	As at 30th Sept., 2009	Upto 30th Sept., 2008	During the year	Adjustment on Deduction	As at 30th Sept., 2009	As at 30th Sept., 2008
Land (Free Hold)	3,476.80	1.66		3,478.46				3,478.46	3,476.80
Land (Lease Hold)	2,757.55	9.84		2,767.39	92.10	75.34		2,599.95	2,665.45
Buildings and Roads	12,054.55	1,110.01	1.06	13,163.50	2,244.43	885.29	0.05	10,033.82	9,810.12
Plant and Machinery	30,892.78	2,964.28	85.89	33,771.17	11,117.27	2,477.56	52.66	20,229.00	19,775.51
Furniture & Fixtures	924.57	52.65	19.48	957.74	498.29	85.03	17.06	391.48	426.28
Vehicles	1,055.50	197.49	95.93	1,157.06	516.24	167.14	42.39	516.08	539.26
Railway Siding and Tramway Lines	1.49		1.49		1.49				
Office equipments	1,908.02	197.88	59.50	2,046.40	1,213.96	254.77	54.04	631.71	694.06
Live Stock	0.03			0.03				0.03	0.03
Intangible Assets									
- Goodwill	342.10			342.10	342.10				
- Software (Purchased for internal use)	440.26	130.38	0.87	569.77	130.87	104.99	0.24	334.15	309.39
- Technical Know-how	395.07			395.07	46.53	62.11		286.43	348.54
Total :	54,248.72	4,664.20	264.22	58,648.70	16,203.29	4,112.23	167.93	38,501.11	38,045.43
Capital work in progress								1,384.23	2,602.95
Previous Year	38,471.23	16,031.14	253.65	54,248.72	13,128.14	3,194.14	118.98	40,648.38	

Notes :

- Freehold agricultural land in village Nara, Muzaffarnagar, 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.
- Leasehold land includes land at Bawal, Haryana and Dahej (SEZ) Gujarat pending registration in favour of the Company.
- Cost of software includes Purchase Price, Duties & Taxes (Other than recoverable from taxing authorities)
- Depreciation during the year includes Rs.0.33 lacs (previous year 0.01 Lacs) taken under pre-operative expenses.
- The possession and title of the Land amounting to Rs.202.50 Lacs, for which advance has been paid, has not been transferred in the name of company upto close of the year. However, the same has been registered in the name of company after the close of the year.
- Capital work-in-progress includes pre-operative expenses amounting to Rs.68.02 Lacs (Previous year Rs.17.45 Lacs) and includes Capital advance Rs.22.56 Lacs (Previous year Rs.448.58 Lacs).
- The Capital work-in-progress against building under construction includes stock of building material amounting to Nil (Previous year Rs.1.13 Lacs).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009

Schedule 'F'	As At 30.09.2009	As At 30.09.2008
	(Rs. in Lacs)	
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)	0.60	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 fully paid up of Reliance Petroleum Ltd. [Market value as on 30.09.09 Rs.7.39 Lacs (Previous year Rs.8.09 Lacs)]	3.38	3.38
872 (Previous year 872) Equity Shares of Rs.10/- each fully paid up of Reliance Power Ltd. [Market value as on 30.09.09 Rs.1.46 Lacs (Previous year Rs.1.34 Lacs)]	2.46	2.46
2,65,000 (Previous year 2,65,000) Equity Shares of Rs.10/- each fully paid up of DCM Shriram Industries Ltd. [Market value as on 30.09.09 Rs.405.45 Lacs (Previous year Rs.193.45 Lacs)]	304.75	304.75
Current, At Cost		
Mutual Funds:		
- SBI SHF Ultra Short Term Fund [60,93,049.10, (Previous year Nil) units of Rs.10/- each]	609.63	0.00
- SBI Magnum Insta Cash Fund [Nil, (Previous year 1,612.861) units of Rs.10/- each]	-	0.27
- SBI-SHF-Liquid Plus Institutional Plan [Nil, (Previous year 65,192.105) units of Rs.10/- each]	-	6.52
- Reliance Money manager Fund- Retail Option [5,054.01, (Previous year Nil) units of Rs.1,000/- each]	50.59	-
- Reliance Money manager Fund- Institutional Option [3,82,734.844, (Previous year Nil) units of Rs.1,000/- each]	3,831.69	-
- Kotak India Growth Fund-II (Partly paid) [175, (Previous year 175) units of Rs.1,00,000/- each] [Refer note 4(b) on Schedule X]	5.25	5.25
	4,808.35	323.33
Aggregate Book Value of Investments :		
Unquoted	4,497.76	12.74
Quoted	310.59	310.59
	4,808.35	323.33

Note: For sale and purchase of Mutual Fund investment during the year refer Note 17 of Schedule 'X'.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009

	(Rs. in Lacs)	
Schedule 'G'	As at 30.09.2009	As at 30.09.2008
INVENTORIES		
[Refer note 3 on Schedule IX]		
Raw Materials (Including in transit Rs.278.96 Lacs, Previous year Rs.861.75 Lacs)	7,263.79	12,523.61
Stores and Spare Parts (Including in transit Rs.39.40 Lacs, Previous year Rs.48.69 Lacs)	2,811.69	3,433.77
<u>Work-in-Progress :</u>		
i) Sugar	21.07	14.34
ii) Engineering goods	13,322.35	18,715.94
iii) Ingots and Steel Castings	1,590.47	2,102.65
iv) Erection Contracts in progress	147.67	128.00
Standing Crops	7.26	4.78
<u>Finished Stock :</u>		
i) Sugar	1,990.38	13,634.07
ii) Ingots and Steel castings	2.12	69.85
iii) Molasses	298.81	99.50
iv) Engineering goods	52.02	-
Finished Trading goods in transit	282.41	748.29
	27,790.04	51,474.80
Schedule 'H'		
SUNDRY DEBTORS		
[Refer note 8 on Schedule IX and note 3(e) on Schedule X]		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	11,644.37	7,376.09
- considered doubtful	188.36	14.07
Other Debts - Considered good	33,417.00	39,740.32
	45,249.73	47,130.48
Less : Provision for doubtful debts	188.36	14.07
	45,061.37	47,116.41

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009

	(Rs. in Lacs)	
Schedule 'I'	As at 30.09.2009	As at 30.09.2008
CASH AND BANK BALANCES		
[Refer note 8 on Schedule IX]		
Cash in hand	27.89	35.35
Cheques in hand	656.18	851.01
With Scheduled Banks in :		
Current Accounts	3,861.26	2,305.78
Unclaimed Dividend Accounts	47.74	44.35
Term Deposits	3,215.48	103.59
Margin Money with Banks (against Bank Guarantees and Letter of Credit issued by banks)	262.27	439.26
Balances with other Banks	-	-
	8,070.82	3,779.34

Schedule 'J'

OTHER CURRENT ASSETS

(Unsecured, Considered Good)

Interest / Dividend accrued on investments	0.17	0.26
Interest accrued but not due on Term Deposits	54.06	34.26
	54.23	34.52

Schedule 'K'

LOANS AND ADVANCES

(Unsecured, except to the extent stated & Considered Good)

[Refer note 8 on Schedule IX]

Security Deposits	376.82	350.04
Advances recoverable in cash or in kind or for value to be received [including Capital Advances Rs.0.23 Lacs (previous year Rs.57.26 Lacs)] (See note below)	6,466.88	6,234.08
Balance with Govt. Depts. and others	1,523.16	1,453.19
Claims Receivable	148.09	649.19
MAT Credit entitlement	82.16	-
	8,597.11	8,686.50

Note :

Include surplus of plan assets over actuarial liability Rs. 320.67 Lacs (Previous year Rs. 125.18 Lacs).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2009

	(Rs. in Lacs)	
Schedule 'L'	As at 30.09.2009	As at 30.09.2008
CURRENT LIABILITIES		
[Refer note 8 on Schedule IX]		
Sundry creditors (Refer note 8 on Schedule X)	28,763.11	33,297.34
Advances from customers	27,449.36	30,915.55
Investor Education and Protection Fund:		
Unpaid dividend	47.74	44.35
Unpaid Matured Deposits	148.48	36.08
Interest accrued on the above	33.13	5.93
Other liabilities	1,821.74	2,718.43
Security and other deposits	75.55	88.08
Interest accrued but not due on loans	826.96	592.45
	59,166.07	67,698.21

Notes:

- Sundry Creditors include:
 - Balance in Director's Current Account Rs.0.21 Lacs (Previous year Rs.0.14 Lacs). Maximum amount outstanding during the year Rs.1.96 Lacs (Previous year Rs. 2.38 Lacs).
 - Rs.859.33 Lacs (Previous year Rs.120.88 Lacs) payable as commission to Directors.
- Amounts under Investor Education & Protection Fund are not due for deposit.

Schedule 'M'**PROVISIONS**

[Refer notes 9(c), 9(d), 13(a) and 15 on Schedule IX and notes 9(b) & 14 on Schedule X]

Provision for Taxation	4,088.15	1,651.03
Less : Advance Tax	2,849.66	2,057.92
	1,238.49	(406.89)
Provision for Fringe Benefit Tax [Net of advance payment Nil (Previous Year Rs.57.30 Lacs)]	0.00	3.47
Provision for Tax on Proposed Dividend	241.33	25.05
Provision for Leave encashment	701.25	640.84
Provision for Pension	2,499.22	2,189.67
Provision for Gratuity	134.23	0.00
Provision for Contingencies, performance warranties and after sales service	6,879.98	5,502.42
Proposed Dividend	736.95	147.39
	12,431.45	8,101.95

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

(Rs. in Lacs)

	Year ended 30.09.2009	Year ended 30.09.2008
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Schedule 'I'

SALE, SERVICES AND RELATED INCOME

[Refer note 6 on Schedule IX]

Sugar Business:

Sugar	37,566.28	28,483.73
Molasses	2,182.60	3,554.74
Other By Products	106.99	608.89
	39,855.87	32,647.36

Engineering and Foundry Business :

Sale of Engineering goods	1,68,771.71	1,33,065.64
Sale of production scrap and waste	636.68	839.43
Erection, Commissioning and other receipts	9,037.84	5,858.61
Export Incentives	1250.44	509.05
	2,19,552.54	1,72,920.09

Schedule 'II'

OTHER INCOME

[Refer note 6 and 8 of Schedule IX]

Dividend Income from Investments

- Long Term - Non trade	0.00	0.00
- Current- Non trade (Gross)	48.43	23.14

Interest

- On Govt. Securities	0.01	0.01
- From Tax Authorities	0.98	0.00
- Others [Tax deducted at source Rs.20.50 lacs, (Previous year Rs.19.37 lacs)]	195.15	135.16

Sundry balances written back	296.90	51.93
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Excess provision of earlier years written back	386.42	711.83
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[including provision for doubtful debts written back Nil
(Previous year Rs.191.27 Lacs)]

Profit on sale of fixed assets	16.78	42.58
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Profit on sale of investment (Refer note 17 on Schedule X)	0.00	123.33
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Insurance Claim Receipts	13.60	3.78
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Transportation & Buffer Stock Subsidy	0.00	762.49
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Miscellaneous Income	1,066.01	396.01
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	2,024.28	2,250.26
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Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'III'	Year ended 30.09.2009	Year ended 30.09.2008
PROFIT FROM FARM OPERATIONS		
Income		
Sale of Farm Produce [including Farm Produce worth Nil (Previous Year Rs. 0.01 Lacs) at selling price used by Farm as seed and live stock maintenance]	6.78	6.39
Miscellaneous Income	0.34	0.05
(Increase)/Decrease in stock	2.48	(0.66)
	<u>9.60</u>	<u>5.78</u>
Expenditure		
Salaries, Wages and Bonus	3.23	3.27
Cultivation Expenses	2.30	1.76
Office & Miscellaneous Expenses	0.54	0.30
Repairs and Maintenance:		
- Machinery and Tractors	0.21	0.09
- Building	0.10	-
Depreciation	0.09	0.11
	<u>6.47</u>	<u>5.53</u>
Profit carried to Profit and Loss Account	<u>3.13</u>	<u>0.25</u>
 Schedule 'IV'		
(INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
(Refer note 3 on Schedule IX)		
Closing Stock :		
Finished Goods	2,343.33	13,803.42
Work-in-progress	15,081.56	20,832.93
	<u>17,424.89</u>	<u>34,636.35</u>
Less: Opening Stock:		
Finished Goods	13,803.42	12,379.75
Work-in-progress	20,832.93	9,838.13
	<u>34,636.35</u>	<u>22,217.88</u>
Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	<u>(17,211.46)</u>	<u>12,418.47</u>

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'V'	Year ended	Year ended
MANUFACTURING EXPENSES	30.09.2009	30.09.2008
<i>(Refer note 14 on Schedule X)</i>		
Raw materials & components of engineering and foundry business	41,470.29	40,600.97
Cane consumed	13,118.92	22,890.98
Consumption of stores and spares	4,966.65	7,779.32
Power & fuel	1,543.23	1,428.23
Other expenses	8,305.49	6,000.04
Increase/(Decrease) in excise duty provision in opening and closing stock of finished goods	(949.63)	96.97
	68,454.95	78,796.51

Schedule 'VI'

EMPLOYEE COST

[Refer notes 9 of Schedule IX and 9 & 18 on Schedule X]

Salaries, wages & bonus	12,154.21	10,913.29
Contribution to Provident and other funds	1,183.04	1,193.33
Workmen and staff welfare expenses	380.47	376.14
	13,717.72	12,482.76

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'VII'	Year ended 30.09.2009	Year ended 30.09.2008
ADMINISTRATION AND SELLING EXPENSES		
[Refer notes 8 on Schedule IX and 15 & 18 on Schedule X]		
Rent	221.09	189.72
Rates and taxes	221.78	212.82
Electricity and water charges	140.29	95.47
Royalty	358.72	514.33
Packing, forwarding and transportation expenses	1,288.18	1,197.99
Repair & Maintenance of :		
- Buildings	306.26	448.35
- Machinery	443.33	541.30
- Others	19.50	26.77
Insurance	170.92	203.58
Travelling	1,860.08	1,643.39
Donation	22.93	16.04
Office and miscellaneous expenses *	2,743.72	2,335.14
Managerial remuneration	900.07	532.98
Directors' commission / fee	3.70	2.41
Bad debts written off	18.27	234.93
Loss on assets sold / written off	31.19	81.45
Loss on sales/disposal of stores	32.87	3.82
Commission to selling agents and others	1,667.10	1,853.33
Rebate and discount	247.40	56.76
Foreign Exchange Fluctuation	6,918.84	5,247.13
[Net of income of Rs.3,800.65 Lacs (Previous year Rs.4,571 Lacs)]	17,616.24	15,437.71

* Includes provision made for doubtful debts Rs.174.28 Lacs (Previous year Nil).

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

On Term Loans	951.62	748.66
On Fixed Deposits	684.07	477.47
On Other Loans/ Working capital Borrowings	1,944.12	2,766.36
[Includes accrued interest adjusted Nil (Previous year Rs.29.26 Lacs)]		
Bank Charges	1,098.61	1,057.37
	4,678.42	5,049.86

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

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

Assets costing 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 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. Investments in Joint Ventures are accounted for in the Consolidated Financial Statements 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.

Current assets and current liabilities recoverable / payable in foreign currency are restated at the exchange rate prevailing at the year end. The difference in translation of Monetary Assets & Liabilities and Realised gains & losses on foreign exchange translation are recognised in 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 in accordance with Accounting Standard – 11 on “The Effects of Changes in Foreign Exchange Rates” issued by The Institute of Chartered Accountants of India.

9. Employee Benefits

As per AS-15 (Revised) issued by The Institute of Chartered Accountants of India, provision for employee benefits 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. Payments made under cancellable operating leases for other assets are charged to profit & loss account as per respective lease agreements.

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 & 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 substantively 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 2009, being different from tax year which is financial year, has been determined based on the results for the six months ended March 2009 (assessment year 2009-2010) based on actual tax return filed and for the six months ended September 2009 (assessment year 2010-2011) based on results for the period. The ultimate liability for the assessment year 2010-2011 however will be determined on the total income of the respective entities of the Group for the year ending March 31, 2010.

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 of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at applicable tax rate to the extent the timing difference are expected to be crystallised. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

14. Impairment of Assets

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

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

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

Recoverable amount is determined

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

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

15. Provisions, Contingent Liabilities and 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 or
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

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

16. Commodity Hedging

Risk associated with fluctuations in the prices of the raw material are minimised by hedging on futures market. The result of metal hedging contracts/transactions are recorded at their settlement and charged / credited to profit and loss account.

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2009

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, 2009	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 2009.

Name of the Associate	Country of Incorporation	Proportion of ownership as on 30 th September, 2009 (%age)
Isgec Haco Metal Forming Machinery Private Limited	India	50%

c) The reporting dates for all the above companies are 31st March 2009, 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.

d) The financial Statements of parent Company and its subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances and the unrealised profit/losses on intra group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

e) The accounting policies for holding company, subsidiary companies and joint venture are uniform. However, in case of contract sales in the subsidiary ISGEC Covema Ltd., revenue is recognised on completed contract method on substantial completion of contracts, the impact of which on Consolidated Financial Statements is negligible as it forms a very small proportion of Group revenues.

3. Contingent Liabilities:

- Claims against the Group not acknowledged as debts (including sales tax under dispute) Rs. 881.60 Lacs (Previous year Rs. 863.44 Lacs).
- Guarantees furnished by the bankers on behalf of the Group for Rs.49,545.80 Lacs (Previous year Rs. 43,666.50 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.596.64 Lacs (Previous year Rs.542.62 Lacs).
- C Forms due against Sales Tax for the Assessment Years 2004-2005 to 2007-2008 Rs.739.02 Lacs (Previous Year Rs. 600.92 Lacs).

- e) Bills discounted with Banks / Financial Institutions outstanding at the year end Rs.341.57 Lacs (Previous year Rs.267.99 Lacs).
- f) Bonds executed in favour of President of India against EPCG licence Rs. 2,044.26 lacs (Previous year Rs. 1,122.89 lacs).
4. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.345.93 Lacs (Previous year Rs. 1,836.91 Lacs).
- b) Liability on account of partly paid units of Kotak India Growth Fund-II Rs. 169.75 Lacs (Previous Year Rs. 169.75 Lacs).
5. Letters of credit outstanding at year end Rs.3,668.47 Lacs (Previous Year Rs. 9,143.58 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, 2007	Credit / (Charge) during the year	As at October 1, 2008	Credit / (Charge) during the year	As at Sept.30, 2009
Depreciation	-2,256.65	-769.97	-3,026.62	26.64	-2,999.98
Other Timing Differences	942.78	216.55	1,159.33	-127.03	1,032.30
Accumulated Tax Losses	556.03	-125.83	430.19	-394.93	35.26
Net Deferred Tax	-757.84	-679.25	-1,437.10	-495.31	-1,932.42

8. **Micro, Small & Medium Enterprises Development Act, 2006**

The Company is in the process of compiling information from its suppliers regarding their status under the above Act and hence disclosure, if any, of the amounts unpaid as at the year end together with the interest paid/ payable as required has been given to the extent of information available.

(Rs. in Lacs)

S.NO.	Particulars	2008-09	2007-08
a)	<u>Amount Remaining Unpaid to any Supplier</u>		
	Principal Amount	51.15	-
	Interest due Thereon	-	-
b)	Interest paid under MSMED Act, 2006	0.21	-
c)	Interest Due (Other than 5(b))	-	-
d)	Interest accrued and unpaid	-	-
e)	Interest due and payable till actual payment	-	-

9. **Employee Benefits:**

As per Accounting Standard -15 (Revised) "Employee Benefits", the disclosure of employee benefits as defined in Accounting Standard is given below:-

a. Defined Contribution Plan:

The Company has recognised, in the profit and loss account for the current year, an amount of Rs.707.68 lacs (Previous Year Rs. 686.35 lacs) as expenses under the following defined contribution plans:

	(Rs. in Lacs)	
Particulars	2008-09	2007-08
Provident Fund	636.46	601.60
Employees State Insurance	71.23	84.75
Total	707.68	686.35

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:-

	(Rs. in Lacs)			
<u>Description</u>	Gratuity Funded		Leave Encashment Non-Funded	
	2008-09	2007-08	2008-09	2007-08
i. Change in Present value of obligation				
a. Present Value of Obligation at the beginning of the year	2,571.90	2,383.30	640.84	476.21
b. Interest cost	210.00	191.52	51.03	36.44
c. Current service cost	172.55	160.08	118.15	117.28
d. Benefits paid	(263.14)	(143.70)	(148.79)	(145.39)
e. Actuarial (gain) / loss	34.28	(19.30)	40.02	156.30
f. Present Value of Obligation at the end of the year	2,725.59	2,571.90	701.25	640.84
ii. Change in the Fair Value of Plan Assets				
a. Fair Value of Plan Assets at the beginning of the year	2,603.43	2,147.75		
b. Expected Return of Plan Assets	225.23	186.47		
c. Contributions	400.59	382.48		
d. Benefits paid	(263.14)	(143.71)		
e. Actuarial Gain / (Loss) on Plan Assets	(54.08)	30.44		
f. Fair Value of Plan Assets at the end of the year	2,912.03	2,603.43		
iii. Reconciliation of Fair Value of Assets and Obligations				
a. Fair Value of Plan Assets at the end of the year	2,912.03	2,603.43		
b. Present Value of Obligation at the end of the year	2,725.59	2,571.90	701.24	640.84
c. Amount recognised in the Balance Sheet	186.45	31.53	(701.24)	(640.84)
iv. Expenses recognised in the Profit & Loss				
a. Current Service Cost	172.55	160.08	118.15	117.28
b. Interest Cost	210.00	191.52	51.03	36.44
c. Expected Return on Plan Assets	(225.23)	(121.47)	-	-
d. Actuarial (Gain) / Loss	88.36	(55.07)	40.02	156.29
e. Expenses recognised in the Profit & Loss	245.68	175.06	209.19	310.01
v. Actuarial Assumptions				
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(per annum)	8.00%	8.00%	0.00%	0.00%
c. Rate of Escalation in Salary (per annum)	5.50%	5.50%	5.50%	5.50%

Disclosure in respect of previous three annual periods as required by Accounting Standard -15 (Revised) is not presented as the management considers its impracticable in absence of requisite information.

10. Segment Reporting

A. **Information about Primary segments**

(Rs. in Lacs)

	Sugar	Engineering	Unallocated	Eliminations	Total
Revenue					
External	38,456.48	174,480.94	-	-	212,937.42
	(31,495.22)	(1,33,827.92)	(-)	(-)	(1,65,323.14)
Inter-segment	-	-32.38	-	-	-32.38
	(-)	(-690.69)	(-)	(-)	(-690.69)
Total revenue	38,456.48	174,448.56	-	-	212,905.04
	(31,495.22)	(1,33,137.23)	(-)	(-)	(1,64,632.45)
Results					
Segment result	9,120.13	9,970.92	-	-	19,091.05
	(2,239.92)	(6,640.79)	(-)	(-)	(8,880.71)
Unallocated expenditure net of unallocated income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Interest Expense					
a) External	-1,174.23	-2,469.04	-	-	-3,643.27
	(-2,047.57)	(-2,140.00)	(-)	(-)	(-4,187.57)
b) Inter Segment	-63.46	63.46	-	63.46	-
	(-195.08)	(195.08)	(-)	(195.08)	(-)
Interest income					
a) External	48.60	147.54	-	-	196.14
	(15.28)	(119.89)	(-)	(-)	(135.17)
b) Inter Segment	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Profit / Loss(-) before taxation and exceptional items	7,931.04	7,712.88	-	-	15,643.92
	(12.55)	(4,815.76)	(-)	(-)	(4,828.31)
Provision for Deferred tax	584.56	-89.25	-	-	495.31
	(4.16)	(675.09)	(-)	(-)	(679.25)
Provision for Income tax	2,021.00	2,915.05	-	-	4,936.05
	(257.63)	(1,268.81)	(-)	(-)	(1,526.44)
Fringe Benefit Tax	6.43	64.41	-	-	70.84
	(19.00)	(113.78)	(-)	(-)	(132.78)
Profit / Loss(-) after taxation and before exceptional items	5,319.05	4,822.67	-	-	10,141.72
	(-268.24)	(2,758.08)	(-)	(-)	(2,489.84)
Other Information					
Segment assets	26,441.35	108,320.14	-	-494.23	134,267.26
	(34,100.35)	(118,860.02)	(-)	(-803.44)	(152,156.93)
Segment liabilities	11,631.76	81,511.02	-	-494.23	92,648.55
	(24,368.48)	(95,964.18)	(-)	(-803.44)	(119,529.22)
Capital expenditure-External	1,840.59	1,572.51	-	-	3,413.10
	(1,235.02)	(12,391.48)	(-)	(-)	(13,626.50)
Inter-segment	32.38	-	-	-	32.38
	(690.69)	(-)	(-)	(-)	(690.69)
Depreciation	1,214.14	2,897.67	-	-	4,111.81
	(1,019.61)	(2,172.98)	(-)	(-)	(3,192.59)

B. Information about Secondary Business Segments	(Rs. in Lacs)		
	India	Outside India	Total
Revenue by geographical market			
External	160,022.05 (127,528.58)	52,915.37 (37,794.56)	212,937.42 (165,323.14)
Total	160,022.05 (127,528.58)	52,915.37 (37,794.56)	212,937.42 (165,323.14)
Carrying amount of segment assets	134,205.45 (152,154.49)	61.81 (2.44)	134,267.26 (152,156.93)
Addition of fixed assets	3,411.16 (13,626.50)	1.94 (-)	3,413.10 (13,626.50)

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), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

(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	0.12 (-)	1.39 (1.61)	2.86 (2.33)	4.37 (3.94)
ii)	Purchases	440.15 (262.13)	0.90 (2.19)	0.88 (2.02)	441.93 (266.34)
iii)	Commission paid	9.26 (8.31)	- -	- -	9.26 (8.31)
iv)	Services received	5.54 (4.02)	- -	- -	5.54 (4.02)
v)	Sale of goods	- (-)	- (-)	- (-)	- (-)
vi)	Rent received	- (0.34)	- (-)	- (-)	- (0.34)
vii)	Rent paid	39.70 (39.10)	- -	- -	39.70 (39.10)
viii)	Amount payable as at year end	49.23 (11.86)	870.78 -	26.24 -	946.24 (11.86)
ix)	Receivable at the year End	10.11 (7.53)	- -	- -	10.11 (7.53)
x)	Remuneration to Directors	- (-)	900.07 (534.78)	0.83 -	900.90 (534.78)

Note: Previous year figures are indicated in parenthesis.

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:

	2008-2009	2007-2008
Net Profit / (Loss) available to Equity Shareholders (a)		
Net Profit / (Loss) for the year (Rs. in lacs) after current tax	10,637.03	3,169.09
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.)	144.34	43.00

13. As per Accounting Standard- 26, Software Licences & Know How amounting to Rs.130.38 Lacs (Previous year Rs.98.22 Lacs) and Nil (Previous year Rs.111.98 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 Nil (Previous Year Rs.162.00 Lacs) have been 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:

	(Rs. in lacs)	
Particulars	2008-2009	2007-2008
Opening balance	5,502.42	4,386.80
Provided for during the year	2,590.37	2,435.47
Used during the year	571.34	1,192.43
Reversed during the year	641.47	127.42
Closing balance	6,879.98	5,502.42
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.2,307.71 Lacs (Previous year Rs.2,259.52 Lacs) and manufacturing expenses for Rs.282.66 Lacs (Previous year Rs.175.95 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 :-

	(Rs. in lacs)	
	2008-2009	2007-2008
Audit Fee	8.50	7.35
Other Certification Work	1.45	1.11
Reimbursement of Expenses	1.09	0.79

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

	(Rs. in lacs)	
	2008-2009	2007-2008
Amount brought forward from last year	17.45	247.41
Add : Expenditure incurred during the year		
Salaries & Wages	29.89	76.67
Depreciation	0.33	0.01
Repair & Maintenance	-	0.02
Electricity Expenses	-	28.75
Travelling Expenses	5.19	9.06
Bank Charges	0.03	0.38
Professional Fees	-	25.63
Interest on Loan	-	173.09
Exchange Fluctuations	-	4.59
Rates & Taxes	-	4.35
Rent	-	1.77
Others	15.13	62.57
Total	<u>68.02</u>	<u>634.30</u>
Less: Capitalized during the year	<u>Nil</u>	<u>616.85</u>
Amount Carried Forward to CWIP	<u>68.02</u>	<u>17.45</u>

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

Name of the fund	(Rs. in lacs)			
	<u>Acquired*</u>		<u>Sold</u>	
	No.	Amount	No.	Amount
SBI-Magnum Insta Cash Fund	1,73,16,298.05	2,900.26	1,73,16,298.05	2,900.26
	(NIL)	(NIL)	(NIL)	(NIL)
SBI-Ultra Short Term Fund	2,30,52,622.49	2,306.51	2,30,52,622.49	2,306.51
	(NIL)	(NIL)	(NIL)	(NIL)
SBI-Magnum Institutional Income	NIL	NIL	NIL	NIL
	(79,81,307.09)	(800.72)	(79,81,307.09)	(800.72)
SBI-SHF-Liquid Plus-Inst. Plan	NIL	NIL	NIL	NIL
	(2,54,87,256.36)	(2,550.00)	(2,54,87,256.36)	(2,550.00)
SBI-Super Institutional Growth Fund	NIL	NIL	NIL	NIL
	(1,17,00,376.75)	(1,500.00)	(1,17,00,376.75)	(1,500.00)
SBI- Institutional Growth Fund	NIL	NIL	NIL	NIL
	(60,61,734.75)	(801.36)	(60,61,734.75)	(801.36)
ICICI Super Institutional Daily Div.	NIL	NIL	NIL	NIL
	(11,067.47)	(1.11)	(11,067.47)	(1.11)
Standard Chartered Liquid Manager Plus	NIL	NIL	NIL	NIL
	(21.18)	(0.21)	(21.18)	(0.21)
Grindlays Floating Rate Fund-LT-Standard Chartered	NIL	NIL	NIL	NIL
	(3,01,29,083.83)	(3,014.57)	(3,01,29,083.83)	(3,014.57)
Reliance Liquid Fund-Treasury Plan-Retail Option	55,61,652.96	850.07	55,61,652.96	850.07
	(1,33,454.08)	(1,500.00)	(1,33,454.08)	(1,500.18)
Reliance Liquid Fund-Treasury Plan - Institutional option	3,28,063.25	50.01	3,28,063.25	50.01
	(5,42,99,881.00)	(10,700.00)	(5,42,99,881.00)	(10,700.23)
Reliance Money Manager Fund-Institution	4,04,540.28	4,050.00	4,04,540.28	4,050.00
	(NIL)	(NIL)	(NIL)	(NIL)
Reliance Monthly Interval Fund	NIL	NIL	NIL	NIL
	(4,57,99,289.20)	(5,000.00)	(4,57,99,289.20)	(5,036.36)
Reliance Liquid Plus Fund	NIL	NIL	NIL	NIL
	(7,90,740.07)	(8,739.97)	(7,90,740.07)	(8,792.88)
Total	4,66,63,177.02	10,156.85	4,66,63,177.02	10,156.85
	(18,23,94,211.78)	(34,607.94)	(18,23,94,211.78)	(34,607.94)

* Figures under acquired during the year includes additional units received against dividend reinvested.

18. Revenue Expenditure on Research & Development:

	<u>(Rs. in lacs)</u>	
	<u>2008-2009</u>	<u>2007-2008</u>
Salary	6.65	7.02
Contribution to Provident Fund	0.33	0.33
Others	0.00	0.05
Total	<u>6.98</u>	<u>7.40</u>

19. Foreign Currency Exposures :

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

a.) The Particulars of contracts entered into hedging purpose outstanding as at 30th September, 2009 are as under:

	<u>(Rs. in lacs)</u>	
	<u>As at</u>	<u>As at</u>
	<u>30.09.2009</u>	<u>30.09.2008</u>
i) Forward contracts for receivables	22,700.56	34,279.80
ii) For loans	5,677.30	4,071.70
iii) For hedging interest payments	31.42	96.66

b.) Unhedged foreign currency exposures as at 30th September, 2009 are as under :

	<u>As at</u>	<u>As at</u>
	<u>30.09.2009</u>	<u>30.09.2008</u>
i) Receivables	3,443.41	8,396.60

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, 2009

	(Rs. in Lacs)	
	Year ended 30.09.2009	Year ended 30.09.2008
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	15,643.92	4,828.31
Adjustments for:		
Depreciation	4,111.81	3,192.70
Interest Expense	4,678.42	5,049.86
Interest Income	(196.14)	(135.17)
Income from Investment - Dividends	(48.13)	(23.14)
(Profit)/Loss on Fixed Assets sold (Net)	14.41	38.87
(Profit)/Loss on sale of Investments	32.87	-
Miscellaneous Expenditure written off	-	4.14
Debts / Advances Written off	18.27	234.93
Provision for Bad & Doubtful Debts	174.28	(220.97)
Liability no longer required written back	(683.32)	(763.76)
Provision for Leave Encashment	194.64	165.03
Provision for Pension	309.55	167.85
Profit on sale of investments	-	(123.33)
Provision for warranty	1,377.56	1,115.62
Any other non cash Item	-	-
Operating profit before working capital changes	25,628.14	13,530.94
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	1,862.48	(18,919.64)
- (INCREASE)/DECREASE in Other Receivables	89.39	(1,365.85)
- (INCREASE)/DECREASE in Inventories	23,651.89	(15,904.57)
- INCREASE/(DECREASE) in Trade and Other Payables	(8,113.92)	23,256.04
Cash generated from operations	43,117.98	596.92
- Taxes (Paid) / Received (Net of TDS)	(3,364.98)	(3,234.32)
Net cash from operating activities	39,753.00	(2,637.40)
B. Cash flow from Investing activities:		
Purchase of fixed assets	(3,445.07)	(14,281.17)
Proceeds from Sale of fixed assets	81.88	95.80
Sale/(Purchase) of investments	(4,485.02)	(158.60)
Interest Received (Revenue)	176.43	128.05
Dividend Received	48.13	23.14
Preliminary Expenses	-	-
Net cash used in investing activities	(7,623.65)	(14,192.78)

C. Cash flow from Financing activities:

Proceeds/(Repayments) from Secured loans	(25,453.95)	22,963.23
Proceeds/(Repayment) of unsecured loans	2,201.81	1,136.88
Interest Paid	(4,416.71)	(4,858.07)
Dividend Paid	(169.02)	(848.94)
Net cash used in financing activities	(27,837.87)	18,393.10
Net Increase/(Decrease) in Cash & Cash Equivalents	4,291.48	1,562.92
Cash and cash equivalents as at 30.09.2008	3,779.34	2,216.42
Cash and cash equivalents as at 30.09.2009	8,070.82	3,779.34
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	684.07	886.36
Current accounts(dividend account)	47.74	44.35
Balance with Scheduled Banks	3,861.26	2,305.78
Term Deposits	3,215.48	103.59
Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	262.27	439.26
	8,070.82	3,779.34

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

Place : Noida
Dated: 29th December, 2009.

Vinod K. Nagpal
Director

ANNUAL REPORT 2008-2009

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 2009.

1.0 FINANCIAL RESULTS

	Figures in Rs./Lacs For the year ended	
	31 st March, 2009	31 st March, 2008
Profit / (Loss) before Depreciation	(18.96)	15.97
Depreciation	0.43	0.47
Net Profit/(Loss) for the year	(19.39)	15.50
Provision for Taxation	(0.01)	4.94
Net Profit / (Loss) after Tax	(19.38)	10.56
Profit/(Loss) brought forward from last year	75.19	64.63
Balance in Profit and Loss carried forward	55.81	75.19

2.0 REVIEW OF OPERATIONS OF THE COMPANY

2.1 Erection and Commissioning of Six Boilers and One 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. S.K. Khorana and Mr. P.L. Dhar, 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, 2009, 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, 2009 and the Balance Sheet as on that date.

BY THE ORDER OF THE BOARD

Place: New Delhi
Dated: 29th August, 2009

S.K. Khorana
Director

L.M. Talwar
Director

AUDITORS' REPORT

We have audited the attached Balance Sheet of **ISGEC COVEMA LIMITED** as at 31st March, 2009 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) 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 loan from the holding company viz. The Saraswati Industrial Syndicate Limited and interest free advance from Saraswati Sugar Mills Ltd. (Subsidiary of The Saraswati Industrial Syndicate Limited.), the terms and conditions of which are prima-facie not prejudicial to the interest of the company. The maximum amount outstanding during the year are Rs. 10,24,56,045/- and Rs. 46936278/- respectively and the year end balance are Rs. 6,91,35,998/- and Rs. 4,69,36,278/- (Net)
-

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 advance due we are explained that such loan and advance due 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 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, 2009 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 2009 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.
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 on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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, 2009;
- (b) In the case of the Profit and Loss Account of the Loss 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: 29th August, 2009

Ramesh Malhotra
Partner
Membership No. 013624

BALANCE SHEET as at 31st March, 2009

(Figures in Rupees)

Particulars	Schedule No.		
		As At 31.03.2009	As At 31.03.2008
SOURCES OF FUNDS			
Share Capital	A	20,000,000	20,000,000
Unsecured Loans	B	69,135,998	102,250,730
Reserves and Surplus	C	5,581,314	7,519,394
Total		94,717,312	129,770,124
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	49,141,833	48,854,273
Less: Depreciation		613,163	570,162
		<u>48,528,670</u>	<u>48,284,111</u>
Current Assets, Loans & Advances			
Erection Work In Progress (Refer Schedule-K note-1(iii))		7,500,000	12,800,000
Sundry Debtors	E	172,312,440	179,343,762
Cash & Bank Balances	F	6,597,962	934,527
Loans & Advances	G	76,435,377	79,559,115
		<u>262,845,779</u>	<u>272,637,404</u>
Less: Current Liabilities & Provisions			
Current Liabilities	H	216,717,877	191,211,561
Net Current Assets		216,717,877	81,425,843
Deferred Tax:			
Deferred Tax Asset		60,740	60,170
Total		94,717,312	129,770,124

Statement on Significant Accounting Policies and Notes to Accounts **J**

As per our report of even date attached

For K.C. Malhotra & Co.

Chartered Accountants

Ramesh Malhotra
Partner
Membership No. 013624

Dinesh Kumar
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Place: New Delhi
Dated: 29th August, 2009

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2009

(Figures in Rupees)

Particulars	Schedule No.	Year ended 31.03.2009	Year ended 31.03.2008
INCOME			
Erection Receipts		287,372,287	386,387,392
Interest on Income Tax Refund		98,060	-
Other Income			
Unclaimed Balance Written Back		-	417,747
Excess Provision Written Back		-	501,592
Total		287,470,347	387,306,731
Expenditure			
Cost of Erection	I	280,152,622	372,447,218
Rent		963,382	1,751,615
Power & Fuel		211,897	765,293
Rates & Taxes		1,500	13,824
Insurance		9,625	11,398
Brokerage & Commission		-	4,250
Office & Miscellaneous Expenses		450,093	649,633
Telephone Charges		337,750	669,928
Travelling Expenses		1,777,146	2,917,147
Bank Charges		52,252	322,901
Bad Debt Written Off		-	1,520,510
Interest		5,262,579	4,584,330
Legal and Professional Expenses		124,500	27,500
Audit Fee		18,650	20,300
Directors Meeting Fee		4,000	3,500
Depreciation		43,001	47,108
		289,408,997	385,756,455
Profit before Taxation		(1,938,650)	1,550,276
Provision for Taxation		-	370,000
Deferred Tax Credit		(570)	124,493
Profit after Taxation		(1,938,080)	1,055,783
Profit brought forward from last year		7,519,394	6,463,611
Balance Profit carried to Balance Sheet		5,581,314	7,519,394

Statement on Significant Accounting Policies and Notes to Accounts J

As per our report of even date attached

For K.C. Malhotra & Co.

Chartered Accountants

Ramesh Malhotra
Partner
Membership No. 013624

Dinesh Kumar
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Place: New Delhi
Dated: 29th August, 2009

**Schedules Annexed to and forming part of the Accounts for the year ended
31st March, 2009**

(Figures in Rupees)

	As at 31.03.2009	As at 31.03.2008
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 fully Paid up.	20,000,000	20,000,000
	20,000,000	20,000,000
Schedule 'B'		
UNSECURED LOANS		
From the holding company viz. The Saraswati Industrial Syndicate Limited	69,135,998	102,250,730
	69,135,998	102,250,730
Schedule 'C'		
RESERVES AND SURPLUS		
Balance in Profit and Loss Account	5,581,314	7,519,394
	5,581,314	7,519,394

**Schedules Annexed to and forming part of the Accounts for the year ended
31st March, 2009**

Schedule 'D'

FIXED ASSETS

Particulars	COST			DEPRECIATION			NET BLOCK	
	As at 01.04.2008	Additions during the year	Deductions during the year	As at 31.03.2009	As at 01.04.2008	During the year	At at 31.03.2009	As at 31.03.2008
Freehold Land	48,138,780	200,000	-	48,338,780	-	-	-	48,138,780
Plant and Machinery (Tools)	181,333	-	-	181,333	113,893	9,381	123,274	67,440
Furniture & Fixtures	170,969	5,100	-	176,069	170,969	698	171,667	-
Electrical Appliances	90,731	78,510	-	169,241	40,760	19,688	60,448	49,971
Office Equipments	21,360	-	-	21,360	14,137	1,005	15,142	7,223
Computer Hardware	65,100	3,950	-	69,050	44,403	12,229	56,632	20,697
Building Temporary Structure	186,000	-	-	186,000	186,000	-	186,000	-
	48,854,273	287,560	-	49,141,833	570,162	43,001	613,163	4,82,84,111
Previous Year	46,435,882	2,418,391	-	48,854,273	523,054	47,108	570,162	48,284,111
								4,85,28,670

(Figures in Rupees)

Schedules Annexed to and forming part of the Accounts for the year ended 31st March, 2009

(Figures in Rupees)

	As at 31.03.2009	As at 31.03.2008
Schedule 'E'		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
-Considered Good*	113,142,929	102,928,851
-Considered Doubtful	99,811	99,811
Other Debts- Considered Good	59,169,511	76,414,911
	<u>172,412,251</u>	<u>179,443,573</u>
Less:- Provision for Doubtful Debts	99,811	99,811
*Due from Saraswati Sugar Mills Ltd.(subsidiary of The Saraswati Industrial Syndicate Ltd) Rs.2,04,702.22 (Previous Year Rs.2,04,702.22)		
	<u>172,312,440</u>	<u>179,343,762</u>
Schedule 'F'		
CASH & BANK BALANCES		
Cash In Hand	2,770	2,770
Balances With Scheduled Banks in Current account	6,595,192	931,757
	<u>65,97,962</u>	<u>9,34,527</u>
Schedule - 'G'		
LOANS AND ADVANCES (Unsecured considered good)		
Advances Recoverable in Cash or in Kind or for value to be received	56,415,073	63,695,091
Security Deposit	141,600	195,200
Advance Tax/Income Tax refundable (after adjustment of provision for Income Tax)	19,878,704	15,668,824
	<u>76,435,377</u>	<u>79,559,115</u>
Schedule 'H'		
CURRENT LIABILITIES		
<u>Sundry Creditors</u>		
- Due to SSI Undertakings	-	-
- Due to Micro and Small Enterprises	-	-
- Others	109,258,264	89,823,094
Advances from Customers	40,575,120	68,766,557
Due to bank-SBOP	-	397,381
Other Liabilities*	66,884,493	32,224,529
*Due to Saraswati Sugar Mills Ltd.(subsidiary of The Saraswati Industrial Syndicate Ltd) Rs.4,71,40,980/- (Previous Year NIL)		
	<u>216,717,877</u>	<u>191,211,561</u>

Schedules Annexed to and forming part of the Accounts for the year ended 31st March, 2009

(Figures in Rupees)

Schedule 'I'	Year ended 31.03.2009	Year ended 31.03.2008
ERECTION COST		
<u>Opening Balance :-</u>		
Erection work-in-progress	12,800,000	12,340,374
Add:		
Erection Cost incurred during the year	274,852,622	372,906,844
	<u>287,652,622</u>	<u>385,247,218</u>
Less :Closing Balance		
Erection Work in Progress	7,500,000	12,800,000
Erection Cost (*)	<u>280,152,622</u>	<u>372,447,218</u>
Erection Cost	279,585,831	369,219,014
Food & Brev.	482,540	642,073
Freight & Cartage	19,174	-
Travelling Expenses	65,077	2,586,131
	<u>280,152,622</u>	<u>372,447,218</u>

Schedules Annexed to and forming part of the Accounts for the year ended 31st March, 2009

Schedule 'J'

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.1,33,61,000/- (Previous Year Rs.1,69,49,000/-) 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/-)
- 5 Sundry debtors include amount due from the Holding Company viz. The Saraswati Industrial Syndicate Limited amounting to NIL (Previous Year 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	(Figures in Rupees)		
	As at March, 2008	Credit/ (charge) during the year	As at March, 2009
Depreciation	11966	570	12536
Other Timing Difference	48204	-	48204
Net Deferred Tax Assets	60170	570	60740

9 Amount due to Small Scale Industrial Undertakings :

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 or payable as required under the said Act have not been given.

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 , Saraswati Sugar Mills Limited and ISGEC Engineering & Projects Ltd.
(Subsidiaries of 10(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 Rupees)	
	<u>31.03.2009</u>	<u>31.03.2008</u>
i) Payment of travelling and other expenses	7,89,893	46,18,250
ii) Payment of professional charges	NIL	27,45,348
iii) Consumable item purchased for the Holding Company	1,42,93,226	55,26,707
iv) Counter guarantees given to the bankers against guarantees	1,33,61,000	1,69,49,000
v) Interest paid	52,62,579	32,32,723
vi) Outstanding payable / (receivable) by the Company (Net) *	6,91,35,998	10,20,31,338

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

2.2 Details relating to party referred to the item 10(b)(ii) :

	(Amount in Rupees)			
	<u>31.03.2009</u>		<u>31.03.2008</u>	
Deposit with SSM Limited :				
i) Inter Corporate deposit				
Balance as on 01.04.2008	Nil		2,306,000.00	
given during the year	<u>Nil</u>		<u>Nil</u>	
	Nil		<u>2,306,000.00</u>	
returned during the year	<u>Nil</u>	Nil	<u>2,306,000.00</u>	Nil
ii) Call money deposit :				
Balance as on 01.04.2008	Nil		2,825,000.00	
Given during the year	<u>Nil</u>		<u>97,670,000.00</u>	
	Nil		<u>100,495,000.00</u>	
Returned during the year	<u>Nil</u>	Nil	<u>100,495,000.00</u>	Nil
iii) Amount due to SSM Limited (Net)		46,936,277.78		Nil
iv) Interest paid		Nil		13,51,607
2.3 Details relating to persons referred to the item 10(1)				
(a) Board Meeting fee to Directors		4,000		3,500

11 Cash Flow Statement for the year ended 31st March, 2009

(Figures in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(1,938,650)	1,550,276
Adjustment for :		
Depreciation	43,001	47,108
Interest Income	-	-
Operating Profit before Working Capital Changes	(1,895,649)	1,597,384
Adjustment for :		
(Increase)/Decrease in Inventories	5,300,000	(459,626)
(Increase)/Decrease in Debtors	7,031,322	(36,056,165)
(Increase)/Decrease in Other Current Assets	-	861,887
(Increase)/Decrease in Loans and Advances	3,123,738	(5,247,163)
Increase/(Decrease) in Creditors	25,506,316	(56,313,700)
Cash Generation from Operation	39,065,727	(95,617,383)
Direct Taxes paid/Refund received	-	(370,000)
Net Cash Flow from Operating Activities (Total of A)	39,065,727	(95,987,383)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(287,560)	(2,418,391)
Interest Received	-	-
Net Cash used in Investing Activities (Total of B)	(287,560)	(2,418,391)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Others	(33,114,732)	98,827,593
Net Cash used in Financial Activities (Total of C)	(33,114,732)	98,827,593
D. Net Increase / (Decrease) in Cash & Cash Equivalents (Total of A+B+C)	5,663,435	421,819
Cash & Cash Equivalents as at 1st April, 2008 (Opening balance)	934,527	512,708
Cash & Cash Equivalents as at 31st March, 2009 (Closing balance)	6,597,962	934,527

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.

ANNUAL REPORT 2008-2009

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 13th Annual Report on the business and operations of the Company and audited Statement of the Accounts for the year ended 31.03.2009.

1.0 FINANCIAL RESULTS:

	figures in Rs. / Lacs
i) Gross Turnover	0.06
ii) Net Profit before Tax	(-)0.25
iii) Provision for Taxation	-
iv) Balance of previous year profit	10.05
v) Profit available for appropriation	9.80
vi) Balance Profit & Loss carried forward	9.80

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 9-10 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 there 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. Aditya Puri and Mr. V.D. Verma 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 alongwith 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 31.03.2009 and the Balance Sheet as on that date.

By the Order of the Board

Place : New Delhi.
Date : 29th July, 2009

(V.D.Verma)
DIRECTOR

(Aditya Puri)
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 Friends 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, 2009. In my opinion and to the best of my information and according to 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 five times respectively on 30.06.2008, 25.07.2008, 31.10.2008, 16.12.2008 & 20.01.2009, in respect of which proper notices were given and proceeding were recorded and signed in the Minutes Book 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 31.03.2008 was held on 30.09.2008 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 contract falling 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 falling within the purview of section 314 of the Act, the Company was not required to obtain any approvals from the Board 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 requirements of Section 217 of the Act as applicable to it.
14. The Board 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 Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not issued any Shares, 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 dividend, 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 Section 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 falling 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 Companys' registered office from one state to another, during the year under scrutiny.
27. The Company has not altered the provisions of the 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 respect to 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. Register of Members u/s 150 of the Act.
2. Minutes of proceedings 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. Register of Directors etc. u/s 303 of the Act.
6. Register or Director's Shareholding u/s 307 of the Act.
7. Register of charges u/s 143 of the Act.
8. Register of Investments u/s 372A of the Act.

(II) Other Registers

1. Common Seal Register.
2. Director's 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 the Financial year ending 31st March, 2009.

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 31.03.08	28.10.2008	Yes	No
2.	Compliance Certificate	383(A)	Annual Certificate from the Company Secretary	04.10.2008	Yes	No
3.	Annual Return	159	Annual Return of the Company made up to 30.09.08	22.11.2008	Yes	No

AUDITORS' REPORT

We have audited the attached Balance Sheet of ISGEC Exports Limited as at 31st March, 2009 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 granted unsecured interest free advance to Saraswati Sugar Mills Limited (Subsidiary of 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. 81,03,090/- and Rs. 81,03,090/- respectively. There are no other loans secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b)
 - (i) The Company has taken interest-free loan from the Saraswati Sugar Mills Limited (Subsidiary of 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. 8,31,52,924/- and Rs. 8,31,52,924/- respectively.
 - (ii) In respect of the aforesaid loans and advance, we are explained that such loan and advance 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, 2009 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 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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 explanations 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, 2009.
- (b) In the case of the Profit and Loss Account, of the loss 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 : 29th July, 2009

BALANCE SHEET as at 31st March, 2009

		(Figures in Rupees)	
		As At 31.03.2009	As At 31.03.2008
	Schedule No.		
SOURCES OF FUNDS :			
Shareholders Funds :			
Share Capital	A	10,00,000	10,00,000
Reserves and Surplus	B	<u>68,44,256</u>	<u>68,69,753</u>
Unsecured Loans	C	8,31,52,924	7,44,76,484
TOTAL		<u>9,09,97,180</u>	<u>8,23,46,237</u>
APPLICATION OF FUNDS :			
Fixed Assets	D	8,31,52,924	8,26,47,694
Current Assets, Loans and Advances :			
Sundry Debtors	E	-	-
Cash and Bank Balances	F	88,525	31,731
Loans and Advances	G	<u>81,03,090</u>	<u>3,090</u>
		81,91,615	34,821
Less: Current Liabilities and Provisions			
Current Liabilities	H	30,654	33,744
Provisions	I	<u>3,16,705</u>	<u>3,02,534</u>
		3,47,359	3,36,278
Net Current Assets :		78,44,256	(3,01,457)
TOTAL		<u>9,09,97,180</u>	<u>8,23,46,237</u>
Statement on Significant Accounting Policies and Notes to the Accounts	L		

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

H.R. Vij
Secretary

V.D. Verma
Director

Aditya Puri
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 29th July, 2009

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2009

(Figures in Rupees)

	Schedule No.	Year ended 31.03.2009	Year ended 31.03.2008
INCOME :			
Other Income	J	6,007	1,58,333
		<hr/> 6,007	<hr/> 1,58,333
<u>EXPENDITURE :</u>			
Purchases		-	-
Operating and Other Expenses	K	31,504	1,34,487
		<hr/> 31,504	<hr/> 1,34,487
Profit / (Loss) for the year before Taxation		(25,497)	23,846
Current Tax		—	9,000
Profit/(Loss) after Taxation		<hr/> (25,497)	<hr/> 14,846
Balance of Profit from Previous Year		10,05,064	9,90,218
Profit available for Appropriation		<hr/> 9,79,567	<hr/> 10,05,064
Appropriation :			
Balance being Surplus carried to Balance Sheet		9,79,567	10,05,064
		<hr/> 9,79,567	<hr/> 10,05,064
Statement on Significant Accounting Policies and Notes to the Accounts	L		

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

H.R. Vij
Secretary

V.D. Verma
Director

Aditya Puri
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 29th July, 2009

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2009

(Figures in Rupees)

	As at 31.03.2009	As at 31.03.2008
Schedule 'A'		
SHARE CAPITAL		
Authorised :		
1,00,000 Equity Share of Rs.10/- each	10,00,000	10,00,000
Issued,Subscribed & Paid up:		
1,00,000 Equity Share of Rs.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	9,79,567	10,05,064
	<u>68,44,256</u>	<u>68,69,753</u>
Schedule 'C'		
UNSECURED LOANS		
From the holding company viz.The Saraswati Industrial Syndicate Ltd.	-	7,44,76,484
From Saraswati Sugar Mills Ltd. (Subsidiary of The Saraswati Industrial Syndicate Ltd.)	8,31,52,924	-
	<u>8,31,52,924</u>	<u>7,44,76,484</u>
Schedule 'D'		
FIXED ASSETS		
Land	8,31,52,924	8,26,47,694
	<u>8,31,52,924</u>	<u>8,26,47,694</u>

**Schedule Annexed to and forming part of the Accounts for the year ended
31st March, 2009**

(Figures in Rupees)

	As at 31.03.2009	As at 31.03.2008
Schedule 'E'		
SUNDRY DEBTORS (Unsecured)		
Considered Doubtful :		
Over six months old :	1,40,994	1,40,994
Other	-	-
	<u>1,40,994</u>	<u>1,40,994</u>
Less : Provision for doubtful debts	<u>1,40,994</u>	<u>1,40,994</u>
	<u>-</u>	<u>-</u>
 Schedule 'F'		
CASH AND BANK BALANCES		
With Scheduled Banks :		
In Current Account	88,525	31,731
	<u>88,525</u>	<u>31,731</u>
 Schedule 'G'		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received :		
Due from Saraswati Sugar Mills Ltd. (Subsidiary of The Saraswati Industrial Syndicate Ltd.)	81,03,090	3,090
	<u>81,03,090</u>	<u>3,090</u>
 Schedule 'H'		
CURRENT LIABILITIES		
Other Liabilities :	30,654	33,744
	<u>30,654</u>	<u>33,744</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2009

(Figures in Rupees)

	As at	As at
	31.03.2009	31.03.2008
Schedule 'I'		
PROVISIONS		
For Taxation (Net of Advace Tax)	3,16,705	3,02,534
	<u>3,16,705</u>	<u>3,02,534</u>
	Year ended	Year ended
	31.03.2009	31.03.2008
Schedule 'J'		
OTHER INCOME		
Interest Received	2,508	-
Misc Receipts :	-	1,58,333
Excess Provision Written Back	3,499	-
	<u>6,007</u>	<u>1,58,333</u>
Schedule 'K'		
OPERATING AND OTHER EXPENSES		
Other Expenses :		
Rates & Taxes	900	928
Legal Expenses	4,000	3,000
General Expenses	25,411	29,150
Bank Charges	1,193	1,01,409
	<u>31,504</u>	<u>1,34,487</u>
	<u>31,504</u>	<u>1,34,487</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2009**SCHEDULE 'L'****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) Taxes on income:
Deferred tax assets/liability has not been recognized since there were no timing differences between taxable income and accounting income.
- (d) 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.
- (e) 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 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. 25000/- previous year Rs. 28,120/- (Inclusive of service tax Rs. 3,120/-).
- (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 were 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 Holding Company viz. The Saraswati Industrial Syndicate Limited.

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

-The Saraswati Industrial Syndicate Limited (Holding Company)

-The Saraswati Sugar Mills Limited (Subsidiary 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 Rupees)

31.03.2009 31.03.2008

(i) Outstanding payable / (receivable) by the

Company (Net) *

— 7,44,76,484

* Transactions with the above are accounted in respective current account.

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

(Amounts in Rupees)

31.03.2009 31.03.2008

Outstanding payable / (receivable) by the

7,50,49,834

(3,090)

Company (Net)*

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

Cash Flow Statement for the year ended 31st March, 2009

(Figures in Rupees)

	Year ended 31.03.2009	Year ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	(25,497)	23,846
Adjustments for :		
Interest Income	(2,508)	1,58,333
Operating Profit before Working Capital Changes	(28,005)	1,82,179
Adjustments for :		
(Increase)/Decrease in Other Current Assets	-	14,68,295
(Increase)/Decrease in Loans & Advances	(81,00,000)	77,21,910
Increase/(Decrease) in Creditors	(3,090)	(8,21,47,664)
Cash Generated from Operations	(81,31,095)	(7,27,75,280)
Direct Taxes paid/Refund received	16,679	-
Net Cash Flow from Operating Activities (Total of A)	(81,14,416)	(7,27,75,280)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(5,05,230)	(5,00,000)
Interest Received	-	(1,58,333)
Net Cash used in Investing Activities (Total of B)	(5,05,230)	(6,58,333)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings :		
- Others	86,76,440	7,34,00,311
Net Cash used in Financing Activities (Total of C)	86,76,440	7,34,00,311
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (Total of A+B+C)	56,794	(33,302)
Cash and Cash equivalents as at 1st April, 2008 (Opening Balance)	31,731	65,033
 Cash and Cash equivalents as at 31st March, 2009 (Closing Balance)	88,525	31,731

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	31/03/2009		

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

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

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

	Total Liabilities	Total Assets
	90,997	90,997
Sources of Funds	Paid-up Capital	Reserve and Surplus
	1,000	6,844
	Secured Loans	Unsecured Loans
	NIL	83,153
Application of Funds	Net Fixed Assets	Investments
	83,153	NIL
	*Net Current Assets	Misc. Expenditure
	7,844	NIL
	Accumulated Losses	
	NIL	

*Including Net Deferred Tax Liability

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

Turnover	Total Expenditure
6	31
Profit Before Tax	Profit After Tax
(25)	25
Earning per Share in Rs.	Rate of Dividend (%)
(0.25)	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 'L', 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

V.D. Verma
Director

Aditya Puri
Director

Ramesh Malhotra
Partner
Membership No. 013624

Place : New Delhi
Dated : 29th July, 2009

ANNUAL REPORT 2008-2009

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, 2009.

2.00 **FINANCIAL RESULTS:**

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

	<u>(Rs.in Lac)</u>
Profit before Depreciation	9,145
Depreciation	1,214
Profit for the year	7,931
Less: Provision for Taxation including Deferred Tax	2,612
Transfer to General Reserve Account	532
Proposed Dividend (including Dividend Tax)	1,661
Balance Transferred to P & L Account	3,126

2.02 The financial results were good because of higher sugar prices, which were due to steep fall in the sugar production. The All India Sugar Production in 2008-09 was 146 lac tonnes against 263 lac tonnes in 2007-08 and 283 lac tonnes in 2006-07 and the closing stock as on 30th September 2009 was at the lowest in the last decade.

2.03 The Central Government, in order to increase the availability of sugar, has allowed import of sugar, both raw as well as white, without payment of any import duty. In view of the requirements from India and lower world production of sugar in the sugar year 2008-09, international sugar prices rose sharply.

2.04 India became a significant importer of sugar from being a significant exporter in the preceding year. Imports during the year 2008-09 are estimated at 25 lakh tonnes including 22 lakh tonnes of raw sugar.

3.00 **Dividend:**

3.01 In view of good financial results, the Directors have recommended dividend at Rs. 20 per share.

4.00 **REVIEW OF THE OPERATIONS OF THE COMPANY:**

4.01 The season 2008-09 was operationally very difficult year. There was intermittent, crushing, which resulted in increase in the consumption of fuel and chemicals.

4.02 The highly remunerative price of wheat and rice resulted into farmers moving away from the cane crop. In addition, unfavourable climatic conditions resulted in very low cane yields, even lower than what we had anticipated in the beginning of the season. The availability of cane was further reduced because of increased prices paid by the neighbouring factories and crushers. Therefore, the availability of sugar cane was lowest in many decades and the factory had a very short season.

4.03 The recovery was also much lower than expected. This was due to lower sugar content in cane because of climatic conditions described above, intermittent crushing because of reduced availability of cane and the fact that the season was short and we could not catch the peak recovery period.

4.04 The statistical position is given below:-

Particulars	Season	
	2008-09	2007-08
All India Production of Sugar (Lac Tonnes)	146	263
All India consumption of sugar (Lac Tonnes)	230	225
Production of Sugar by SSM (Lac Tonnes)	0.681	1.853
Closing Stock All India (Lac Tonnes)	27.00	80.72
Closing Stock SSM (Lac Tonnes)	0.129	1.127
Cane Crush by SSM (Lac Tonnes)	6.84	17.43
Recovery %	9.97	10.63

4.05 The Central Government has been fixing the levy price of sugar taking into account the cane cost based on the Statutory Minimum Price of cane fixed by it. A number of factories had gone to court with the plea that the levy price should be fixed on the basis of the State Advised Price for cane fixed by the State Governments. The Central Government lost this case and the re-fixation of levy prices would have resulted into a huge financial burden on the Central Exchequer. In order to avoid this liability, the government decided to amend the Essential Commodities Act retrospectively making Statutory Minimum Price of cane, the basis of the levy price to be fixed by the Central Government. This will very adversely affect claims of your factory with regard to additional levy price. The Company is taking legal opinion on the next course of action.

4.06 The Company won a case pertaining to Purchase Tax paid by it for the sugarcane purchased by it in the year 1971-72 to 1975-76. The amount of Rs. 2.26 crore was refunded and this has been taken in the Profit & Loss account.

Current Season - 2009-10

4.07 Your factory started crushing on 21st November 2009.

4.08 The Central Government has also revised the levy-free ratio from 10:90 to 20:80 with effect from the season 2009-10 onwards.

4.09 The Central Government has further amended the Essential Commodities Act with effect from 1st October 2009 (sugar season 2009-10 onwards). As per the Amendment, now the levy sugar price will be determined on the basis of a "Fair and Remunerative Price" (FRP) of cane to be announced by the Central Government. FRP fixed by the Central Government is Rs. 129.84 per quintal @ 9.5% recovery. FRP for your factory is approximately Rs. 136.69 per quintal.

4.10 While the FRP is to be determined by the Central Government, the State Governments have also fixed the State Advised Price (SAP). In case of Haryana, these are fixed as follows:

- i) Early Variety : Rs. 185/- per quintal (increase of Rs. 15/- per quintal over the season 2008-09).
- ii) Mid Variety : Rs. 180/- per quintal (increase of Rs. 15/- per quintal over the season 2008-09).
- iii) Late Variety : Rs. 175/- per quintal (increase of Rs. 15/- per quintal over the season 2008-09).

4.11 In addition to the SAP fixed by the Haryana Government, Cooperative factories in Haryana announced an additional amount of Rs.25 per quintal to be paid to the farmers. Your factory had to follow suit.

4.12 Effective from 17th December 2009, your factory had to increase cane price by Rs.15 per quintal to withstand competitive pressures on cane.

4.13 The season 2009-10 appears to be a difficult season again operationally. The cane availability is low resulting into intermittent working. With the result, the fuel consumption, chemical consumption and other losses are likely to be high. The sugar prices are expected to be at a good level due to expected low sugar production in the current year.

4.14 The Company has contracted to import a small quantity of raw sugar. This will be processed into white sugar in the current season.

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

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

6.00 **PARTICULARS OF EMPLOYEES:**

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

7.00 **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

8.00 **FIXED DEPOSITS:**

8.01 37 depositors of the company had, as on September 30, 2009, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 33.97 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.

9.00 **ACKNOWLEDGEMENTS:**

9.01 The Directors appreciate the services and co-operation of the staff and the workmen during the year under report.

9.02 The Directors also place on record their appreciation of the financial institutions and banks for prompt financial assistance and co-operation.

9.03 With these remarks, we present the Accounts for the year ended September 30, 2009.

BY ORDER OF THE BOARD

Place : Noida
Dated : 28th December, 2009

(Ranjit Puri)
Chairman

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 2008-09 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.**

Not applicable.

g) **Total Foreign Exchange used and earned (2008-09)**

(Amount in Rs./Lacs)

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

FORM 'A'

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION :

		Current Year 2008-2009	Previous Year 2007-2008
1. Electricity :			
a) Purchased (Units)	(KWH)	2,518,780	2,487,118
Total Amount	(Rs.)	11,952,903	12,030,337
Rate/unit	(Rs./unit)	4.75	4.84
b) Own Generation :			
i) Through Steam Turbine :			
Units	(KWH)	23,518,640	49,139,052
Unit per qtl. of bagasse	(Units)	205	211
Cost/unit	(Rs./unit)	2.38	1.38
ii) Through D.G. Set :			
Units	(KWH)	307,438	231,409
Unit per litre. of diesel	(Unit)	3.01	3.09
Cost/unit	(Rs./unit)	11.64	11.83
2. Furnace Oil :			
Quantity	(Ltrs.)	13,500	9,000
Total Amount	(Rs.)	275,051	192,192
Average Rate	(Rs./Ltr.)	20.37	21.35
3. Others:			
a) Bagasse :			
Quantity	(Qtls.)	1,939,138	4,175,532
Total Cost	(Rs.)	310,359,053	416,698,203
Rate/unit	(Rs./Qtl.)	160.05	99.80
b) High Speed diesel oil :			
Quantity	(Ltrs.)	102,000	74,900
Total Cost	(Rs.)	3,271,620	2,497,980
Rate/unit	(Rs./Ltr.)	32.07	33.35
c) Saw Dust :			
Quantity	Qtls.)	11,562.80	-
Total Cost	(Rs.)	2,904,568	-
Rate/unit	(Rs./Qtl.)	251.20	-
d) Fire wood :			
Quantity	(Qtls.)	17.15	76.35
Total Cost	(Rs.)	9,432	33,594
Rate/unit	(Rs./Qtl.)	549.97	440.00

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

Electricity (Units)	(KWH)	38.66	27.99
Furnace Oil	(Ltrs.)	0.0198	0.0049
Saw Dust	(Qtls.)	0.0170	-
High Speed Diesel Oil	(Ltrs.)	0.1497	0.0404

Others (Specify) :

Bagasse	(Qtls.)	2.85	2.25
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Reasons for variation in the Consumption of power and fuel from previous year :

- i) Consumption of Power and Fuel was higher due to intermittent working of the factory as a result of stoppages on account of non-availability of cane.
- ii) Consumption of High Speed Diesel oil was higher due to higher power cuts.

FORM – B

Form for disclosure of particulars with respect of technology absorption, 2008-09.

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:

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:

	<u>(Figures in Rs./lacs)</u>
i) Capital	Nil
ii) Recurring	6.98
iii) Total	6.98
iv) Total R& D expenditure as a percentage of total Turnover of the unit	0.018%

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.

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 as on 30th September, 2009

(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.)	Nature of Employment	No. of Shares held in the Co.	% of share held to total Share Capital of Co.	Last Employment		No. of shares held in the Co.	% of Share held to total Share Capital of Co.
											Name of Employer	Post Held		
1	Sachedeva S.K.	48	B.Sc. (Hons) Agriculture	28	01.06.2006	Chief Operating Officer	29,34,133	Regular			DCM Shriram Ind. Ltd.	General Manager	Nil	Nil
2.	Verma V.D.	67	B.A. LLB	49	26.11.2003	Executive Vice President (Legal)	27,76,699	Regular			The Saraswati Industrial Syndicate Ltd.	Sr. Vice President	Nil	Nil

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

The Directors state:

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

- (i) in the preparation of the Annual Accounts for 2008-09, the applicable Accounting Standards have been followed and there are no material departures,
- (ii) they have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year,
- (ii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) they have prepared the Annual Accounts on going concern basis.

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, 2009 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 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2009 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, 2009;
 - 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

Place : Noida
Dated : 28th December, 2009

(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. 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 two companies (including 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. 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. For the loan taken from companies and director, the maximum balance outstanding during the year is Rs. 1551.49 lacs and balance outstanding at end of the year is Rs. 426.67 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 two Companies 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 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 where dispute Pending
Cane Purchase Tax Act	Cane purchase tax	1991-1996	32.98	Civil Court, Jagadhri -Haryana
Central Excise Act	Excise Duty	May-06 to Sep-07	9.42	CESTAT- Chandigarh

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 and 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.
15. The company has given corporate guarantee to a bank of Rs. 596.64 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, 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 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 : 28th December, 2009

(ARUN K. TULSIAN)
Partner
Membership No.089907

BALANCE SHEET as at 30th September, 2009

		(Rs. in Lacs)	
	Schedule No.	As At 30.09.2009	As At 30.09.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	709.99	709.99
Reserves & Surplus	B	<u>12,679.62</u>	<u>9,021.88</u>
		<u>13,389.61</u>	<u>9,731.87</u>
Loan Funds			
Secured Loans	C	3,188.29	17,052.70
Unsecured Loans	D	<u>1,852.30</u>	<u>1,771.55</u>
		<u>5,040.59</u>	<u>18,824.25</u>
Deferred Tax Liability (Net) [(Refer note 11.b) on Schedule VIII and note 7 on Schedule IX]		<u>1,401.59</u>	<u>817.03</u>
TOTAL		<u><u>19,831.79</u></u>	<u><u>29,373.15</u></u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	20,217.55	18,815.19
Less: Depreciation		<u>7,001.72</u>	<u>5,793.04</u>
Net Block		<u>13,215.83</u>	<u>13,022.15</u>
Capital Work in Progress		<u>1,536.45</u>	14,139.03
Investments	F	3,577.65	305.45
Current Assets, Loans and Advances			
Inventories	G	2,834.64	14,371.03
Sundry Debtors	H	954.54	1,761.80
Cash & Bank balances	I	3,574.49	2,131.26
Other Current Assets	J	31.54	0.84
Loans & Advances	K	<u>725.75</u>	<u>1,508.28</u>
		<u>8,120.96</u>	<u>19,773.21</u>
Less: Current Liabilities and Provisions			
Liabilities	L	3,667.36	4,138.25
Provisions	M	<u>2,951.74</u>	<u>706.29</u>
		<u>6,619.10</u>	<u>4,844.54</u>
Net Current Assets		<u>1,501.86</u>	<u>14,928.67</u>
TOTAL		<u><u>19,831.79</u></u>	<u><u>29,373.15</u></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 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 : 28th December, 2009

S.C. Jolly
Director

Aditya Puri
Managing Director

PROFIT AND LOSS ACCOUNT for the year ended 30th September, 2009

(Rs. in Lacs)

	Schedule No.	Year ended 30.09.2009	Year ended 30.09.2008
INCOME			
Gross Sales	I	39,855.87	32,647.36
Less: Excise Duty		1,876.90	2,298.95
Net Sales		37,978.97	30,348.41
Other Income	II	526.11	1,162.09
Increase/(Decrease) in stock of Finished Goods & Partly Processed Sugar	III	(11,437.65)	1,655.41
TOTAL		27,067.43	33,165.91
EXPENDITURE			
Manufacturing expenses	IV	13,377.79	26,210.03
Employee's Cost	V	2,499.10	2,633.94
Administration & Selling Expenses	VI	807.67	1,047.13
Interest to Bank and others	VII	1,237.69	2,242.65
Depreciation		1,214.14	1,019.61
TOTAL		19,136.39	33,153.36
Profit/Loss(-) for the year before tax.		7,931.04	12.55
Provision for Tax:			
Income Tax (including for previous years, Nil (Previous year Rs.256.78 lacs))		2,103.16	257.63
Less: MAT Credit Entitlement		(82.16)	-
Fringe Benefit Tax		6.43	19.00
Deferred Tax		584.56	4.16
		5,319.05	(268.24)
Brought Forward from Last Year		2,591.88	2,860.12
Profit available for Appropriation		7,910.93	2,591.88
Proposed Dividend		1,419.98	-
Corporate Dividend Tax		241.33	-
Transferred to General Reserve		532.00	-
Balance carried to Balance Sheet		5,717.62	2,591.88
Basic/Diluted Earnings/(Loss) per share (Rs.) [Refer Note 12 on Schedule IX]		83.15	(3.72)

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 : 28th December, 2009

S.C. Jolly
Director

Aditya Puri
Managing Director

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'A'	As at 30.09.2009	As at 30.09.2008
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 01.10.2008	Additions	Deductions	As At 30.09.2009
Share Premium	6300.00	-	-	6300.00
	(6300.00)	(-)	(-)	(6300.00)
General Reserve	130.00	532.00	-	662.00
	(130.00)	(-)	(-)	(130.00)
Profit and Loss Account Balance	2591.88	3125.74	-	5717.62
	(2860.12)	(-268.24)	(-)	(2591.88)
	9021.88	3657.74	-	12679.62
	(9290.12)	(-268.24)	(-)	(9021.88)

Note : Previous year figures are indicated in parenthesis.

	(Rs. i.n Lacs)	
Schedule 'C'	As at 30.09.2009	As at 30.09.2008
SECURED LOANS		
(Refer note 10 on Schedule VIII)		
From Financial Institutions and Banks :		
Term Loan (Note 1 & 3)	3,120.37	3,746.49
Cash Credit Accounts (Note 2)	67.92	13,306.21
	3,188.29	17,052.70

Notes:

- Secured by residual charge on immovable properties of the company located at Yamunanagar both present & future and mortgage/hypothecation of movable assets (save and except book debts and inventories charged in favour of company's bankers for working capital requirements).
- Secured by second charge on immovable properties of the company both present & future, and mortgage/hypothecation of movable assets.
- Amount repayable with in one year Rs. 822.66 lacs, Previous Year Rs. 657.00 lacs.

Schedule 'D'

UNSECURED LOANS		
(Refer note 10 on Schedule VIII)		
- From the Holding Company viz. The Saraswati Industrial Syndicate Limited	337.85	404.09
- From Isgec Exports Ltd.	83.82	-
Sugar Development Fund Loan (For cane development)	-	19.76
Fixed Deposits*	1,430.63	1,347.70
	1,852.30	1,771.55

* Fixed Deposits include deposits received from Directors Rs. 5 Lac (Previous Year Rs.5 Lac)

**Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009
Schedule 'E'**

FIXED ASSETS (Refer Notes 2, 3, 10 & 13 on Schedule VIII and note 3 on Schedule IX)

Particulars	(Rs. in Lacs)									
	Original As at 1st Oct. 2008	Additions/Transfers during the year	Deductions during the year	Original Cost As at 30th Sept. 2009	Depreciation Upto 30th Sept. 2008	Depreciation during the year	Adjustment on deduction	Depreciation Upto 30th Sept. 2009	Net Block As at 30th Sept. 2009	Net Block As at 30th Sept. 2008
Tangible Assets										
Free Hold Land	1693.00	-	-	1693.00	-	-	-	-	1693.00	1693.00
Buildings & Roads	2429.76	203.77	1.06	2632.47	588.57	158.17	0.05	746.69	1885.78	1841.19
Plant & Machinery	13804.60	1155.29	23.91	14935.98	4552.11	969.90	2.17	5519.84	9416.14	9252.49
Furniture & Fixtures	60.76	0.34	2.02	59.08	35.52	3.80	0.19	39.13	19.95	25.24
Vehicles	291.43	43.68	19.92	315.19	167.23	39.55	1.69	205.09	110.10	124.20
Office Equipments	192.45	23.66	4.13	211.98	107.49	37.61	1.36	143.74	68.24	84.96
Intangible Assets										
Good Will	342.10	-	-	342.10	342.10	-	-	342.10	-	-
Computer Software (For internal Use)	1.09	26.66	-	27.75	0.02	5.11	-	5.13	22.62	1.07
Total	18815.19	1453.40	51.04	20217.55	5793.04	1214.14	5.46	7001.72	13215.83	13022.15
Capital work in progress									29.90	914.38
Capital Advances									*1506.55	202.50
Total									1536.45	1116.88
Grand Total	18815.19	1453.40	51.04	20217.55	5793.04	1214.14	5.46	7001.72	14752.28	14139.03
Previous year	17448.14	1468.33	101.28	18815.19	4781.80	1019.62	8.38	5793.04	14139.03	-

Notes :

* The possession and title of the Land amounting to Rs.202.50 Lacs, for which advance has been paid, has not been transferred in the name of company up to close of year. However, the same has been registered in the name of company after the close of the year.

* Possession and right to use of land amounting to Rs. 1304.05 lacs for which advances have been paid is with the company as per sale agreement and title is yet to be transferred in the name of the company.

Cost of software includes Purchase Price, Duties & Taxes (Other than recoverable from taxing authorities).

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'F'	As at 30.09.2009	As at 30.09.2008
INVESTMENTS		
(Refer note 6 on Schedule VIII)		
Non-Trade Investments :		
Long term at cost (Unquoted)		
Post Office National Saving Certificates (Pledged as Security with various Government Departments)	0.60	0.70
Investment in other companies (Quoted)		
265000 (Previous year 265000) equity shares of Rs.10/- each of DCM Shriram Industries Ltd. (Market value as on 30-09-09 is Rs. 405.45 lacs) (Previous Year Rs.193.45 Lacs)	304.75	304.75
Current at cost (Unquoted)		
Mutual Funds:		
- SBI SHF Ultra Short Term Fund - 6093049.10 units of Rs. 10/- each (Previous Year Nil)	609.63	-
- Reliance Money Manager Fund - Retail Option 5054.01 units of Rs. 1000/- each (Previous Year Nil)	50.59	-
- Reliance Money Manager - Institutional Option 260911.44 units of Rs. 1000/- each (Previous Year Nil)	2612.08	-
	3577.65	305.45
Aggregate Book Value of Investments :		
Unquoted	3,272.90	0.70
Quoted	304.75	304.75
	3,577.65	305.45
Schedule 'G'		
(Refer note 4 on Schedule VIII)		
INVENTORIES		
Stores and Spare Parts	524.38	580.87
Store in Transit	-	42.25
Partly Processed Sugar	21.07	14.34
Finished Stock :		
Sugar	1,990.38	13,634.07
Molasses	298.81	99.50
	2,834.64	14,371.03

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

(Rs. in Lacs)

	As at 30.09.2009	As at 30.09.2008
Schedule 'H'		
SUNDRY DEBTORS		
(Unsecured Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered Good	11.25	97.00
- Considered Doubtful	80.50	1.26
Other Debts	943.29	1664.80
Less: Provision for Doubtful Debts	80.50	1.26
	954.54	1,761.80
Schedule 'I'		
CASH AND BANK BALANCES		
Cash in hand	11.32	20.44
Cheques in hand	299.28	254.99
With Scheduled Banks in :		
Current Accounts	196.52	1,829.82
Stamps in Franking Machine & deposit with Post Office	0.06	0.02
Fixed Deposits	3,067.31	25.99
	3,574.49	2,131.26
Schedule 'J'		
OTHER CURRENT ASSETS		
(UNSECURED CONSIDERED GOOD)		
Interest accrued on Investment		
- Fixed Deposits	31.54	0.84
- Others	-	-
	31.54	0.84

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'K'	As at 30.09.2009	As at 30.09.2008
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
Security Deposits	41.37	41.56
Advances recoverable in cash or in kind or for value to be received (including capital advances Rs.0.23 lacs (Previous year Rs.57.26 lacs))	403.83	589.64
Balance with Excise and Customs	50.30	110.55
Claims pending with Govt.	148.09	649.19
MAT Credit Entitlement	82.16	-
Income Tax recoverable	-	117.34
	725.75	1508.28
Schedule 'L'		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 8 on schedule IX)	3003.31	2396.34
Other liabilities	51.63	66.79
Advances from Customers	25.84	28.70
Excise duty payable	273.51	1406.70
Security and other deposits	68.75	81.13
Interest accrued but not due on Loans	204.14	134.54
Investor Education & Protection Fund(Note)		
Unpaid Matured deposits	33.97	20.55
Interest accrued on the above	6.21	3.50
	3667.36	4138.25
Note- Amounts under Investor Education and Protection Fund are not due for deposit.		
Schedule 'M'		
PROVISIONS		
(Refer note 7(b), 7(c) & 11(a) on Schedule VIII and note 2 on Schedule IX)		
Provision for Leave Salary	106.14	90.25
Provision for Pension	557.99	522.91
Provision for Gratuity	133.35	93.13
Provision for Tax (Net of deposit of Rs. 1404.38 Lacs (Previous year Nil))	492.95	-
Provision for Proposed Dividend	1419.98	-
Provision for Corporate Dividend Tax	241.33	-
	2951.74	706.29

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

(Rs. in Lacs)

Schedule 'I'	Year ended 30.09.2009	Year ended 30.09.2008
GROSS SALE		
(Refer note 5 on Schedule VIII)		
Sugar	37566.28	28483.73
Molasses	2182.60	3554.74
By-Products	106.99	608.89
	<u>39855.87</u>	<u>32647.36</u>

Schedule 'II'

OTHER INCOME

(Refer note 5 on Schedule VIII)

Interest		
- On Govt. Securities	0.01	0.01
- On Fixed Deposit & others [(Including TDS of Rs. Nil (Previous year Rs. Nil)].	48.59	15.27
Dividend from Mutual Fund	22.30	0.54
Profit on sale of investment	-	123.33
Sundry unclaimed balances written back	32.45	24.21
Transportation and Bufferstock Subsidy	-	762.49
Profit on sale of fixed assets	5.78	9.39
Miscellaneous Income including claims	416.98	226.85
	<u>526.11</u>	<u>1162.09</u>

Schedule 'III'

INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND PARTLY PROCESSED SUGAR

(Refer note 4 on Schedule VIII)

Closing Stock

Finished Stock	2289.19	13733.57
Partly Processed Sugar	21.07	14.34
	<u>2310.26</u>	<u>13747.91</u>

Less: Opening Stock:

Finished Stock	13733.57	12072.24
Partly Processed Sugar	14.34	20.26
	<u>13747.91</u>	<u>12092.50</u>

Increase/(Decrease) in stock of Finished Goods & Partly Processed Sugar	(11437.65)	1655.41
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Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

	(Rs. in Lacs)	
Schedule 'IV'	Year ended 30.09.2009	Year ended 30.09.2008
MANUFACTURING EXPENSES		
Cane consumed	13118.92	22890.98
Consumption of Stores and Spares	825.47	2535.29
Power & Fuel	151.44	125.76
Repairs to :		
- Plant and Machinery	161.56	290.26
- Building	41.66	133.07
Insurance	29.53	71.60
Excise duty difference on opening & closing stock of Finished Goods	(950.79)	163.07
	13377.79	26210.03
Schedule 'V'		
EMPLOYEE'S COST		
(Refer note 7 on Schedule VIII and note 2 on Schedule IX)		
Salaries, Wages and Bonus	2140.14	2236.50
Contribution to Provident Fund and other Funds	275.63	299.85
Workmen and Staff Welfare Expenses	83.33	97.59
	2499.10	2633.94
Schedule 'VI'		
ADMINISTRATION AND SELLING EXPENSES		
Rent	42.94	65.58
Rates and Taxes	38.04	56.16
Donation	20.40	4.90
Office and Miscellaneous Expenses	343.55	464.72
Auditors Remuneration	3.50	3.37
Loss on Sale of Store	8.09	3.82
Loss on Assets sold and/or written off	20.43	75.20
Loss on stores written off	24.20	-
Commission to Selling Agents and others	82.77	76.94
Packing, Forwarding and Transportation Expenses	142.27	295.54
Provision for Bad Debts (Including bad debts written off Rs. 0.44 Lacs (Previous year Nil))	79.67	0.70
Rebate and Discount	1.81	0.20
	807.67	1047.13

**Schedules Annexed to and forming part of the Accounts for the year ended
30th September, 2009**

	(Rs. in Lacs)	
Schedule 'VII'	Year ended	Year ended
	30.09.2009	30.09.2008
INTEREST & FINANCIAL CHARGES		
(Refer note 10 on Schedule VIII)		
Fixed Loan	476.65	507.33
Other Loans	761.04	1735.32
(includes accrued interest adjusted Nil, previous year Rs.29.26 lacs)		
	<u>1237.69</u>	<u>2242.65</u>

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

Schedule 'VIII'

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. 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 a) its purchase price and b) any directly attributable cost of bringing the asset to working condition.

The fixed assets acquired by virtue of slump sale agreement with The Saraswati Industrial Syndicate Limited 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 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.

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.

Partly Processed Sugar and finished stock of sugar are valued at lower of cost or net realisable value.

Cost in case of finished stock of sugar and Partly Processed Sugar includes material cost at Statutory Minimum Price of sugarcane fixed by the Central Government and applicable manufacturing overheads. Further, the value of finished stock is inclusive of excise duty.

Finished stock of molasses is valued at market price.

5) Revenue Recognition

Revenue is recognised on despatch of goods from the factory.

Insurance Claims, export incentives, escalation and claims on account of buffer stock 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.

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 substantively enacted by the Balance Sheet date.

a) Current Year Charge

Provision for taxation for the Company's financial year ended September 30th, 2009 has been determined based on the results for the six months ended March, 2009 (assessment year 2009-10) and for the six months ended September 2009 (assessment year 2010-2011). The ultimate liability for the assessment year 2010-11 however will be determined on the total income of the Company for the year ending March 31, 2010.

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, Contingent Liabilities and Contingent Assets

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.

Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2009

SCHEDULE – ‘IX’ NOTES TO ACCOUNTS

1. (a) Claims against the company not acknowledged as debts:
 - (i) Employees for wages Rs. 7.06 lacs (Previous year Rs. 10.65 lacs)
 - (ii) Others Rs 13.08 lacs (Previous year Rs.5.14 lacs)
(Including Cenvat reversal liabilities of Rs. 9.42 lacs (Previous year Nil))
- (b) Guarantees furnished by company’s bankers for Rs.214.26 lacs (Previous year Rs.404.30 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.596.64 lacs (previous year Rs. 542.62 lacs).

2. **Employee Benefits:**

The disclosures required by Accounting Standard AS-15 “Employee Benefits” issued by the Institute of Chartered Accountants of India are as under:

Defined Contribution Plan

The employer contribution to Provident Fund is Rs.72.65 lacs (Previous Year Rs. 77.42 lacs), the fund is administered by Trust managed by the Company and contribution to RPFC as Family Pension Fund Rs. 67.82 lacs ((Previous Year Rs. 82.48 lacs). The contributions are charged to Profit & Loss account.

Defined Benefit Plan

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

A. Change in present value of obligation

Particulars	(Rs.in Lacs)			
	Gratuity		Leave Encashment	
	2008-09	2007- 08	2008-09	2007-08
Present value of obligation at the beginning of the period	778.09	792.16	90.25	80.77
Acquisition cost	-	-	-	-
Interest cost	66.32	64.23	6.99	6.37
Current service cost	38.13	35.57	7.95	7.34
Benefits paid	(89.01)	(58.58)	(6.00)	(24.39)
Actuarial (gain)/loss on obligation	91.07	(55.30)	6.95	20.16
Present value of obligation at end of period	884.60	778.09	106.14	90.25

B. Change in Fair value of plan assets**(Rs.in Lacs)**

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Fair value of plan assets at the beginning of the period	684.96	629.40	-	-
Acquisition adjustment	-	-	-	-
Expected return on plan assets	71.75	65.00	-	-
Contributions	91.35	54.46	-	-
Benefits paid	(89.01)	(58.58)	-	-
Actuarial gain/(loss) on plan assets	(7.79)	(5.32)	-	-
Fair value of plan assets at the end of the period	751.26	684.96	-	-

(c) Amount to be recognised in Balance Sheet

Present value of obligation as at end of the period	884.60	778.09	106.14	90.25
Fair value of plan assets as at the end of the period	751.25	684.96	-	-
Net Asset/(liability) recognised in Balance Sheet	(133.35)	(93.13)	(106.14)	(90.25)

(d) Expenses recognised in the statement of profit & loss account.

Current service cost	38.13	35.57	7.95	7.34
Interest cost	66.32	64.23	6.99	6.37
Expected return on plan assets	(71.75)	-	-	-
Net actuarial (gain)/loss recognised in profit/loss	98.86	(55.30)	6.95	20.16
Expenses recognised in the statement of Profit & Loss	131.56	44.51	21.89	33.87

3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) Rs.5.83 lacs (Previous year Rs. 125.95 lacs).
4. a) The case challenging the Levy Sugar price fixation for the season 1980-81 to 1999-2000 was decided in favour of the Company. The Company requested the Central Government to refix the levy sugar prices as directed by the Court. The Central Government has since amended the Essential Commodities Act nullifying the Court Judgement. The Company is taking legal opinion on the next course of action.
- b) 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 on consistent basis.
5. The Company and other assesses including Indian Oil Corporation challenged the levy of Local Area Development Tax under The Haryana Local Area Development Tax Act, 2000 and the Haryana Entry of Goods Into The Local Areas Act, 2008 in the High Court of Punjab & Haryana. The High Court decided the matter in our favour, hence no liability has been accounted for.
6. During the financial year ended 31st March 2009, there was MAT liability on the Company as per provisions of the Income Tax Act 1961 which has been paid subsequently. However during the current accounting year ending September 2009, there is normal tax liability as per provisions of the Act. The Credit for MAT has been adjusted from the normal tax liability as per provisions of the Act and the disclosure has been made as per Guidance Note on MAT Credit entitlement issued by Institute of Chartered Accountants of India.
7. 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, 2007	Credit / (Charge) during the year	As at October 1, 2008	Credit / (Charge) during the year	Closing Balance
Depreciation	(1599.07)	72.03	(1527.04)	63.95	(1463.09)
Other Timing Differences	230.18	49.64	279.82	(253.58)	26.24
Accumulated Tax Losses	556.03	(125.83)	430.19	(394.93)	35.26
Net deferred tax liability	812.87	(4.16)	(817.03)	(584.56)	(1401.59)

8. 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.
9. Purchase and Sale in Units of Mutual Funds for the period 1-10-2008 to 30-09-2009.

Particulars	Unit	Opening Balance	Additional/ Reinvestment	Sale	Closing Balance	Value (Rs. in Lacs)
SBI Magnum Insta Cash	Units	NIL (NIL)	59,70,573.38 (NIL)	59,70,573.38 (NIL)	NIL (NIL)	(NIL) (NIL)
SBI SHF-Ultra Short Term Fund.	Units	NIL (NIL)	1,00,90,890.26 (NIL)	39,97,841.17 (NIL)	60,93,049.10 (NIL)	609.63 (NIL)
Reliance Liquid Fund Treasury Plan	Units	NIL (NIL)	3,28,063.25 (NIL)	3,28,063.25 (NIL)	NIL (NIL)	NIL (NIL)
Reliance Money Manager Fund – Retail Option	Units	NIL (NIL)	5,054.01 (NIL)	NIL (NIL)	5054.01 (NIL)	50.59 (NIL)
Reliance Liquid Fund – Treasury Plan	Units	NIL (NIL)	32,71,070.27 (NIL)	32,71,070.27 (NIL)	NIL (NIL)	NIL (NIL)
Reliance Money Manager-Institution Option	Units	NIL (NIL)	2,60,911.44 (NIL)	NIL (NIL)	2,60,911.44 (NIL)	2612.08 (NIL)
SBI Premier Liquid – Inst. (Previous Year)	Units	NIL (10197)	NIL (19677773)	NIL (19687970)	NIL (NIL)	NIL (NIL)
Standard Chartered Liquidity Manager-Plus (Previous year)	Units	NIL (723)	NIL (21)	NIL (744)	NIL (NIL)	NIL (NIL)
Reliance Mutual Funds (Previous Year)	Units	NIL (NIL)	NIL (10123364)	NIL (101023364)	NIL (NIL)	NIL (NIL)

Previous year figures are indicated in parenthesis.

10. Segment Reporting

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

11. 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 (Wife of Mr. Aditya Puri)

- (b) Details of transactions with related parties are:

(Rs. in lacs)

S. No.	Nature of Transaction	Holding Company	Associate	Entities 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	41.86 (32.54)	- -	- (-)	- (-)	- (-)	41.86 (32.54)
II	Purchase of goods	32.38 (690.69)	- (-)	255.72 (248.03)	0.90 (1.10)	0.88 (1.09)	289.88 (940.91)
III	Advance for the purchase of Land	- (-)	- (-)	1304.05 (-)	- (-)	- (-)	1304.05 (-)
IV	Commission paid	- (-)	- (-)	9.26 (8.31)	- (-)	- (-)	9.26 (8.31)
V	Services Received	12.83 (12.68)	- (-)	5.54 (4.02)	- (-)	- (-)	18.37 (16.70)
VI	Services rendered	1.45 (-)	- (-)	- (-)	- (-)	- (-)	1.45 (-)
VII	Interest paid/Payable	60.03 (165.82)	- (-)	3.55 (0.12)	- (-)	- (-)	63.68 (165.94)
VIII	Amt. Receivable at year end	22.34 (-)	- (-)	- (-)	- (-)	- (-)	22.34 (-)
IX	Amt. Payable as at year end	360.49 (802.81)	- (-)	83.82 (-)	- (-)	- (-)	444.31 (802.81)

Previous year figures are indicated in parenthesis

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 earning per Share:

	2008-09	2007-08
a. Profit/(Loss) available to Equity Shareholders, before deferred tax, (Rs. In lacs)	5903.61	(264.08)
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.)	83.15	(3.72)

(Rs. in lacs)

	2008-09	2007-08
13. Managerial Remuneration:		
To the Managing Director(s)	Nil	Nil
To Other Directors:		
As Commission	-	-
As Sitting Fee	<u>0.55</u>	<u>0.55</u>
Total Managerial Remuneration	<u>0.55</u>	<u>0.55</u>

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

(Rs. in lacs)

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

	2008-09	2007-08
Salary	6.65	7.02
Contribution to Provident Fund	0.33	0.33
Others	<u>-</u>	<u>0.05</u>
Total:	<u>6.98</u>	<u>7.40</u>

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

	<u>Licensed</u>		<u>Installed</u>	
	2008-09	2007-08	2008-09	2007-08
	<u>NA</u>	<u>NA</u>	<u>13,000 (TCD)</u>	<u>13000 (TCD)</u>

	2008-09		2007-08	
<u>Actual production/sales</u>	<u>(Qty.in Qtls.)</u>	<u>Value (in Lacs Rs.)</u>	<u>(Qty.in Qtls)</u>	<u>Value (in Lacs Rs)</u>
(a) Cane Crushed	6836938	13118.92	17428729	22890.98
(b) Actual Production	679915	-	1853905	-
(c) Sugar Sold	1677956	37566.28	1823031	28483.73
(d) <u>Opening and Closing stock of Sugar:</u>				
Opening Stock	1127541	13634.07	1096667	12039.66
Closing Stock	129500	1990.38	1127541	13634.07

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

<u>Actual production/sales</u>	2008-09		2007-08	
	(Qty.in Qtls.)	Value (in Lacs Rs.)	(Qty.in Qtls)	Value (in Lacs Rs)
(e) Molasses Production	323763	-	889890	-
(f) Molasses Sold	299988.70	2182.60	884879.05	3554.74
(g) <u>Opening and Closing Stock of Molasses:</u>				
Opening Stock	14670.50	99.50	9659.55	32.58
Closing Stock	38444.80	298.81	14670.50	99.50
16 Value of imported/indigenous raw materials, spare parts components & stores consumed:				
	2008-09	2007-08	2008-09	2007-08
	(Rs. in lacs)		(%)	(%)
Raw material:				
Imported	Nil	Nil	Nil	Nil
Indigenous-sugarcane	13118.92	22890.98	100	100
	<u>13118.92</u>	<u>22890.98</u>	<u>100</u>	<u>100</u>
Spare parts, components & Stores:				
Imported	-	-	-	-
Indigenous	886.64	2580.19	100	100
	<u>886.64</u>	<u>2580.19</u>	<u>100</u>	<u>100</u>
				(Rs. in lacs)
17. Expenditure in foreign currency:			2008-09	2007-08
Royalty			-	-
Know-how (drawings)			-	-
Travelling and other matters			-	1.81
18. Value of imports on CIF basis :				
Spare parts and components (in Rs.)			-	-
Capital goods			133.58	-
Others			-	-

Cash flow statement for the year ended 30th September, 2009

	(Rs. in Lacs)	
	Year ended 30.09.2009	Year ended 30.09.2008
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	7,931.04	12.55
Adjustments for:		
Depreciation	1,214.14	1,019.61
Interest Expense	1,237.69	2,242.65
Interest/Dividend Income	(70.90)	(15.82)
(Profit)/Loss on Fixed Assets sold (Net)	14.65	65.81
(Profit)/Loss on Sale of Investment	-	(123.33)
(Profit)/Loss on Sale/Revaluation of store	32.29	3.82
Miscellaneous Expenditure written off	-	-
Debts / Advances Written off	0.44	0.70
Provision for Doubtful Debts	79.24	-
Liability no longer required written back	(32.45)	(24.21)
Provision for Gratuity	40.22	93.13
Provision for Leave Encashment	15.89	5.21
Pension Provision	35.08	(23.38)
Provision for Bonus	-	-
Any other non cash Item		
Operating profit before working capital changes	10,497.33	3,256.75
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	727.58	(814.57)
- (INCREASE)/DECREASE in Other Receivables	782.53	(101.58)
- (INCREASE)/DECREASE in Inventories	11,504.10	(1,373.73)
- INCREASE/(DECREASE) in Trade and Other Payables	(510.75)	507.43
Cash generated from operations	23,000.79	1,474.29
- Taxes (Paid) / Received (Net of TDS)	(1,534.48)	(276.63)
Net cash from operating activities	21,466.31	1,197.66
B. Cash Flow from Investing Activities		
Purchase of fixed assets		
Additions during the period	(1,872.97)	(1,925.71)
Proceeds from Sale of fixed assets	30.93	27.09
Sale/(Purchase) of Investments	(3,272.20)	(82.84)
Interest/Dividend Received (Revenue)	40.20	68.66
Net cash used in investing activities	(5,074.04)	(1,912.80)
C. Cash flow from Financing activities:		
Proceeds/(Repayment) from Secured loans	(13,864.41)	8,566.71
Proceeds/(Repayment) of unsecured loans	80.75	(3,810.07)

Interest Paid	(1,165.38)	(2,342.42)
Net cash used in financing activities	(14,949.04)	2,414.22
Net Increase/(Decrease) in Cash & Cash Equivalents	1,443.23	1,699.08
Cash and cash equivalents as at 30.09.2008	2,131.26	432.17
Cash and cash equivalents as at 30.09.2009	3,574.49	2,131.26
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	310.60	275.43
Current accounts(dividend account)	-	-
Balance with Scheduled Banks	196.52	1,829.82
Fixed Deposits	3,067.31	25.99
Stamps in Franking Machine & deposit with Post Office	0.06	0.02
	3,574.49	2,131.26

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

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 : 28th December, 2009

S.C. Jolly
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	30/09/2009		

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
	19,831.79	19,831.79
Sources of Funds	Paid-up Capital	Reserve & Surplus
	709.99	12,679.62
	Secured Loans	Unsecured Loans
	3,188.29	1,852.30
	Deferred Tax Liability	
	1,401.59	
Application of Funds	Net Fixed Assets	Investments
	14,752.28	3,577.65
	Net Current Assets	
	1,501.86	

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

Turnover	Total Expenditure
38,505.08	30,574.04
Profit/(Loss) Before Tax	Profit / (Loss) After Tax
7,931.04	5,319.05
Earning per Share in Rs.	Rate of Dividend
83.15	200%

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 : 28th December, 2009

S.C. Jolly
Director

Aditya Puri
Managing Director

ANNUAL REPORT 2008-2009

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, 2009.

1.0 FINANCIAL RESULTS

1.1 There was 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 was no operation during the year.

2.2 There has been no technology absorption.

2.3 There was 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 PERSONNEL

4.1 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.

5.0 AUDITORS

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

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

The Directors' state:

6.1 that in the preparation of the annual accounts for the year ended 30th September, 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

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

6.3 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.

6.4 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.

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

BY THE ORDER OF THE BOARD

PLACE : Noida
DATED : 21st November, 2009

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, 2009 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2009 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,2009.
 - 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 : 21st November, 2009

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, 2009 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.
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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

Place : Noida
Dated : 21st November, 2009

P.G.Chawla
(Prop.)

BALANCE SHEET as at 30th September, 2009

(Figures in Rupees)

	Schedule No.	As At 30.09.2009		As At 30.09.2008
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital				
Authorised				
1,000,000 equity shares of Rs.10/- each		1,00,00,000		1,00,00,000
Issued, Subscribed and paid up				
50,000 equity shares of Rs.10 each fully paid		5,00,000		5,00,000
Reserve & Surplus				
Profit & Loss A/c		17,662		4,929
Current Liabilities & provisions				
Expense Payable		5,500		5,618
Provision For Taxation		5,694		2,204
Total		5,28,856		5,12,751
APPLICATION OF FUNDS				
Loans & advances				
Interest accrued on fixed deposits		2,058		3,839
TDS Recoverable		7,552		2,856
Cash & bank balances:				
Balance with scheduled banks				
In Current Account		38,056	38,102	
In Deposit Account		2,80,000	2,66,764	3,04,866
Miscellaneous expenditure (to the extent not written off or adjusted)				
Preliminary Expenses		1,83,500	1,83,500	
Pre-Operative Expenses		17,690	17,690	2,01,190
Total		5,28,856		5,12,751

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 : 21st November, 2009

S.K. Khorana
(Director)

Aditya Puri
(Director)

PROFIT AND LOSS ACCOUNT For the year ended 30th September, 2009

(Figures in Rupees)

	Year ended 30.09.2009	Year ended 30.09.2008
INCOME		
Interest on Fixed Deposit	24,477	23,459
EXPENDITURE		
Professional Expenses	-	2,500
Auditors Remuneration	5,500	11,236
Including prior period Exp of Rs. Nil (Previous year Rs. 5618/-)		
Filing Fee	-	2,040
Bank Charges	550	550
Total Expenses	<u>6,050</u>	<u>16,326</u>
Profit/(Loss) for the year	18,427	7,133
Provision for tax	<u>5,694</u>	<u>2,204</u>
Profit/(Loss) after tax	12,733	4,929
Balance of Profit & Loss Account brought forward from last year	<u>4929</u>	-
Balance carried to balance sheet	<u>17,662</u>	<u>4,929</u>
Earning per share	0.25	0.10

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 : 21st November, 2009

S.K. Khorana
(Director)

Aditya Puri
(Director)

NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING INTEGRAL PART OF THE FINANCIAL STATEMENT AS ON 30th SEPT., 2009.

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., 2009 or delayed in payment during the year beyond the agreed credit period. Hence no interest is due or paid to any such enterprise.
- xi) During the year, no transaction has been made with the related party.

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 : 21st November, 2009

S.K. Khorana
(Director)

Aditya Puri
(Director)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U29248HR2007PLC036695	State Code	05
Balance Sheet Date	30/09/2009		

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
	529	529
Sources of Funds	Paid-up Capital	Reserve and Surplus
	500	18
	Secured Loans	Unsecured Loans
	NIL	NIL
	Current Liabilities	
	11	
Application of Funds	Net Fixed Assets	Investments
	NIL	NIL
	Current Assets	Misc. Expenditure
	328	201

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

Turnover (Gross Revenue)	Total Expenditure
24	6
Profit Before Tax	Profit After Tax
18	13
Earning per Share in Rs.	Rate of Dividend
0.25	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 : 21 November, 2009

S.K. Khorana
(Director)

Aditya Puri
(Director)

