
The Saraswati Industrial Syndicate Limited

**Reports and Accounts for the year ended
30th September, 2010**

ANNUAL REPORT 2009-10

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. Arun Kathpalia 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 India State Bank of Hyderabad Punjab National Bank Corporation Bank ING Vysya Bank EXIM Bank IndusInd Bank HSBC Bank ICICI Bank State Bank of Mysore Royal Bank of Scotland 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-seventh Annual Report on the business and operations of the Company and financial results for the year ended September 30, 2010.

2.00 FINANCIAL RESULTS:

(Figures in Rs. Lacs)

2.01 The Financial Results for the year are given below:

Profit before Depreciation		14605.88
Depreciation		3073.62
Profit before Taxes		11532.26
Less: Provision for Taxation (including deferred tax)		3328.99
Profit after taxes and available for appropriations		8203.27
Less: a) Dividend		
Interim Dividend @ Rs. 9/- per share (paid)	663.25	
Final Dividend @ Re.1/-per share	73.70	
b) Tax on Dividend	<u>12.24</u>	749.19
c) Transfer to General Reserve		820.33
Balance carried to Profit & Loss Account		<u>6633.75</u>

2.02 In spite of the recession, which continued during the first quarter, your Company had an increase in turnover for the 8th year in succession. The turnover is Rs.1809.90 crores against Rs.1765.31 crores in the previous year. Profit before tax is also higher at Rs. 115.32 crores against Rs. 80.04 crores in the previous year.

2.03 The financial position of the Company has been excellent. The Company has invested Rs.168. 22 crores in Liquid Plus or Fixed Maturity Plans of Mutual Funds and Bank Deposits, which in our view have adequate security.

2.04 The subsidiary company, Saraswati Sugar Mills Limited, has however shown a marginal loss during the year. Higher cane prices had to be paid in view of shortage and consequent competition for cane. Sugar prices, which were expected to remain at a reasonable level, decreased due to large scale imports of sugar and Government's regulatory steps. The working of the sugar factory (recovery and total quantity of cane crushed) on the other hand, was better than last year. No silver lining is presently seen in the current year as the All India sugar production is expected to be higher than All India consumption.

3.00 DIVIDEND:

3.01 The Board has decided to recommend Final Dividend of Re.1/- per Equity Share of Rs.10/- each, in addition to the Interim Dividend (already paid) of Rs.9/- per Equity Share.

4.00 OPERATIONS:

4.01 The lower order booking as a result of recession in last year had an impact on the working during the first quarter of the year. The shops, though almost fully occupied, executed orders with low margins. The situation improved in the subsequent quarters.

4.02 Your Company had a record order booking this year - both on the domestic and export fronts.

4.03 The market for Boilers and Sugar Machinery continued to be good and the Company booked a number of export orders. These include Atmospheric Fluidised Bed Boiler burning coffee ground waste for supply to China and two large capacity boilers to be supplied to Central America. The Company continued to book orders in South East Asia.

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- 4.04 As for Sugar Machinery, your Company secured a high value order in Africa. This is the single largest value order booked in the history of the Company. The Company continued to consolidate its position in South East Asia and has booked further business.
- 4.05 The Process Equipment Division continued to book orders for large Pressure Vessels and Heat Exchangers including equipment to be exported to North America and Europe. On the domestic front, orders were booked for the supply of a Tertiary Separator for Fluidised Catalytic Converter Unit and Convection modules for fired heaters.
- 4.06 As regards the Machine Building Division, with the recovery of the Automotive sector, business improved and the Company has recently booked good orders for the supply of Presses. In fact, the Presses business is poised for further growth and the Company is envisaging the increase of manufacturing capacity to cater to the expected increase in order booking. In addition to Presses, the Division continues its business of booking jobbing orders from Steel and other Industries.
- 4.07 The factory set up at Bawal near Gurgaon to manufacture Standard Presses, commenced production during the year.
- 4.08 With regard to Steel Castings, the order booking is good and the Unit continues to supply castings to many of the prestigious manufacturers of Thermal Power Equipment and Hydro Power Equipment in the country. There has been negligible export due to recession in Europe, which resulted in lowering of prices by Foundries in Europe.
- 4.09 Your Company has entered into a License Agreement for Sub-Critical and Super-Critical Technologies with Foster Wheeler, USA, for Pulverised Coal (PC) Fired Boilers. This will enable the Company to engineer, design, manufacture, erect and sell Sub-Critical Pulverised Coal Fired Boilers (60 MW to 1000 MW) and Super-Critical Pulverised Coal Fired Boilers (550 MW to 1000 MW) primarily for the Indian territory.
- 4.10 As a step towards technology up-gradation, the Company has signed an agreement with Bosch Projects, South Africa, for the transfer of technology for manufacturing Chainless Cane Diffusers and other Sugar Machinery equipment with exclusive rights for Asia (excluding Thailand).
- 4.11 The Company has also signed a Technology Agreement with Belleli, Italy, for the manufacture of Vessels with complex chemistries for the Oil, Gas and Power sectors, primarily for India.
- 4.12 As the shareholders are aware, a Joint Venture was formed in the name of ISGEC HACO Metal Forming Machinery Private Limited along with HACO N.V. Belgium. As the prospects were not promising, the Board decided to exercise the option to exit from the Joint Venture in terms of the Memorandum of Understanding.
- 4.13 Industrial relations remained peaceful.
- 5.00 **CONSOLIDATED FINANCIAL STATEMENTS:**
- 5.01 The consolidated financial statements are attached hereto.
- 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 provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, require the Company to provide certain details about the employees who were in receipt of remuneration of not less than Rs.24 lacs (Rupees 24,00,000) during the year ended 30th September 2010 or not less than Rs.2 lacs (Rupees 2,00,000) per month, during any part of the said year. According to
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the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report being sent to the shareholders does not include this annexure. The Annexure regarding the Particulars of Employees under section 217(2A) of the Companies Act, 1956, will be available for inspection by any member at the registered office of the Company during working hours, 21 days before the date of the AGM.

8.00 DIRECTORS' RESPONSIBILITY STATEMENT:

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

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 hereto.

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 hereto.

11.00 FIXED DEPOSITS:

11.01 The amount of deposit with the Company, as at the close of the year, was well within the limits prescribed under the provisions of the Companies Act. 217 depositors of the Company had, as on September 30, 2010, not claimed their deposits upto the due dates for repayment. The amount involved was Rs.119.78 lac.

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 hereto.

12.02 A statement pursuant to Section 212 of the Companies Act, 1956, is also annexed hereto.

13.00 PERSONNEL:

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

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, 2010.

BY ORDER OF THE BOARD

RANJIT PURI
Chairman

Dated: 27 November, 2010

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 2009-10 also.

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

These are detailed in Form 'A' enclosed.

B. TECHNOLOGY ABSORPTION:

e) Efforts made in Technology Absorption:

These are detailed in Form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Please refer to paragraphs 4.03, 4.04 and 4.08 of the Directors' Report.

(g) Total Foreign Exchange used and earned (2009-10):

(Rs. in crores)

-	Total Foreign Exchange earned	:	288.93
-	Total Foreign Exchange used	:	232.26

FORM -A

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
UTTAR PRADESH STEELS**

		Current Year 2009-2010	Previous Year 2008-2009
(A) Power & Fuel Consumption:			
1 Electricity			
(a) Purchased (Units)	(KWH)	1,27,36,320	1,14,42,080
Total Amount	(Rupees)	7,07,42,464	6,05,18,092
Cost / Unit	(Rs.Per Unit)	5.55	5.29
(b) Own Generation (Units)			
(Through Diesel Generator)	(KWH)	8,68,422	3,29,661
Unit per Litre of Diesel Oil	(Units)	3.76	3.38
Cost / Unit	(Rs.Per Unit)	8.84	9.00
2 Other			
(a) Hard Coke			
Quantity	(Tonnes)	5.68	2.55
Total Cost	(Rupees)	50,084	21,675
Average Rate	(Rs.Per Tonne)	8,818	8,500
(b) Furnace Oil			
Quantity	(Litres)	20,51,074	16,69,652
Total Cost	(Rupees)	5,31,61,303	3,39,21,618
Average Rate	(Rs.per Litre)	25.92	20.32
(c) High Speed Diesel Oil			
Quantity	(Litres)	3,60,728	2,46,691
Total Cost	(Rupees)	1,19,03,290	79,17,911
Average Rate	(Rs.per Litre)	33.00	32.10
(B) Consumption Per Unit Production:			
1 Ingots			
(i) Production	(Tonnes)	1351.515	738.410
(ii) Electricity Per M.T.	(KWH)	573	556
2 Castings			
(i) Production	(Tonnes)	4,161.496	3,676.663
(ii) Electricity Per M.T.	(KWH)	1570	1609

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

- (a) Electricity cost per unit has increased over last year due to tariff increase by Uttar Pradesh Power Corporation Ltd. (UPPCL).
- (b) In case of own generation, cost per unit is lower than last year because of installation of new energy efficient DG Set of 1000 KVA.
- (c) The power consumption per M.T. of Ingot produced is more than last year because of higher production of sophisticated Alloy Steel Ingots in which additional processing through Ladle Refiring Furnace is required.
- (d) The power consumption per M.T. of Casting produced is lower than last year because of more efficient running of melting furnaces and less repairs.

FORM -B

FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION, 2009-2010

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

ISGEC John Thompson Unit (IJT)

As reported in the Directors' Report, a new Agreement with Foster Wheeler, USA, for transfer of technology for Pulverized Coal Fired Sub-Critical Boilers (60 MW to 1000 MW) and Super-Critical Boilers (550 MW to 1000 MW) was signed. The Agreement is valid upto 2030.

This is a new generation technology and it will take some time to assimilate the technology for which continued support of Foster Wheeler is available.

There are two earlier Agreements for technology transfer with Foster Wheeler, USA:-

- i) For Circulating Fluidized Bed Combustion (CFBC) Boilers upto 99.99 Mega Watt (electrical), valid upto 2022.
- ii) For Oil & Gas Shop Assembled Water Tube Packaged Boilers upto 260 Tonnes per hour, valid upto 2017.

Boilers have been supplied successfully, which are designed by Company's Engineers trained by the Collaborators. The Company is moving progressively to supply bigger sized Boilers. The complete absorption and adaptation will happen in due course.

ISGEC UNIT:

Process Equipment Division (PED)

Under the Agreement entered with M/s. Hitachi Zosen Corporation, Japan, for critical equipment for the Fertilizer and Oil & Gas Sectors, the Company has booked a few orders recently and is working jointly with our Collaborator to execute the orders. The execution will enable us to absorb and adapt the technology.

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 2009-10, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year,
 - (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
 - (iv) they have prepared the Annual Accounts on going concern basis.
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Management Discussion & Analysis

1. Management Discussion and Analysis, as required under Clause 49 of the Listing Agreement, giving further Analysis, Review, Outlook and Threats is given below:-
 - a) The Company anticipates growth in both, turnover and number of customers, during the current year.
 - b) Seeing Power as a thrust sector, the Company has entered into a collaboration with Foster Wheeler for the transfer of technology for Pulverised Coal Fired Sub-Critical Boilers (60 MW to 1000 MW) and Super-Critical Boilers (550 MW to 1000 MW). The entire technology absorption will take a number of years. The success of the business in these boilers will depend on the pace at which the Company is able to absorb technology, the cooperation extended by Foster Wheeler, the buying pattern of the customers (whether they buy boilers in isolation or they go for a power plant on EPC basis) and also the extent of imports that take place, primarily from China.
 - c) The Dahej plant is fully operational as of now. It's future will depend on how many orders it can secure for large and complex Process Equipment. This in turn depends not only on the requirement of the Oil and Gas Industries, but also the various approvals that the Plant needs to secure. There is also intense competition in this sector from the Koreans.
 - d) If the buoyant growth in the Automobile Sector continues, the Company is reasonably confident that the demand for Presses manufactured by the Company shall increase. The challenge here is to keep abreast of changing technologies.
 - e) The factory set up at Bawal near Gurgaon to manufacture Standard Presses, commenced production during the year.
 - f) The market for Sugar Machinery and Boilers for Sugar Plants on the domestic front will largely depend on the health of the Sugar Industry which is not likely to be very good in the coming year. The demand for other Boilers is likely to be buoyant.
 - g) In view of aforesaid factors and slow recovery world over, the prospects for exports are uncertain.
 - h) The foreign exchange market continues to suffer from wide fluctuations. Greater exposure of your Company to exports means that the risk from these fluctuations has increased.
 - i) Any abnormal increase in steel prices is likely to have an adverse impact on the Company.

2. **CAUTIONARY STATEMENT:**

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

Report on Corporate Governance

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

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

2. **Board of Directors:**

a. **Composition:**

As on 30th September 2010, 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 at the last Annual General Meeting, 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 Annual General Meeting	Directorships in other companies as disclosed			
			Public	Private	Committee Membership	Committee Chairmanship
Non-Executive Chairman & Promoter						
Mr. Ranjit Puri	8	Yes	5	-	4	1
Executive Directors & Promoters						
Mr. Aditya Puri, Managing Director	8	Yes	7	1	5	-
Mrs. Nina Puri, Whole-time Director	7	No	1	-	-	-
Non-Executive Independent Director						
Mr. Vinod K. Nagpal	8	Yes	1	2	-	1
Mr. Tahir Hasan	4	Yes	5	2	-	1
Mr. C.R. Thompson	Nil	No	-	-	-	-
Mr. Arun Kathpalia	7	Yes	1	3	-	-
Mr. Vinod Kumar Sachdeva	8	Yes	1	-	-	-

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

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

- November 21, 2009
- December 29, 2009
- January 30, 2010
- March 20, 2010
- March 27, 2010
- May 8, 2010
- August 7, 2010
- September 25, 2010

3. Audit Committee:

i. Brief description of terms of reference:

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

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

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

ii. Composition, Name of Members and Chairperson:

-Upto January 30, 2010:-

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

-After January 30, 2010:-

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

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 29, 2009, January 30, 2010, May 8, 2010 and August 7, 2010. Detail of attendance by each Member is given in the above table.

4. Remuneration Committee:

i. Brief description of Terms of Reference:

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

ii. Composition, Name of Members and Chairperson:

-Upto January 30, 2010:-

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

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-After January 30, 2010:-

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

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

iii. Attendance during the year:

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

iv. Remuneration policy:

Remuneration to Executive Directors is 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. in Thousand)		Total Amount (Rs. in Thousand)
		Remuneration	Sitting Fees	
01.	Mr. Vinod K. Nagpal	25	110	135
02.	Mr. Tahir Hasan	25	50	75
03.	Mr. Ranjit Puri	25	80	105
04.	Mr. Arun Kathpalia	25	90	115
05.	Mr. Vinod K. Sachdeva	25	80	105
06.	Mr. C. R. Thompson	25	--	25
			Total	560

5. Shareholders/ Investors Grievance Committee:

i. Composition, Name of Members and Chairperson:

-Upto January 30, 2010:-

Mr. Vinod K. Nagpal - Chairman;

Mr. Tahir Hasan - Member;

Mr. Aditya Puri - Member.

-After January 30, 2010:-

Composition, Name of Members and Chairperson:

Mr. Ranjit Puri - Chairman;

Mr. Vinod Kumar Sachdeva - Member.

- ii. Name and designation of Compliance Officer:
Mr. S.K. Khorana, Company Secretary.
- iii. Number of Shareholders' complaints received:
Nil.
- iv. Number of complaints not solved to the satisfaction of Shareholders:
Nil.
- v. Number of pending complaints:
Nil.

6 General Body Meetings:

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

Date	Location	Time
March 20, 2008	Office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar-135001 (Haryana)	10.00 A.M.
March 28, 2009		12.00 NOON
March 20, 2010		12.00 NOON

- ii. Whether any Special Resolutions passed in the previous 3 AGM:
Yes. Special Resolutions regarding remuneration to Non-executive Directors and alteration of Articles of Association were passed in the AGM held on March 28, 2009 and March 20, 2010 respectively.
- iii. Whether any Special Resolution passed last year through postal ballot - details of voting pattern:
No.
- iv. Person who conducted the postal ballot exercise:
Not applicable.
- v. Whether any Special Resolution is proposed to be conducted through postal ballot:
No.
- vi. Procedure for Postal Ballot:
Not applicable.

7. Disclosures:

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:
Nil.
- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Delhi Stock Exchange or Bombay Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:
None.

iii. Code of Conduct for Directors and Senior Executives:

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

iv. CEO/ CFO certification:

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

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

Complied with all mandatory requirements as detailed above. Company has adopted non-mandatory requirement regarding appointment of Remuneration Committee.

8. **Means of Communication:**

i. Quarterly results:

Yes. Published in Newspaper.

ii. Newspapers wherein results normally published:

- (a) Business Standard (English), or (b) Financial Express (English) and
(c) Vir Arjun (Hindi).

iii. Any website, where displayed:

- (a) On Company's website : www.isgec.com
(b) On SEBI's website: www.corpfilings.co.in
(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. Annual General Meeting date, time and venue:

Annual General Meeting will be held on 26th March, 2011 at 12 : 00 Noon at the office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar - 135001 (Haryana).

ii. Financial Year:

1st October to 30th September.

iii. Dates of Book closure:

From 17th March, 2011 to 26th March, 2011 (both days inclusive).

iv. Dividend Payment Date:

By 15th April, 2011.

v. Listing on Stock Exchange:

Listed on Delhi Stock Exchange and Bombay Stock Exchange.

vi. Stock Code

The Stock Code Number is ISIN - INE858B01011.

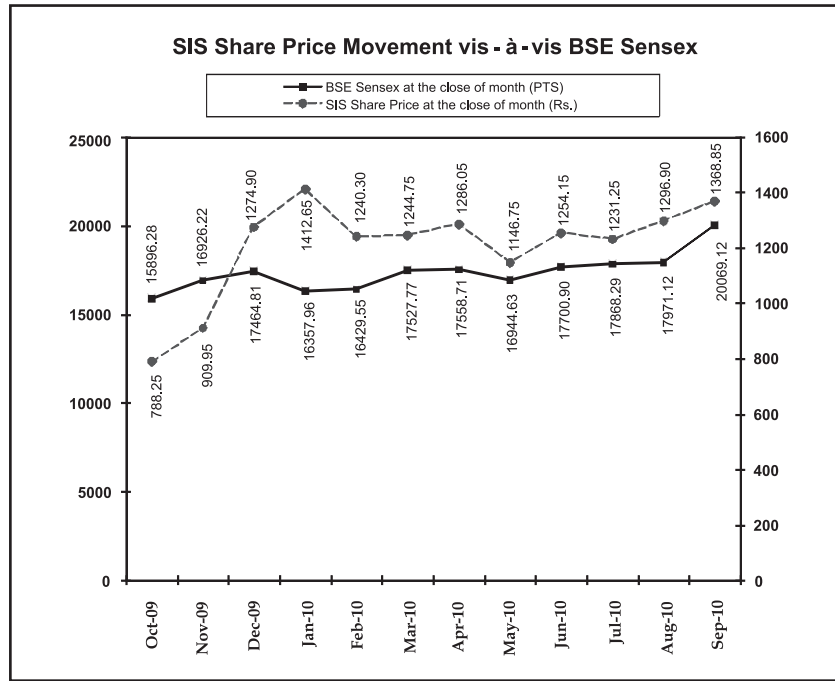
Bombay Stock Exchange has allotted scrip name as SARASWATI and scrip code as 533033.

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

Month	Bombay Stock Exchange	
	Highest (Rs.)	Lowest (Rs.)
October, 2009	891.00	773.05
November, 2009	965.05	742.00
December, 2009	1290.00	900.00
January, 2010	1463.95	1230.00
February, 2010	1484.00	1228.00
March, 2010	1375.00	1163.10
April, 2010	1479.00	1210.00
May, 2010	1330.00	1081.10
June, 2010	1285.00	1111.00
July, 2010	1294.95	1074.90
August, 2010	1424.00	1226.05
September, 2010	1459.90	1280.00

As there was no trading on DSE, quotations were not available for the year ended on 30th September, 2010.

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, 2010 is

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	Number	% of Total	(In Rs.)	% of Total
Up-to	5,000	4,111	89.56	35,00,290	4.75
5,001	10,000	161	3.51	12,17,240	1.65
10,001	20,000	121	2.64	18,69,080	2.53
20,001	30,000	50	1.09	12,50,180	1.70
30,001	40,000	39	0.85	13,67,600	1.86
40,001	50,000	18	0.39	8,32,180	1.13
50,001	1,00,000	29	0.63	21,39,270	2.90
1,00,001	and above	61	1.33	6,15,19,560	83.48
TOTAL		4,590	100.00	7,36,95,400	100.00

Shareholding pattern as on September 30, 2010:

Category	No of Shareholders	No. of shares held	Percentage
Promoters	4	42,48,329	57.65
FIs, Banks & Mutual Funds	6	4,020	0.05
Others (Public)	4,580	31,17,191	42.30

xii. Dematerialization of shares and liquidity

33.31 % of share capital has been dematerialized as on September 30, 2010.

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 2009-2010.

xvi. Plant locations:

Plant locations	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.
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, Muzaffarnagar	Castings - Steel & Iron	Village Nara, P.O. Mansurpur - 251 203, District Muzaffarnagar, U.P.
d) ISGEC Bawal	Standard Mechanical Presses	Plot No. 123, Sector-6, HSIIDC, Industrial Growth Centre, Bawal, Distt. Rewari - 123501 Haryana.

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. : +91-120-330 1002/ 1003
 Fax.: +91-120-241 2250
 e-mail: skkhorana@isgec.com

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

xix. Details of the Director seeking reappointment in Annual General Meeting to be held on March 26th , 2011 (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Tahir Hasan	Mr. Ranjit Puri	Mr. Aditya Puri
Date of Birth	21.07.1946	04.03.1940	04.12.1967
Date of Appointment	29.01.2005	14.10.1981	01.05.1996
Qualification	B.E. (Mech.)	B.Sc. Industrial Management from Massachusetts Institute of Technology (USA)	B.A. (Honours), M.A. (CANTAB) ECON. from Cambridge University (U.K.)
Board position held	Non-Executive Director	Non-Executive Director & Chairman	Managing Director
Nature of his /her expertise in specific function areas	Industrialist, Managing Companies	Managing Companies	Industrialist, Managing Companies
Other Directorship	<ul style="list-style-type: none"> ➤ Shervani Sugar Syndicate Limited, Allahabad ➤ Shervani Industrial Syndicate Limited, Allahabad ➤ Star Hotels Limited, New Delhi ➤ Saraswati Sugar Mills Limited, Yamunanagar ➤ Tara Cement Company (P) Limited, Allahabad ➤ Tara Snacks and Foods Limited, Allahabad ➤ Samar Foods (P) Limited , New Delhi 	<ul style="list-style-type: none"> ➤ The Yamuna Syndicate Limited ➤ Saraswati Sugar Mills Limited ➤ Jullundur Motor Agency (Delhi) Limited ➤ ISGEC Engineering & Projects Limited 	<ul style="list-style-type: none"> ➤ The Yamuna Syndicate Limited ➤ ISGEC Covema Limited ➤ ISGEC Exports Limited ➤ Saraswati Sugar Mills Limited ➤ Jullundur Motor Agency (Delhi) Limited ➤ JMA Rane Marketing Limited ➤ ISGEC Engineering & Projects Ltd.
Chairman / Member of Committee of the Board of Companies of which he/she is a Director	The Saraswati Industrial Syndicate Limited Remuneration Committee-Member	Saraswati Sugar Mills Limited Audit Committee-Chairman The Saraswati Industrial Syndicate Limited Shareholders/ Investors Grievance Committee	The Saraswati Industrial Syndicate Limited-Audit Committee-Member Jullundur Motor Agency (Delhi) Limited-Audit Committee-Member
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (v)	1640 shares 0.02 %	6,54,176 shares 8.88 %	Not Applicable

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 30-09-2010.

Yamunanagar
 Dated: 27 November, 2010

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 examined the compliance of conditions of Corporate Governance by **The Saraswati Industrial Syndicate Limited (the company)** during the year ended September 30, 2010 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 examination 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 examination 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

Firm Regn. No. 000756N

(Arun K. Tulsian)

Partner

Membership No. 089907

Place: Noida

Dated: 27 November, 2010

AUDITORS' REPORT

To the Members

The Saraswati Industrial Syndicate Limited

We have audited the attached Balance Sheet of The Saraswati Industrial Syndicate Limited ('the Company') as at 30th September, 2010 and also the Profit & Loss Account and the Cash Flow Statement (the Financial Statements) 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2010 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, 2010;
 - 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
Firm Regn. No. 000756N

(Arun K. Tulsian)
Partner

Place: New Delhi
Dated: 27 November, 2010

Membership No. 89907

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) Verification of the fixed assets is being conducted based on a programme by the management designed to cover all assets over a period of three years except for the certain building and vehicle situated in Pakistan (written down value Rs. 1/-), which, in our opinion, is reasonable having regard to the size of the company and nature of its business. No major discrepancies were noticed as compared to book records and necessary adjustments have been carried out in the books of account.
 - (c) Fixed assets disposed off during the year were not substantial.
 2. (a) The inventory has been physically verified during the year 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, 2010 have been verified by the management with reference to confirmation or statement of accounts or correspondence with 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. 56.50 lacs in the form of fixed deposits from its four Directors and one related 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. 56.50 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. 8,343.60 Lacs and year end balances of such loans are Rs.1,539.35 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 particulars of contracts or arrangements 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 pursuant to the contracts or arrangements entered into in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the values of Rupees five lakhs 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 price 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, 2010.
- (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, Custom Duty, 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 and Cess along with the forum where dispute is pending:

Name of the Statute	Nature of dues	Period to which Cases pertain	Forum Where dispute is pending	Amount (Rs. in Lacs)
Central Excise Act, 1944	Excise Duty	1994-95	Hon'ble High Court, Allahabad	8.00
		2002-08	CESTAT, New Delhi	59.92
		2008-09	Commissioner (Appeal), Gurgaon	2.86
		2008-09	Commissioner (Appeal), New Delhi	1.00
		2005-10	Addl. Dy. Commissioner, Panchkula	10.94
		2003-05	Addl. Dy. Commissioner, Yamuna Nagar	0.06
Finance Act, 1994	Service Tax	2004-06	CESTAT, New Delhi	6.00
		2005-07	Commissioner (Appeal), Gurgaon	22.31
		2008-09	Commissioner (Appeal), New Delhi	8.36
		2009-10	Assistant Commissioner, Yamuna Nagar	4.96
Sales Tax Act	Sales Tax	2000-01	Hon'ble High Court - Allahabad	6.26
		2004-05	Sales Tax Tribunal, Muzaffarnagar	24.00
		1993-97	Sales Tax Tribunal, Orissa	31.02
		1996-00	Assessing Authority (AO, Yamuna Nagar)	5.23
		1992-94	Appellant Tribunal, West Bengal	245.00
		2000-05	Sales Tax Tribunal, Yamuna Nagar	6.63
		1971-73	Commissioner Sales Tax, Lucknow	6.00
		2005-06	Commissioner (Appeal), Muzaffarnagar	3.00
		2005-06	Joint Commissioner (Appeal), Muzaffarnagar	10.27
		1995-99	Adl. Commissioner of Appeals, Yamuna Nagar	23.25
		1976-77	Hon'ble High Court, Allahabad	0.15
		1987-96	Dy Commissioner of Commercial Taxes, Kolkata	38.00
		1994-95	Commercial Tax Officer, Kolkata	61.00
Local Area Development Tax Act, 2002	Local Area Tax	2006-07	Hon'ble High Court, Punjab & Haryana	6.00
Haryana State Pollution Control Law	Water Cess	1992-93	Hon'ble High Court, Punjab & Haryana	87.14

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
Firm Regn. No. 000756N

(Arun K. Tulsian)
Partner
Membership No. 089907

Place: New Delhi
Dated: 27 November, 2010

BALANCE SHEET As At 30th September, 2010

(Rs. in Lacs)

	Schedule No.	As At 30.09.2010	As At 30.09.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	<u>40,770.24</u>	<u>33,316.16</u>
		<u>41,507.19</u>	<u>34,053.11</u>
Loan Funds			
Secured Loans	C	10,403.77	8,096.57
Unsecured Loans	D	<u>7,537.52</u>	<u>5,696.82</u>
		<u>17,941.29</u>	<u>13,793.39</u>
Deferred Tax Liability (Net)			
[(Refer Note 13. b) on Schedule IX and Note 4 on Schedule X]		646.14	569.15
TOTAL		<u><u>60,094.62</u></u>	<u><u>48,415.65</u></u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	44,708.47	36,028.89
Less: Depreciation		<u>15,846.82</u>	<u>13,037.56</u>
Net Block		<u>28,861.65</u>	<u>22,991.33</u>
Capital Work in Progress		<u>1,358.47</u>	<u>1,121.83</u>
Investments	F	22,079.46	9,257.02
Current Assets, Loans and Advances			
Inventories	G	36,674.51	24,672.24
Sundry Debtors	H	52,870.85	42,397.72
Cash & Bank balances	I	4,059.41	4,434.55
Other Current Assets	J	18.85	22.52
Loans & Advances	K	<u>14,070.30</u>	<u>8,313.85</u>
		<u>107,693.92</u>	<u>79,840.88</u>
Less: Current Liabilities and Provisions			
Current Liabilities	L	88,280.17	53,706.52
Provisions	M	<u>11,618.71</u>	<u>11,088.89</u>
		<u>99,898.88</u>	<u>64,795.41</u>
Net Current Assets		7,795.04	15,045.47
Miscellaneous Expenditure to the extent not written off		-	-
TOTAL		<u><u>60,094.62</u></u>	<u><u>48,415.65</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
(Firm Registration No. 000756N)

Sanjay Kumar
Asstt. General Manager(Accounts)

Kishore Chatnani
Sr. Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
M.No. 089907
Place:- Noida
Dated : 27 November, 2010

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

PROFIT & LOSS ACCOUNT For The Year Ended 30th September, 2010

	Schedule No.	Year ended 30.09.2010	(Rs. in Lacs) Year ended 30.09.2009
INCOME			
Sale, Services and related income	I	180,989.79	176,530.71
Less : Excise duty		<u>6,181.83</u>	6,539.46
Net sales		174,807.96	169,991.25
Other income	II	5,149.62	1,618.90
Profit from Farm Operations	III	5.42	3.13
Increase/(Decrease) in stock of Finished goods and Work-in-progress	IV	<u>5,136.41</u>	(5,861.00)
TOTAL		<u>185,099.41</u>	<u>165,752.28</u>
EXPENDITURE			
Cost of goods purchased for resale (Refer Note 15 of Schedule X)		82,322.99	64,134.88
Erection & Civil Cost		11,874.69	4,688.93
Manufacturing expenses	V	50,252.98	55,030.34
Employee cost	VI	13,365.06	11,154.40
Administration & Selling expenses	VII	9,841.60	16,556.99
Interest and Financial Charges	VIII	2,836.21	3,349.94
Depreciation		<u>3,073.62</u>	2,832.36
TOTAL		<u>173,567.15</u>	<u>157,747.84</u>
Profit /(Loss) for the year before Tax		11,532.26	8,004.44
Provision for Tax			
- Current tax ((including Wealth Tax) - (Refer Note 13.a) on Schedule IX)		3,252.00	2,915.00
- Deferred tax ((Refer Note 13.b) on Schedule IX and Note 4 on Schedule X)		76.99	(87.41)
- Fringe Benefit Tax ((Refer Note 13. a) on Schedule IX)		-	63.53
Profit /(Loss) after Tax		<u>8,203.27</u>	<u>5,113.32</u>
Balance in Profit & Loss account brought forward from Last Year		20,315.42	16,450.38
Amount Available for Appropriation		28,518.69	21,563.70
Appropriations:			
Proposed Dividend		73.70	736.95
Interim Dividend		663.25	-
Corporate Dividend Tax (Refer Note 26 on Schedule X)		12.24	-
Transferred to General Reserve		820.33	511.33
Balance carried to Balance Sheet		<u>26,949.17</u>	<u>20,315.42</u>
Basic & Diluted Earnings per Share (Rs.) (Refer Note 12 on Schedule IX and Note 10 on Schedule X)		<u>112.36</u>	<u>68.20</u>

As per our report of even date

for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Regn No. 000756N)

Arun K. Tulsian
Partner
M.No. 089907

Place:- Noida
Dated : 27 November, 2010

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

Sanjay Kumar
Asstt. General Manager(Accounts)

Kishore Chatnani
Sr. Vice President (Finance & Accounts)

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Vinod K. Nagpal
Director

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'A'		
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><u>736.95</u></u>	<u><u>736.95</u></u>

Notes:

1. Issued, Subscribed and Paid up Capital 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, 2010

Schedule 'B'

RESERVES AND SURPLUS

	As At			(Rs. in Lacs)
	01.10.2009	Additions	Deductions	As At 30.9.2010
Capital Reserve	0.01 (0.01)	-	-	0.01 (0.01)
Capital Redemption Reserve	1.58 (1.58)	-	-	1.58 (1.58)
Securities Premium Account	450.22 (450.22)	-	-	450.22 (450.22)
Export Allowance Reserve	6.50 (6.50)	-	6.50*	-
General Reserve	12,542.43 (12,031.10)	826.83** (511.33)	-	13,369.26 (12,542.43)
Profit and Loss Account Balance	20,315.42 (16,450.38)	26,949.17 (20,315.42)	20,315.42 (16,450.38)	26,949.17 (20,315.42)
	<u>33,316.16</u> <u>(28,939.79)</u>	<u>27,776.00</u> <u>(20,826.75)</u>	<u>20,321.92</u> <u>(16,450.38)</u>	<u>40,770.24</u> <u>(33,316.16)</u>

Note :

* Transferred to General Reserve

** Includes Rs. 6.50 Lacs transferred from Export Allowance Reserve

Previous year figures are indicated in parenthesis.

	(Rs. in Lacs)	
	As at 30.09.2010	As at 30.09.2009
Schedule 'C'		
SECURED LOANS		
(Refer Note 8 & 10 on Schedule IX)		
Debentures	-	-
From Banks :		
- Cash Credit Accounts (Refer Note 1)	3,033.54	2,419.27
- External Commercial Borrowings (Refer Note 2 & 3)	7,370.23	5,677.30
Loans and Advances from subsidiaries	-	-
	<u>10,403.77</u>	<u>8,096.57</u>

Note :

1. Secured by pledge/hypothecation of inventories and by a charge on book debts & other assets of the Company.
2. Amount of Rs.4541.23 Lacs (previous year Rs. 5677.30 Lacs) secured by pari passu first charge on the fixed assets both present & future of unit at Dahej, Gujarat and amount of Rs. 2829.00 Lacs (previous year Nil) secured by first pari passu charges on assets purchased/ to be purchased out of the said loan.
3. Amount repayable within one year Rs. 1728.20 Lacs (Previous year Rs. 1136.08 Lacs).

Schedule 'D'

UNSECURED LOANS

(Refer Note 8 & 10 on Schedule IX)

Fixed Deposits (Refer Note below)	7,537.52	5,696.82
Loans and Advances from subsidiaries	-	-
Short Term Loans and Advances	-	-
Other Loans and Advances	-	-
	<u>7,537.52</u>	<u>5,696.82</u>

Note :

Includes deposits received from Directors Rs.55. 84 Lacs (Previous year Rs. 40.58 Lacs).

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

Schedule 'E'

FIXED ASSETS (Refer Notes 4, 5, 8, 10, 11 & 14 on Schedule IX and Notes 3, 14 & 16 on Schedule X)

Particulars	Cost			Depreciation		Net Block			
	As at Ist Oct., 2009	Additions/ Transfers during year	Deductions during the year	As at 30th Sept., 2010	Upto 30.09.2009	During the year on deduction	Upto 30th Sept., 2010	As at 30th Sept., 2009	As at 30th Sept., 2010
Land (Free Hold)	376.49	3.01		379.50				379.50	376.49
Land (Lease Hold)	2,767.39			2,767.39	167.44	75.42	242.86	2,524.53	2,599.95
Buildings and Roads	10,195.02	1,306.26	0.02	11,501.26	2,364.75	728.56	0.02	8,407.97	7,830.27
Plant and Machinery	18,364.39	2,993.30	116.43	21,241.26	7,967.07	1,627.53	78.61	11,725.27	10,397.32
Furniture & Fixtures	888.92	136.58	24.26	1,001.24	520.79	90.22	23.62	413.85	368.13
Vehicles	836.01	257.50	144.22	949.29	434.71	135.93	91.71	470.36	401.30
Office Equipments	1,825.55	341.34	79.97	2,086.92	1,267.97	217.49	69.15	670.61	557.58
Live Stock	0.03		0.03						0.03
Intangible Assets									
- Software (Bought out)	542.02	198.53	1.61	738.94	230.49	121.15	1.59	388.89	311.53
- Technical Know-how (Bought out)	233.07	3,809.60		4,042.67	84.34	77.66	162.00	3,880.67	148.73
Total :	36,028.89	9,046.12	366.54	44,708.47	13,037.56	3,073.96	264.70	28,861.65	22,991.33
Capital Work in Progress	-	-	-	-	-	-	-	1,358.47	1,121.83
Previous Year	33,049.12	3,192.94	213.17	36,028.89	10,367.25	2,832.78	162.47	30,220.12	24,113.16

Notes :

- Freehold agricultural land in village Nara, Uttar Pradesh, measuring 60 Bighas, 11 Bissa & 8 Biswase in the company's possession declared surplus by local authorities, is being contested by the company.
- Leasehold land includes land at Dahej (SEZ) Gujarat pending registration in favour of the Company.
- Cost of intangible assets includes purchase price, duties & taxes (Other than recoverable from taxing authorities).
- Depreciation during the year includes Rs.0.26 Lacs (Previous year 0.33 Lacs) taken under pre-operative expenses
- Capital Work in Progress includes pre-operative expenses amounting Rs. 24.94 Lacs (Previous year Rs. 68.02 lacs) and Capital Advance Rs. 243.88 lacs (Previous year Rs. 22.56 Lacs)

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	(Rs. in Lacs)	
	As at 30.09.2010	As at 30.09.2009
Schedule 'F'		
INVESTMENTS (Refer Note 7 on Schedule IX)		
NON TRADE		
Long Term, At Cost		
Subsidiary Companies (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
(Including Nil (Previous year Nil) Equity shares held jointly with nominees)		
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
(Including 9 (Previous year 9) Equity shares held jointly with nominees)		
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
(Including 600 (Previous year 600) Equity shares held jointly with nominees)		
50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid up of ISGEC Engineering & Projects Ltd	5.00	5.00
(Including 6 (Previous year 6) Equity shares held jointly with nominees)		
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)		
704 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Ltd. (Previous year 5643 Equity Shares of Rs. 10/- each fully paidup of Reliance Petroleum Ltd.)	3.36	3.38
Market Value Rs. 6.95 Lacs (Previous year Rs. 7.39 Lacs). (See Note 1)		
872 (Previous year 872) Equity Shares of Rs. 10/- each fully paid up of Reliance Power Ltd	2.46	2.46
Market Value Rs. 1.40 Lacs (Previous year Rs.1.46 Lacs).		
Unquoted : Joint Venture Company		
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. (Refer Note 24 on Schedule X)	801.34	801.34

Current, At Cost

Mutual Funds:

SBI SHDF Ultra Short Fund Institutional Plan - Daily Dividend (3,00,97,420.7670 (Previous year Nil) units of Rs. 10/- each)	3,011.55	-
Reliance Monthly Interval Fund-Series-I-Institutional Dividend Plan (25060458.182 (Previous year Nil) units of Rs. 10/- each)	2,506.83	-
Reliance Monthly Interval Fund-Series-II-Institutional Dividend Plan (15171672.416 (Previous year Nil) units of Rs. 10/- each)	1,517.43	-
Reliance Quarterly Interval Fund-Series-II-Institutional Dividend Plan (8997099.527 (Previous year Nil) units of Rs. 10/- each)	900.10	-
Kotak Floater Long Term- Daily Dividend (4,642.158 (Previous year Nil) units of Rs. 10/- each)	0.47	-
Kotak Quarterly Interval Plan Series-1-Dividend (12,001,456.318 (Previous year Nil) units of Rs. 10/- each)	1,200.15	-
Kotak Quarterly Interval Plan Series-8-Dividend (19,999,600,007 (Previous year Nil) units of Rs. 10/- each)	2,000.00	-
ICICI Prudential Flexible Income Plan Premium-Daily Dividend (480,306.700 (Previous year Nil) units of Rs. 10/- each)	507.85	-
ICICI Prudential Blended Plan-B-Institutional Dividend (4,830,712.748 (Previous year Nil) units of Rs. 10/- each)	501.07	-
Kotak India Growth Fund -II (Partly Paid) (Nil (Previous year 175) units of Rs. 100,000/- each)	-	5.25
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan (189927.181 (Previous year 121823.4040) units of Rs. 1000/- each) (Refer note 13 on Schedule X)	1,901.87	1,219.61
	<u>22,079.46</u>	<u>9,257.02</u>
Aggregate Book Value of Investments :		
Unquoted	22,073.64	9,251.18
Quoted	5.82	5.84
	<u>22,079.46</u>	<u>9,257.02</u>
Aggregate Market Value of Quoted Investments	8.35	8.85

Note

- 1: 5643 Equity Shares of Reliance Petroleum Ltd were converted into 352 Equity Shares of Reliance Industries Ltd. on their merger. Subsequently, Reliance Industries Ltd issued 352 Bonus Equity Shares in the ratio of 1:1.Reduction in the cost of investment represents amount paid by the invested company towards fractional entitlement.
- 2: 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, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'G'		
INVENTORIES		
(Refer Note 3 on schedule IX)		
Raw Materials (including in transit Rs 1660.73 Lacs Previous year Rs. 278.96 Lacs)	12,593.76	7,226.47
Stores and Spare Parts including Loose Tools (including in transit Rs 7.69 Lacs Previous year Rs. 39.40 Lacs)	3,484.48	2,253.35
Work-in-Progress :		
a) Engineering Goods	17,384.34	13,229.86
b) Ingots and Steel Castings	1,337.32	1,590.47
c) Erection	<u>546.34</u>	<u>72.67</u>
Standing Crops	6.85	7.26
Finished Trading Goods in Transit	550.26	282.41
Finished Stock :		
a) Engineering goods	770.92	7.63
b) Ingots and Steel Castings	<u>0.24</u>	<u>2.12</u>
	<u><u>36,674.51</u></u>	<u><u>24,672.24</u></u>
Schedule 'H'		
SUNDRY DEBTORS		
(Refer Note 8 on Schedule IX and Note 1(c) on Schedule X)		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	14,277.78	10,499.43
- considered doubtful	105.45	105.45
Other Debts - Considered good	<u>38,593.07</u>	<u>31,898.29</u>
	<u>52,976.30</u>	<u>42,503.17</u>
Less : Provision for doubtful debts	105.45	105.45
	<u><u>52,870.85</u></u>	<u><u>42,397.72</u></u>
Notes:		
Debtors include amount due from subsidiary company: Saraswati Sugar Mills Ltd.	193.58	17.60
Schedule 'I'		
CASH AND BANK BALANCES		
(Refer Note 8 on schedule IX)		
Cash in hand	17.73	16.41
Cheques in hand	132.03	356.90
Balances with Scheduled Banks in:		
Current & Cash Credit Accounts	1,056.23	3,608.79
Unclaimed Dividend Accounts	78.52	47.74
Term Deposits	1,103.65	142.44
Margin Money with Banks (against bank guarantees and letter of credit issued by banks)	1,671.25	262.27
Balances with other banks	-	-
	<u><u>4,059.41</u></u>	<u><u>4,434.55</u></u>

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'J'		
OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest Accrued but not due on Term Deposits/Margin Money	18.85	22.52
Interest/Dividend Accrued on Investment	-	-
	<u>18.85</u>	<u>22.52</u>
Schedule 'K'		
LOANS AND ADVANCES		
(Refer Note 8 on Schedule IX)		
(Unsecured, except to the extent stated & Considered Good)		
Security Deposits	351.58	330.11
Advances recoverable in cash or in kind or for value to be received	10,261.94	5,538.50
(Include surplus Gratuity plan assets over Gratuity actuarial liability Rs. 266.54 Lacs (Previous year Rs. 320.66 Lacs))		
Loan to Subsidiary companies	1,539.35	1,040.40
Balance with Government Department and Others	1,917.43	1,404.84
	<u>14,070.30</u>	<u>8,313.85</u>
Note:		
<u>Detail of Loan to Subsidiary companies</u>		
1. Saraswati Sugar Mills Ltd.	1,141.73	337.85
(Maximum amount due during the year)	(7,548.73)	(1462.67)
2. ISGEC Covema Ltd.	397.62	702.55
(Maximum amount due during the year)	(794.87)	(1,048.93)
<u>Detail of Advances to Subsidiary companies</u>		
(Included in advances recoverable in cash or in kind)		
1. Saraswati Sugar Mills Ltd.	-	-
(Maximum amount due during the year)	(-)	(105.43)
2. ISGEC Covema Ltd.	-	-
(Maximum amount due during the year)	(-)	(481.53)
3. ISGEC Exports Ltd.	-	-
(Maximum amount due during the year)	(-)	(748.16)

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'L'		
CURRENT LIABILITIES		
(Refer Note 8 on Schedule IX)		
Sundry Creditors (Refer Note 5 on schedule X)		
Dues to Micro & Small Enterprises	112.57	51.15
Due to Other Creditors	39,169.94	24,499.15
Advances from Customers	46,366.31	26,993.75
Investor Education and Protection Fund:		
Unpaid Dividends	78.52	47.74
Unpaid Matured Deposits	119.78	114.51
Interest accrued on the above	35.91	26.92
Other liabilities	1,692.92	1,289.14
Security and Other Deposits	9.40	6.30
Interest Accrued but not due on loans	694.82	616.44
	<u>88,280.17</u>	<u>53,706.52</u>

Note:

- 1 Sundry Creditors include:
 - a) Balance in Director's Current Account Rs 0.02 Lacs (Previous year Rs 0.21 Lacs).
Maximum amount outstanding during the year Rs. 3.80 Lacs (Previous year Rs.1.96 Lacs)
 - b) Rs.443.92 Lacs (Previous year 859.33 Lacs) payable as commission to Directors.
 - c) Amount due to subsidiary company, Saraswati Sugar Mills Ltd Rs. 24.40 Lacs (Previous year 22.34 Lacs)
- 2 Amounts under Investor Education and Protection Fund are not due for deposit.

Schedule 'M'

PROVISIONS

[Refer Notes 9(c), 9(d), and 13(a) and 15 on Schedule IX and Notes 6(b) & 15 on Schedule X]

Provision for Taxation :

a) Provision for Income Tax	1,711.75		2,185.06
Less : Advance Tax & TDS	<u>1,393.86</u>		<u>1,241.66</u>
	317.89		943.40
b) Provision for Tax on Proposed Dividend	<u>12.24</u>	330.13	- 943.40
Proposed Dividend		73.70	736.95
Provision for Leave encashment		794.18	592.24
Provision for Pension		2,313.39	1,938.89
Provision for Contingencies, Performance Warranties/ After Sales Service		8,107.31	6,877.41
	<u>11,618.71</u>		<u>11,088.89</u>

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	(Rs in Lacs)	
	Year ended 30.09.2010	Year ended 30.09.2009
Schedule 'I'		
SALE, SERVICES AND RELATED INCOME		
[Refer Note 6 on Schedule IX and Note 17 on Schedule X)		
Sale of Engineering Goods	169,047.08	168,479.66
Sale of scrap and waste	674.42	636.68
Erection, Commissioning and other receipts	10,448.66	6,163.93
Export Incentives	819.63	1,250.44
	<u>180,989.79</u>	<u>176,530.71</u>
Schedule 'II'		
OTHER INCOME		
[Refer Notes 6 and 8 on Schedule IX]		
Dividend Income on Investments		
Long term - Non Trade		
- Subsidiary company	1,419.98	-
- Others companies	0.10	-
Current - Non Trade		
- Mutual Funds	<u>298.33</u>	<u>26.13</u>
Interest		
- On Loan to Subsidiary companies	275.32	124.39
- Interest on Fixed Deposits	66.66	57.11
- Others	<u>69.10</u>	<u>88.30</u>
(includes TDS Rs. 41.58 Lacs) (Previous year Rs.50.78 Lacs)		
Sundry balances written back	247.86	264.45
Excess provision of earlier years written back (includes provision for doubtful debts written back Rs. 0.03 Lacs (Previous year Rs.191.27 Lacs))	479.49	386.39
Profit on Sale of Fixed Assets	35.51	11.00
Insurance Claim Receipts	21.04	13.60
Profit on sale of stores	2.23	-
Foreign Exchange Fluctuation (Net of expense of Rs. 2856.08 (Previous year Rs. Nil))	1,624.59	-
Miscellaneous Income.	609.41	647.53
	<u>5,149.62</u>	<u>1,618.90</u>

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

	Year ended 30.09.2010	(Rs. in Lacs) Year ended 30.09.2009
SCHEDULE 'III'		
PROFIT FROM FARM OPERATIONS		
Income:		
Sale of Farm Produce	12.05	6.78
Miscellaneous Income	-	0.34
	<u>12.05</u>	<u>7.12</u>
EXPENDITURE:		
Salaries, Wages and Bonus	3.39	3.23
Cultivation Expenses	2.10	2.30
Miscellaneous Expenses	0.19	0.54
Repairs and Maintenance:		
- Machinery and Tractors	0.17	0.21
- Building	0.29	0.10
Depreciation	0.08	0.09
	<u>6.22</u>	<u>6.47</u>
(Increase)/Decrease in Stock	0.41	(2.48)
	<u>6.63</u>	<u>3.99</u>
Profit carried to Profit and Loss Account	5.42	3.13
 Schedule 'IV'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS (Refer Note 3 on Schedule IX)		
Closing Stock :		
Finished Goods	771.16	9.75
Work-in-Progress	19,268.00	14,893.00
	<u>20,039.16</u>	<u>14,902.75</u>
Less: Opening 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>
Increase/(Decrease) in Stock of Finished Goods & Work-in-Progress	<u>5,136.41</u>	<u>(5861.00)</u>

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

Schedule 'V'	Year ended 30.09.2010	(Rs in Lacs) Year ended 30.09.2009
MANUFACTURING EXPENSES		
(Refer Notes 15,18 and 19 on Schedule X)		
Raw materials & Components	35,532.66	41,230.46
Consumption of Stores and Spares	5,426.02	4,101.26
Power & Fuel	1,673.33	1,410.81
Other Expenses	7,536.06	8,290.39
Excise Duty on Account of Increase/(Decrease) in Stock of Finished Goods	84.91	(2.58)
	<u>50,252.98</u>	<u>55,030.34</u>
 Schedule 'VI'		
EMPLOYEE COST		
[Refer Note 9 on Schedule IX and Note 6 on Schedule X]		
Salaries, Wages & Bonus	12,225.45	9,953.45
Contribution to Provident and Other Funds	775.68	905.23
Workmen and Staff Welfare Expenses	363.93	295.72
	<u>13,365.06</u>	<u>11,154.40</u>

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

Schedule 'VII'	Year ended 30.09.2010	(Rs. in Lacs) Year ended 30.09.2009
ADMINISTRATION AND SELLING EXPENSES		
(Refer Note 8 on Schedule IX and Notes 9, 11 & 12 on Schedule X)		
Rent	193.81	168.52
Insurance	139.84	140.15
Rates and Taxes	253.87	182.88
Royalty	334.84	358.72
Electricity and Water Charges	124.79	138.07
Repair & Maintenance of :		
- Buildings	301.40	263.22
- Plant & Machinery	348.41	279.57
- Others	33.39	19.03
Travelling Expenses	2,369.59	1,790.92
Donation	6.65	2.53
Office and Miscellaneous Expenses*	2,614.66	2,396.94
Managerial Remuneration	1,279.17	900.07
Directors' Commission / Fee	5.60	3.13
Packing, Forwarding and Transportation Expenses	662.97	1,138.36
Commission to Selling Agents and Others	901.36	1,584.20
Rebate and Discount	237.82	245.59
Bad Debts Written Off	14.24	17.83
Loss on Assets Sold / Written Off	13.94	10.76
Loss/Provision on Sales/Disposal/Diminution/ in Value of Investments/Stores	5.25	0.58
Foreign Exchange Fluctuation	-	6,915.92
(Net of income of Rs. Nil (Previous year Rs. 3796.31 lacs))		
	9,841.60	16,556.99

*includes provision made for Doubtful Debts Rs. Nil (Previous year Rs.95.05 Lacs)

Schedule 'VIII'

INTEREST AND FINANCIAL CHARGES

[Refer Note 10 on Schedule IX]

On Fixed Deposits	808.34	521.24
On Term Loans from Banks	543.09	403.29
On Other Loans/ Working Capital Borrowings	26.74	1,401.73
Bank Charges	1,458.04	1,023.68
	2,836.21	3,349.94

**Schedules annexed to and forming part of the Accounts for the year ended
30th September, 2010**

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 notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Company follows mercantile system of accounting and recognises income & 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 Use of Estimates

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

3 Inventories

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

Work-in-Progress and Finished Goods are valued at lower of cost or net realisable value. Cost in case of finished goods and work-in-progress includes material cost and applicable manufacturing and administrative overheads. Value of finished stock is inclusive of excise duty.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

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

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

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.

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 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. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing not more 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 / other locations when substantial risks & rewards of ownership are transferred to the buyer.

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

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

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

7 Investments

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

8 Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

9 Employee Benefits

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

a) Provident Fund :

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

b) Gratuity :

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

10 Borrowing Costs

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

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 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

13 Taxation

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

a) Current Year Charge & Fringe Benefit Tax

Provision for taxation for the company's financial year ended September 30th, 2010, being different from tax year, has been determined based on the results for the six months ended March, 2010 (assessment year 2010-11) based on actual tax return filed and for the six months ended September 2010 (assessment year 2011-12) based on result for the period. The ultimate liability for the assessment year

2011-12 however will be determined on the total income of the Company for the year ending March 31, 2011.

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

b) Deferred Tax

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

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

15 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.

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.

17 Cash and Cash Equivalents

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

Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2010

Schedule 'X' Notes to Accounts

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
1 Contingent Liabilities:		
a) Claims against the Company not acknowledged as debts (including sales tax under dispute)	843.36	861.46
b) Guarantees furnished by the bankers on behalf of the Company and counter indemnity furnished by the Company to bankers for the same amount.	87,596.26*	49,309.47*
*Includes Performance Bank Guarantees given on behalf of subsidiary company ISGEC Covema Limited	276.25	122.17
c) Bills discounted with Banks / Financial Institutions outstanding at the year end	-	341.57
d) Bonds executed in favour of President of India against EPCG licence	1,740.35	1,917.45
2 Letters of credit outstanding at year end	9,702.80	3,668.47
3 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	3,137.89	340.10
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 01.10.2008	Credit/ (Charge) during the year	As at 01.10. 2009	Credit/ (Charge) during the year	As at 30.09.2010
Depreciation	(1,476.80)	(13.90)	(1,490.70)	(184.95)	(1,675.65)
Other Timing Differences	820.24	101.31	921.55	107.96	1,029.51
Net Deferred Tax	(656.56)	87.41	(569.15)	(76.99)	(646.14)

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
5 Micro, Small & Medium Enterprises		
a) <u>Amount Remaining Unpaid to any Supplier</u>		
Principal Amount	112.57	51.15
Interest due thereon	NIL	NIL
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.02	0.21
c) Interest Due (Other than 5(b))	NIL	NIL
d) Interest accrued and unpaid	NIL	NIL
e) Interest due and payable till actual payment	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium enterprises as defined under the Micro, Small and Medium Enterprises (Development) Act, 2006" on the basis of information available with the Company.

6 Employee Benefits:

As per Accounting Standard -15 "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, expenses for the following Defined Contribution Plan:

Particulars	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
Provident Fund	600.39	494.17
Employees State Insurance	72.07	71.08
Total	<u>672.46</u>	<u>565.25</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)	
	2009-10	2008-09	2009-10	2008-09
i. Change in Present value of Obligation				
a. Present Value of Obligation at the beginning of the year	1,840.10	1,793.29	592.24	548.12
b. Interest cost	147.21	143.64	47.44	43.86
c. Current service cost	159.06	133.94	147.76	109.38
d. Benefits paid	(107.63)	(174.13)	(169.67)	(142.27)
e. Actuarial (gain) / loss	128.05	(56.64)	176.41	33.14
f. Present Value of Obligation at the end of the year	2,166.79	1,840.10	794.18	592.24
ii. Change in the Fair Value of Plan Assets				
a. Fair Value of Plan Assets at the beginning of the year	2,160.76	1,918.47	N.A.	N.A.
b. Expected Return of Plan Assets	184.75	153.48	-	-
c. Contributions	78.47	309.24	-	-
d. Benefits paid	(107.63)	(174.13)	-	-
e. Actuarial Gain / (Loss) on Plan Assets	116.97	(46.29)	-	-
f. Fair Value of Plan Assets at the end of the year	2,433.32	2,160.76	-	-

Description	(Rs in lacs)			
	Gratuity (Funded)		Leave Encashment (Non-funded)	
	2009-10	2008-09	2009-10	2008-09
iii. Reconciliation of Fair Value of Assets and Obligations				
a. Fair Value of Plan Assets at the end of the year	2,433.32	2,160.76	-	-
b. Present Value of Obligation at the end of the year	2,166.79	1,840.10	794.18	592.24
c. Amount recognised in the Balance Sheet	266.53	320.66	(794.18)	(592.24)
iv. Expenses recognised in the Profit & Loss				
a. Current Service Cost	159.06	133.94	147.76	109.38
b. Interest Cost	147.21	143.64	47.44	43.86
c. Expected Return on Plan Assets	(184.75)	(153.48)	-	-
d. Actuarial (Gain) / Loss	11.08	(10.35)	176.41	33.14
e. Expenses recognised in the Profit & Loss	132.60	113.75	371.62	186.38
v. Actuarial Assumptions				
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(p.a)	8.55%	8.00%	-	-
c. Rate of Escalation in Salary (p.a)	5.50%	5.50%	5.50%	5.50%

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

Particulars	Gratuity (Funded)			Leave Encashment (Non-funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Defined Benefit Obligation	2,166.79	1,840.10	1,793.29	794.18	592.24	548.12
Plan Assets	2,433.32	2,160.76	1,918.47	-	-	-
Surplus / (Deficit)	266.53	320.66	125.18	(794.18)	(592.24)	(548.12)
Experience adjustment on Plan Liabilities	(128.05)	56.64	36.01	(176.41)	(33.14)	(138.06)
Experience adjustment on Plan Assets	128.86	(46.29)	-	-	-	-

*Disclosure in respect of previous two annual periods as required by Accounting Standard - 15 is not presented as the company adopted the Accounting Standard in 2007-08.

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', 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:

I Names 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. (Refer Note No. 25)
Entities over which Directors and their relatives can exercise significant influence	Yamuna Syndicate Limited Kamla Puri Charitable Trust Kamla Puri Charitable Foundation Blue Water Enterprises
Key Management Personnel	Mr. Aditya Puri (Managing Director) Mrs. Nina Puri (Wholetime Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

II Related Party Transactions

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
a) Purchase of goods		
-Subsidiaries	17.01	41.86
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	120.02	118.16
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	137.04	160.02
b) Sale of goods		
-Subsidiaries	306.68	32.38
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	306.68	32.38

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
c) Rendering of services		
-Subsidiaries	4.96	12.83
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	16.92	0.27
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>21.88</u>	<u>13.10</u>
d) Services received		
-Subsidiaries	0.03	1.46
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>0.03</u>	<u>1.46</u>
e) Rent received		
-Subsidiaries	-	-
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	0.38	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>0.38</u>	<u>-</u>
f) Rent Paid		
-Subsidiaries	-	-
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	50.41	39.70
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>50.41</u>	<u>39.70</u>
g) Remuneration to Directors		
-Subsidiaries	-	-
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	1,279.17	903.20
-Relatives of Key management personnel	1.05	-
Total	<u>1,280.22</u>	<u>903.20</u>

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
h) Interest paid		
-Subsidiaries	-	-
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	1.37	1.39
-Relatives of Key management personnel	2.86	2.86
Total	<u>4.23</u>	<u>4.25</u>
i) Guarantees given on behalf of		
-Subsidiaries	276.25	122.17
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>276.25</u>	<u>122.17</u>
j) Interest Received		
-Subsidiaries	275.32	124.39
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>275.32</u>	<u>124.39</u>
k) Amount payable as at year end		
-Subsidiaries	24.40	-
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	9.29	8.73
-Key management personnel	455.09	870.78
-Relatives of Key management personnel	26.24	26.24
Total	<u>515.02</u>	<u>905.75</u>
l) Amount receivable as at year end		
-Subsidiaries	1,732.93	1,040.70
-Associates and Joint Venture	-	-
-Entities over which key management personnel can exercise significant influence	11.52	10.11
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>1,744.45</u>	<u>1,050.81</u>

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
m) Investment as at year end		
-ISGEC Covema Ltd.	199.99	199.99
-ISGEC Exports Ltd	10.00	10.00
-Saraswati Sugar Mills Ltd.	7,009.99	7,009.99
-ISGEC Engineering & Projects Ltd.	5.00	5.00
Total	<u>7,224.98</u>	<u>7,224.98</u>
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 are:		
a) Residential premises	46.55	43.25
b) Commercial Premises	144.15	121.87
c) Plant & Machinery	3.11	3.40
Total	<u>193.81</u>	<u>168.52</u>
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:		
a) Net Profit / (Loss) available to Equity Shareholders (Rs. in lacs) (after current tax).	8,280.26	5,025.91
b) Number of Equity Shares outstanding during the year for the purpose of calculation of Earning Per Share	7369540	7369540
c) Nominal value of Equity Share (In Rs.)	10.00	10.00
d) Basic & Diluted Earning per Share (In Rs.)	112.36	68.20
11 Auditor's Remuneration included in miscellaneous expenses.		
a) Audit Fee	5.00	5.00
b) Other Certification Work	1.28	1.45
c) Reimbursement of Expenses	1.37	1.09
12 Managerial Remuneration		
I To the Whole time Directors:		
a) Salary	31.80	31.80
b) Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund	5.82	8.59
c) Other Perquisites	1.56	1.68
d) Commission	1,240.00	858.00
	<u>1,279.17</u>	<u>900.07</u>
II To Other Directors:		
a) Commission	1.50	1.33
b) Sitting Fee	4.10	1.80
	<u>5.60</u>	<u>3.13</u>
Total Managerial Remuneration	<u>1,284.77</u>	<u>903.20</u>

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

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
Profit for the year before tax	11,532.26	8,004.44
Add: Provision for doubtful Debts	-	95.31
Loss on sale of fixed assets	13.94	10.76
Loss on diminution in value of Investments	5.25	-
	11,551.45	8,110.51
Less: Profit on sale of fixed assets	35.51	11.00
Profit as per Section 349	11,515.94	8,099.51
Add : Managerial Remuneration	39.17	42.07
Commission to Executive Directors	1,240.00	858.00
Commission to Non Executive Directors	1.50	1.33
Sitting Fees to Non Executive Directors	4.10	1.80
Net Profit as per Section 198	12,800.71	9,002.71
Maximum remuneration payable restricted to:		
- Whole time Directors 10% of above	1,280.07	900.27
- Other Directors 1% of above	128.01	90.03

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

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

Name of the Fund	2009-10		2008-09	
	No.	Amount (Rs in lacs)	No.	Amount (Rs in lacs)
SBI-Magnum Insta Cash Fund				
-ACQUIRED*	26868210.37	4,500.51	11345724.7	1,900.17
-SOLD	26868210.37	4,500.51	11345724.7	1,900.17
SBI-Ultra Short Term Fund				
-ACQUIRED*	22082420.82	2,209.57	19054781.3	1,906.51
-SOLD	22082420.82	2,209.57	19054781.3	1,906.51
Kotak Liquid Institutional Premium				
-ACQUIRED*	79334311.81	9,701.08	NIL	NIL
-SOLD	79334311.81	9,701.08	NIL	NIL
Kotak Floater Long Term				
-ACQUIRED*	91937392.78	9,267.11	NIL	NIL
-SOLD	91937392.78	9,267.11	NIL	NIL
Kotak Quarterly Interval Plan Series-1				
-ACQUIRED*	10001174.34	1,007.31	NIL	NIL
-SOLD	10001174.34	1,007.31	NIL	NIL

Name of the Fund	2009-10		2008-09	
	No.	Amount (Rs in lacs)	No.	Amount (Rs in lacs)
Kotak Quarterly Interval Plan Series-6				
-ACQUIRED*	10000000.00	1,011.18	NIL	NIL
-SOLD	10000000.00	1,011.18	NIL	NIL
Reliance Liquid Fund-Treasury Plan-Retail Option				
-ACQUIRED*	NIL	NIL	5233589.71	800.07
-SOLD	NIL	NIL	5233589.71	800.07
Reliance Liquid Fund-Treasury Plan-Institutional				
-ACQUIRED*	148507732.43	22,702.86	NIL	NIL
-SOLD	148507732.43	22,702.86	NIL	NIL
Reliance Money Manager Fund-Institution				
-ACQUIRED*	1758806.95	17,610.04	404540.28	4,050.00
-SOLD	1758806.95	17,610.04	404540.28	4,050.00
ICICI Liquid Super Institutional Plan				
-ACQUIRED*	6499275.37	2,000.29	NIL	NIL
-SOLD	6499275.37	2,000.29	NIL	NIL
ICICI Flexible Income Plan				
-ACQUIRED*	4729731.26	500.22	NIL	NIL
-SOLD	4729731.26	500.22	NIL	NIL
ICICI Flexible Income Plan Premium				
-ACQUIRED*	4369078.25	4,619.64	NIL	NIL
-SOLD	4369078.25	4,619.64	NIL	NIL
Total				
-ACQUIRED*	406088134.38	75,129.79	36038635.98	8,656.75
-SOLD	406088134.38	75,129.79	36038635.98	8,656.75

* Investments Acquired, during the year, includes additional units received against dividend reinvested, if any.

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
14 As per Accounting Standard, AS - 26, the assets acquired during the year have been capitalised and amortised over estimated useful life as follows:-		
a) Software Licences (Useful Life 5 years)	198.53	103.72
b) Technical Know How (Useful Life 10 years)	3,809.60	NIL

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

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
I Movement for provision for Liabilities:		
a) Opening Balance	6,877.41	5,502.17
b) Provided for during the year	2,837.75	2,587.80
c) Used during the year	1,054.11	571.34
d) Reversed during the year	553.74	641.22
e) Closing Balance	8,107.31	6,877.41

Timing of outflow/uncertainties Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.

II Provisions made during the year have been accounted for under the following heads

a) Cost of goods purchased for resale	2,76 7.70	2,307.71
b) Manufacturing expenses	70.05	280.09

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

Amount brought forward from last year	68.02	17.45
Add:Expenditure incurred during the year		
Salaries & Wages	11.39	29.89
Depreciation	0.26	0.33
Repair & Maintenance	-	-
Electricity Expenses	-	-
Travelling Expenses	3.72	5.19
Bank Charges	0.07	0.03
Professional Fees	-	-
Interest on Loan	-	-
Exchange Fluctuations	-	-
Rates & Taxes	-	-
Rent	-	-
Others	30.58	15.13
Total	114.04	68.02
Less:Capitalized during the year	89.10	-
Amount carried forward to Capital work in progress	24.94	68.02

17 Particulars of Capacity, Production, Sales and Stocks

Particulars	Installed Capacity	Actual production	Sales		Stock of Finished Goods Produced		
			Quantity	Value (Rs.in Lacs)	Opening stock Quantity	Closing stock Quantity	
					Value (Rs. in lacs)	Value (Rs. in lacs)	
Galvanised Baths	-	-	-	-	-	-	-
		(NIL)	(NIL)	(0)	-	-	-
Pressure vessels, columns and heat exchangers	-	8806.05 MT (8803.93 MT)	8062.05 MT (8803.93 MT)	23368.74 (36246.82)	-	744 MT	770.92
Ingot		1351.515 (738.410 MT)	1352.65 (736.895 MT)	907.49 (508.76)	-	-	-
Steel Castings		4506.487 MT	4121.186 MT	11040.32	1.65 MT	0.48 MT	0.24
[Refer note (v)]		(3420.827 MT)	(3343.317 MT)	(9462.21)	(NIL)	(1.615 MT)	(1.65)
Scrap & waste	-	-	-	674.42	-	-	-
	-	-	-	(636.68)	-	-	-
Farm Produce	-	-	-	12.05	-	-	6.85
	-	-	-	(6.79)	-	-	(7.26)
Excise Duty & Others adjustments	-	-	-	5596.55 (12885.50)	-	-	-

B TRADING

	Opening stock	Purchases	Sales	Closing stock
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Components of Boilers, sugar plants and other items				
[Refer note (iv)]	282.41 (748.29)	64,855.91 (65288.75)	97,604.71 (74903.27)	550.26 (282.41)

- (i) Figures in parenthesis pertain to previous year.
- (ii) Sales/Purchase include inter-unit transfers to the extent elimination is not practicable.
- (iii) The licenced and installed capacities cannot be given in view of the multifarious activities that can be performed in the machinery installed. Further licencing has been abolished vide notification no. 477(E) of July 25th 1991. The quantum of production during the year depends on product mix.
- (iv) It is not possible to furnish quantitative information in respect of trading operations of the company due to the innumerable number of components involved.
- (v) Including 386.26 MT for own use (previous year 128.66 MT)

18 Raw Material Consumed:

Type of Materials	Units	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Iron and Steel	MT	29,491.31	15,326.12	20728.66	16,647.27
Non-ferrous	MT	362.00	209.12	188.00	129.79
M.S. Scrap	MT	5,964.97	1,182.74	4736.37	1,094.59
Components issued for jobs			18,814.68		23,358.81
Total			<u>35,532.66</u>		<u>41,230.46</u>

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

	(Value in Rs lacs)			
	2009-10		2008-09	
	%	Value	%	Value
a) Raw Materials :				
Imported	35.67%	12,673.23	44.88%	18,506.12
Indigenous	64.33%	22,859.43	55.12%	22,724.34
Total	100.00%	<u>35,532.66</u>	100.00%	<u>41,230.46</u>
b) Spare Parts :				
Imported	3.32%	180.31	4.69%	193.87
Indigenous	96.68%	5,245.71	95.31%	3,937.07
Total	100.00%	<u>5,426.02</u>	100.00%	<u>4,130.94</u>

2009-10 2008-09
(Rs in lacs) (Rs in lacs)

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

Raw Materials	11,752.20	12,263.64
Spare Parts	2,803.64	1,607.54
Goods for resale	1,386.24	1,095.36
Capital Goods	1,022.76	902.44

21 Earnings in Foreign Exchange:

Export of Goods & Services on F.O.B basis	28,893.11	51,481.86
-------------------------------------------	-----------	-----------

22 Expenditure in Foreign Currency (Cash Basis)

Travelling Expenses	160.41	151.27
Royalty	267.58	285.65
Brokerage & Commission	932.63	1,376.35
Interest on ECB Loan (for foreign remittance)	129.06	166.57
Technical Know how & fixed assets	1,220.73	-
Others	3,550.51	2,643.30
Total	6,260.92	4,623.14

23 Dividend paid in foreign currency

Dividend Paid	NIL	NIL
No. of Equity Shares held by Non Resident Shareholders	522485	508900
No. of Non Resident Shareholders	17	6

24 Interests in Joint Ventures:

After the close of the year, ISGEC Haco Metal Forming Machinery Pvt. Ltd. ceased to be a joint venture, as the company has exercised the option to exit the joint venture in terms of the Memorandum of Understanding entered into with Haco N.V. Belgium

25 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.

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
a) The particulars of forward contracts entered into hedging purpose outstanding as at year end are as under:		
i) For receivables	5,632.78	22,700.56
ii) For loans	7,370.23	5,677.30
iii) For hedging interest payments on loans	55.19	31.42
b) Unhedged foreign currency exposures as at year end are as under:		
i) Receivables	2,319.44	3,443.41

26 The dividend of Rs 1419.98 lacs has been received during the year from the subsidiary company Saraswati Sugar Mills Ltd. In terms of specific provisions contained in Income Tax Act, 1961, Dividend distribution tax of Rs 241.33 lacs paid by subsidiary company on the aforesaid dividend has been set off by the company against such tax payable on final dividend for the financial year 2008-09 and interim dividend paid for financial year 2009-10.

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, 2010

(Rs. In Lacs)

	Year ended 30.09.2010	Year ended 30.09.2009
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional /extraordinary items	11,532.26	8,004.44
Adjustments for:		
Depreciation	3,073.62	2,832.36
Interest Expense	2,836.21	3,349.94
Interest Income	(411.08)	(269.80)
Income from Investment - Dividends	(1,718.41)	(26.13)
(Profit)/Loss on Fixed Assets sold (Net)	(21.57)	(0.24)
Debts / Advances Written off	14.24	17.83
Provision for Bad & Doubtful Debts	-	95.05
Liability no longer required written back	(727.35)	(650.84)
Investment written off	5.25	0.58
Operating profit before working capital changes	14,583.17	13,353.20
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(10,487.37)	1,407.43
- (INCREASE)/DECREASE in Other Receivables	(5,756.45)	502.86
- (INCREASE)/DECREASE in Inventories	(12,002.27)	12,157.03
- INCREASE/(DECREASE) in Trade, Other Payables and Provisions	36,989.18	(6,130.71)
Cash generated from operations	23,326.26	21,289.81
- Taxes (Paid) / Received (Net of TDS)	(3,877.50)	(1,901.07)
Net cash from operating activities	19,448.76	19,388.75
B. Cash flow from Investing Activities		
Purchase of fixed assets	(9,282.42)	(2,860.40)
Proceeds from Sale of fixed assets	123.41	50.94
Sale/(Purchase) of Investments	(12,827.69)	(1,212.82)
Dividend Received	1,718.41	26.13
Net cash used in investing activities	(20,268.29)	(3,996.15)

C Cash flow from Financing activities:

Proceeds/ (Repayment) from Secured loans	2,307.20	(11,708.74)
Proceeds/ (Repayment) of unsecured loans	1,840.70	2,138.64
Interest Received (Revenue)	414.75	295.67
Interest Paid	(2,748.83)	(3,161.52)
Dividend & Dividend Tax Paid	(1,369.43)	(169.05)
Net cash used in financing activities	444.39	(12,605.00)
Net Increase/(Decrease) in Cash & Cash Equivalents	(375.14)	2,787.59
Cash and cash equivalents as at 30.09.2009	4,434.55	1,646.95
Cash and cash equivalents as at 30.09.2010	4,059.41	4,434.55
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	149.76	373.31
Current accounts(dividend account)	78.52	47.74
Balance with Scheduled Banks	1,056.23	3,608.79
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	2,774.90	404.71
	4,059.41	4,434.55

Notes :

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

As per our report of even date.

for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Regn. No. 000756N)

Sanjay Kumar
Asstt. General Manager(Accounts)

Kishore Chatnani
Sr. Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
M.No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 27 November, 2010

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	30/09/2010		

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
	60,094.62	60,094.62
Sources of Funds	Paid-up Capital	Reserve & Surplus
	736.95	40,770.24
	Secured Loans	Unsecured Loans
	10,403.77	7,537.52
	Deferred Tax Liability	
	646.14	
Application of Funds	Net Fixed Assets	Investments
	30,220.12	22,079.46
	Net Current Assets	
	7,795.04	

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

Turnover (Gross Revenue)	Total Expenditure
179,963.00	168,430.74
Profit Before Tax	Profit After Tax
11,532.26	8,203.27
Earning per Share in Rs.	Rate of Dividend
112.36	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)	84383090
Product Description	Sugar Machinery
Item Code No. (ITC Code)	84021100
Product Description	BOILERS

for S.S. Kothari Mehta & Co.
Chartered Accountants
(Firm Regn. No. 000756N)

Sanjay Kumar
Asstt. General Manager(Accounts)

Kishore Chatnani
Sr. Vice President (Finance & Accounts)

Arun K. Tulsian
Partner
M.No. 089907

S.K. Khorana
Executive Director & Company Secretary

Aditya Puri
Managing Director

Place : Noida
Dated : 27 November, 2010

Vinod K. Nagpal
Director

**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, 2010	Year ended 31st March, 2010	Year ended 30th Sept, 2010	Year ended 30th Sept, 2010
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 share (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, 2010 of ISGEC Covema Limited & ISGEC Exports Limited and as at the close of financial year ended 30th September 2010	585.77	NIL	1,141.73	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;	37.45	8.46	(218.12)	0.01
	ii) For subsidiary's Previous Financial years since it became subsidiary:	55.81	9.80	5,717.62	0.18
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				

62 The Saraswati Industrial Syndicate Limited

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, 2010 (end of financial year of holding company) (There is no material change in other borrowing of subsidiary companies)	397.63	NIL	N.A.	N.A.

Sanjay Kumar
Asstt. General
Manager(Accounts)

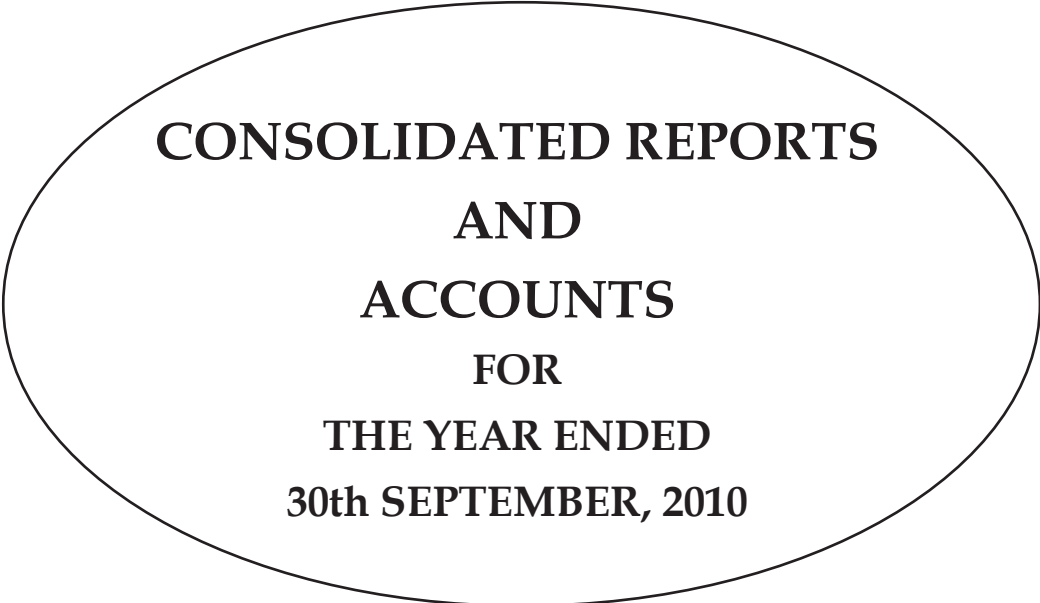
Kishore Chatnani
Sr. Vice President
(Finance & Accounts)

S.K. Khorana
Executive Director
& Co. Secretary

Vinod K. Nagpal
Director

Aditya Puri
Managing Director

Place: Noida
Dated : 27 November, 2010



**CONSOLIDATED REPORTS
AND
ACCOUNTS
FOR
THE YEAR ENDED
30th SEPTEMBER, 2010**

**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 ("the SISL group") as at 30th September, 2010, the consolidated Profit and Loss account and the consolidated Cash Flow statement (the consolidated financial statements) 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 three subsidiaries, ISGEC Engineering & Project Limited (IEPL), ISGEC Covema Limited (ICL) and ISGEC Export Limited (IEL), whose adjusted financial statements reflect total assets of Rs. 2150.77 lacs and total liabilities of Rs. 1787.65 lacs as at 30th September, 2010 and total revenues of Rs. 1720.16 lacs and total expenses of Rs. 1652.18 lacs for the year then ended. The financial statements of ICL and IEL have been made and audited upto 31st March, 2010, significant group transactions between the date of these financial statements and that of company's financial statement have been given effect to. 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 these subsidiaries, is based solely on the report of the other auditors. The accounts for the year have been prepared without consolidating Joint Venture accounts for the facts stated in note 2(b) on Schedule X of these financial statements.

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' notified by Central Government under the Companies (Accounting Standards) Rules, 2006 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, 2010;
- 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
Firm Regn. No. 000756N

(Arun K. Tulsian)

Partner

Membership No. 089907

Place : New Delhi
Dated: 27 November, 2010

CONSOLIDATED BALANCE SHEET as at 30th September, 2010

(Rs. in Lacs)

	Schedule No.	As at 30.09.2010	As at 30.09.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	47,082.47	40,883.59
		<u>47,819.42</u>	<u>41,620.54</u>
Loan Funds			
Secured Loans	C	12,681.15	11,991.16
Unsecured Loans	D	9,380.95	7,127.45
		<u>22,062.10</u>	<u>19,118.61</u>
Deferred Tax Liability(Net)		1,840.96	1,932.42
[Refer note 15(b) on Schedule IX and note 7 on Schedule X]			
TOTAL		<u>71,722.48</u>	<u>62,671.57</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	66,545.24	58,648.70
Less: Depreciation		23,942.73	20,147.59
Net Block		42,602.51	38,501.11
Capital Work in Progress		<u>1,816.13</u>	<u>1,384.46</u>
		44,418.64	39,885.57
Investments	F	15,159.83	4,808.35
Current Assets, Loans and Advances			
Inventories	G	44,385.97	27,790.04
Sundry Debtors	H	54,785.10	45,061.37
Cash & Bank balances	I	4,657.38	8,070.82
Other Current Assets	J	28.09	54.23
Loans & Advances	K	14,045.04	8,596.88
		<u>117,901.58</u>	<u>89,573.34</u>
Less: Current Liabilities and Provisions			
Current Liabilities	L	93,329.02	59,166.07
Provisions	M	12,430.38	12,431.45
		<u>105,759.40</u>	<u>71,597.52</u>
Net Current Assets		12,142.18	17,975.82
Miscellaneous Expenditure(to the extent not written off or adjusted)		1.83	1.83
TOTAL		<u>71,722.48</u>	<u>62,671.57</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.

Sanjay Kumar

Kishore Chatnani

Chartered Accountants

Assistant General Manager (Accounts)

Sr. Vice President (Finance & Accounts)

(Firm's Registration No. 000756N)

(Arun K. Tulsian)

S.K.Khorana

Aditya Puri

Partner

Executive Director & Company Secretary

Managing Director

Membership No. 89907

Place: Noida

Vinod K. Nagpal

Dated : 27 November, 2010

Director

CONSOLIDATED PROFIT & LOSS ACCOUNT for the year ended 30th September, 2010

	Schedule No.	Year ended 30.09.2010	(Rs. in Lacs) Year ended 30.09.2009
INCOME			
Sale, Services and related income	I	216,151.16	219,552.54
Less : Excise duty		<u>7,643.10</u>	<u>8,446.39</u>
		208,508.06	211,106.15
Other income	II	4,593.88	2,024.28
Profit from Farm Operations	III	3.55	3.13
Increase/(Decrease) in stock of Finished goods and Work-in-progress	IV	<u>9,941.83</u>	<u>(17,211.46)</u>
TOTAL		<u>223,047.32</u>	<u>195,922.10</u>
EXPENDITURE			
Cost of goods purchased for resale (Refer note 18(II) on Schedule X)		82,036.26	64,134.88
Erection & Civil Cost		13,370.42	7,564.16
Manufacturing expenses	V	83,338.42	68,454.95
Employee cost	VI	15,983.84	13,717.72
Administration & Selling expenses	VII	10,626.04	17,616.24
Interest and Financial Charges	VIII	3,623.65	4,678.42
Depreciation		<u>4,167.72</u>	<u>4,111.81</u>
TOTAL		<u>213,146.35</u>	<u>180,278.18</u>
Profit / (Loss) for the year before tax		<u>9,900.97</u>	<u>15,643.92</u>
Provision for current tax (including Wealth Tax) (Refer note 15(a) on Schedule IX)		3,415.07	4,936.05
Provision for deferred tax (Refer note 15(b) on Schedule IX and note 7 on Schedule X)		(129.18)	495.31
Fringe benefit tax (Refer note 15(a) on Schedule IX)		<u>0.00</u>	<u>70.84</u>
Profit / (Loss) after tax		6,615.08	10,141.72
Balance in Profit & Loss account brought forward from last year		27,162.20	19,042.09
Prior period loss of Joint Venture reversed [Refer note 2(b) of Schedule X]		332.99	0.00
Amount available for appropriation		34,110.27	29,183.81
Proposed Dividend		73.70	736.95
Interim Dividend		663.25	0.00
Corporate Dividend Tax (Refer note 21 on Schedule X)		12.24	241.33
Transferred to General reserve		820.33	1,043.33
Balance carried to Balance Sheet		<u>32,540.75</u>	<u>27,162.20</u>
Basic/Diluted Earnings/(Loss) per share (Rs.) (Refer Note 13 on Schedule X)		<u>88.01</u>	<u>144.34</u>
Statement on Significant Accounting Policies	IX		
Notes to Accounts	X		

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

As per our report of even date.

For S.S. Kothari Mehta & Co.

Chartered Accountants
(Firm's Regn. No. 000756N)

Sanjay Kumar

Assistant General Manager (Accounts)

Kishore Chatnani

Sr. Vice President (Finance & Accounts)

(Arun K. Tulsian)

Partner
Membership No. 89907

Place: Noida

Dated : 27 November, 2010

S.K.Khorana

Executive Director & Company Secretary

Vinod K. Nagpal

Director

Aditya Puri

Managing Director

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

Schedule 'A'	As at	(Rs. in Lacs)
	30.09.2010	As at 30.09.2009
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>	736.95
	<u><u>736.95</u></u>	<u><u>736.95</u></u>

Notes:

- i) Issued, Subscribed and Paid up Capital 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 Under Schemes of Amalgamation of	62,51,910	62,51,910
- 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, 2010

Schedule 'B'	(Rs. in Lacs)			
	As at 01.10.2009	Additions	Deductions	As at 30.09.2010
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 Account	450.22	-	-	450.22
	(450.22)	(-)	(-)	(450.22)
Export Allowance Reserve	6.50	-	6.50**	0.00
	(6.50)	(-)	(-)	(6.50)
General Reserve	13,263.08	826.83	-	14,089.91
	(12,219.75)	(1,043.33)	(-)	(13,263.08)
Profit and Loss Account Balance	27,162.20	32,540.75*	27,162.20	32,540.75
[Refer note No. 2(c) of Schedule X]	(19,042.09)	(27,162.20)	(19,042.09)	(27,162.20)
	<u>40,883.59</u>	<u>33,367.58</u>	<u>27,168.70</u>	<u>47,082.47</u>
	(31,720.15)	(28,205.53)	(19,042.09)	(40,883.59)

* Includes Rs.332.99 Lacs elimination of prior period loss in joint venture Company M/s ISGEC Haco Metal Forming Machinery Private Limited as it has ceased to be Joint Venture Company.

** Transferred to General Reserve.

Note :-

Previous year figures are indicated in parenthesis.

Schedule 'C'	As at 30.09.2010	As at 30.09.2009
SECURED LOANS		
[Refer note 10 on Schedule IX]		
Debentures	0.00	0.00
From Banks and Financial Institutions:		
- Cash Credit Accounts (Refer Note 1 & 4)	3,033.54	2,606.39
- Term Loans (Refer Note 2, 5 & 6)	2,277.38	3,707.47
- External Commercial Borrowings (Refer Note 3 & 5)	7,370.23	5,677.30
Interest accrued and due on the above loan	0.00	0.00
Other loans	0.00	0.00
	<u>12,681.15</u>	<u>11,991.16</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 Yamuna nagar, 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. Amount of Rs.4,541.23 Lacs (Previous year Rs.5,677.30 Lacs) secured by pari passu first charge on fixed assets, both present and future, of unit at Dahej, Gujarat and amount of Rs.2,829 Lacs (Previous year Nil) secured by first pari passu charge on assets purchased/ to be purchased out of the said loan.
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.3,186.92 Lacs (Previous year Rs. 2,198.74Lacs).
6. Term loan of Nil (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	9,023.95	7,127.45
Sugar Development Fund(For cane development)	357.00	0.00
Short Term Loans and Advances	0.00	0.00
Other Loans and Advances	0.00	0.00
	<u>9,380.95</u>	<u>7,127.45</u>

Note : Fixed deposits include deposits received from directors Rs.60.84 Lacs (Previous year Rs.45.58 Lacs).

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

Schedule 'E'

FIXED ASSETS

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

Particulars	Cost				Depreciation			Net Block		
	As at Ist Oct., 2009	Additions/ Transfers during year	Deductions during the year	As at 30th Sept., 2010	Upto 30th Sept., 2009	During the year	Adjustment on deduction	Upto 30th Sept., 2010	As at 30th Sept., 2010	As at 30th Sept., 2009
Land (Free Hold)	3,384.41	1,525.35	1,302.94	3,606.82					3,606.82	3,478.46
Land (Lease Hold)	2,767.39			2,767.39	167.44	75.42		242.86	2,524.53	2,599.95
Buildings and Roads	12,829.35	1,394.60	0.59	14,223.36	3,113.30	886.31	0.04	3,999.57	10,223.79	10,033.82
Plant and Machinery	33,302.18	3,014.10	187.34	36,128.94	13,488.14	2,491.83	83.58	15,896.39	20,232.55	20,229.00
Furniture & Fixtures	951.46	137.13	24.67	1,063.92	562.25	93.56	23.68	632.13	431.79	391.48
Vehicles	1,151.20	298.50	150.03	1,299.67	639.80	174.96	92.50	722.26	577.41	516.08
Office equipments	2,038.43	346.31	81.06	2,303.68	1,412.42	241.63	69.36	1,584.69	718.99	631.71
Live Stock	0.03		0.03							0.03
Intangible Assets										
- Goodwill	342.10			342.10	342.10			342.10		
- Software(Bought out)	569.77	198.53	1.61	766.69	235.62	126.69	1.58	360.73	405.96	334.15
- Technical Know-how(Bought out)	233.07	3,809.60		4,042.67	84.34	77.66		162.00	3,880.67	286.43
Total :	57,569.39	10,724.12	1,748.27	66,545.24	20,045.41	4,168.06	270.74	23,942.73	42,602.51	38,501.11
Capital work in progress										
Previous Year	54,248.72	4,664.20	264.22	58,648.70	16,203.29	4,112.23	167.23	20,147.59	39,885.57	39,885.57

Notes :

- Freehold agricultural land in village Nara, Uttar Pradesh, measuring 60 Bighas, 11 Bissa & 8 Biswase in the company's possession declared surplus by local authorities.
- Leasehold land includes land at Dahej (SEZ) Gujarat pending registration in favour of the Company.
- Depreciation during the year includes Rs.0.26 lacs (previous year 0.33 Lacs) taken under pre-operative expenses.
- Capital work-in-progress includes pre-operative expenses amounting to Rs.23.12 Lacs (Previous year Rs.68.02 Lacs) and includes Capital advance Rs.339.48 Lacs (Previous year Rs.22.79 Lacs).
- Opening balances exclude assets of ISGEC Haco Metal Forming Machinery Pvt. Ltd. as it has ceased to be Joint Venture Company. (Refer note 2(b) on Schedule X)
- Cost of intangible assets include purchase price, duties & taxes (other than recoverable from taxing authorities)

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

	(Rs. in Lacs)	
	As at 30.09.2010	As at 30.09.2009
Schedule 'F'		
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	0.60
Other Companies:		
Quoted :		
2,500 (Previous year 2,500) Equity Shares of Rs.10/- each fully paid up of Haryana Oxygen Ltd.	0.25	0.25
Less : Provision for diminution in the value of Investment [Market value Nil (Previous year Nil)]	(0.25)	(0.25)
704 Equity Share of Rs. 10/-each fully paid up of Reliance Industries Ltd. (Previous year 5,643 Equity Shares of Reliance Petroleum Ltd.) [Market value as on 30.09.10 Rs.6.95 Lacs (Previous year Rs. 7.39Lacs)] (See Note 1)	3.36	3.38
872 (Previous year 872) Equity Shares of Rs.10/- each fully paid up of Reliance Power Ltd. [Market value as on 30.09.10 Rs.1.40 Lacs (Previous year Rs. 1.46Lacs)]	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 30.09.10 Rs.230.28 Lacs (Previous year Rs.405.45 Lacs)]	304.75	304.75
Unquoted: Joint Venture company		
80,13,362 (Previous Year Nil) Equity Shares of Rs. 10/- each of ISGEC HACO Metal Forming Machinery Private Limited [Refer note 2(b) on Schedule X]	801.34	0.00
Current, At Cost		
Mutual Funds:		
- SBI SHF Ultra Short Term Fund [Nil, (Previous year 60,93,049.10) units of Rs.10/- each]	0.00	609.63
- SBI-SHDF-Ultra Short Fund Institutional Plan-Daily Dividend [3,00,97,420.7670, (Previous year Nil) units of Rs.10/- each]	3,011.55	0.00
- Reliance Monthly Interval Fund Series I-Institutional Dividend Plan [2,50,60,458.182, (Previous year NIL) units of Rs.10/- each]	2,506.83	0.00

- Reliance Monthly Interval Fund SeriesII-Institutional Dividend Plan [1,51,71,672.416, (Previous year NIL) units of Rs.10/- each]	1,517.43	0.00
- Reliance Quartely Interval Fund SeriesII-Institutional Dividend Plan [89,97,099.527, (Previous year NIL) units of Rs.10/- each]	900.10	0.00
- Reliance Money manager Fund- Retail Option [Nil, (Previous year 5,054.01) units of Rs.1,000/- each]	0.00	50.59
- Reliance Money manager Fund- Institutional Option-Daily Dividend Plan [1,89,927.181, (Previous year 1,21,823.404) units of Rs.1,000/- each]	1,901.87	3,831.69
- Kotak Floater Long Term Daily Dividend [4,642.158, (Previous year NIL) units of Rs.10/- each]	0.47	0.00
- Kotak Quarterly Interval PlanSeries I-Dividend [1,20,01,456.318, (Previous year NIL) units of Rs.10/- each]	1,200.15	0.00
- Kotak Quarterly Interval PlanSeries 8 - Dividend [1,99,99,600.007, (Previous year NIL) units of Rs.10/- each]	2,000.00	0.00
- Kotak India Growth Fund-II (Partly paid) [Nil, (Previous year 175) units of Rs.1,00,000/- each]	0.00	5.25
- ICICI Prudential Flexible Income Plan Premium-Daily Dividend [4,80,306.700, (Previous year NIL) units of Rs.10/- each]	507.85	0.00
- ICICI Prudential Blended Plan B-Institutional Dividend [48,30,712.748, (Previous year NIL) units of Rs.10/- each] [Refer note 15 on Schedule X]	501.07	0.00
	<u>15,159.83</u>	<u>4,808.35</u>
Aggregate Book Value of Investments :		
Unquoted	14,849.26	4,497.76
Quoted	310.57	310.59
	<u>15,159.83</u>	<u>4,808.35</u>
Aggregate Market Value of Quoted Investments	238.63	414.30

Note 1: 5,643 Equity Shares of Reliance Petroleum Ltd. were converted into 352 Equity Shares of Reliance Industries Ltd. on their merger. Subsequently, Reliance Industries Ltd. issued 352 Bonus Equity Shares in the ratio of 1 : 1. Reduction in the cost of investment represents amount paid by the investee Company towards fractional entitlement.

Note 2: For sale and purchase of Mutual Fund investment during the year refer Note 17 on Schedule 'X'.

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'G'		
INVENTORIES		
[Refer note 3 on Schedule IX]		
Raw Materials	12,593.76	7,263.79
(Including in transit Rs.1,660.73 Lacs, Previous year Rs.278.96 Lacs)		
Stores and Spare Parts	4,005.26	2,811.69
(Including in transit Rs.7.69 Lacs, Previous year Rs.39.40Lacs)		
<u>Work-in-Progress :</u>		
i) Sugar	25.77	21.07
ii) Engineering goods	17,384.34	13,322.35
iii) Ingots and Steel Castings	1,337.32	1,590.47
iv) Erection Contracts in progress	<u>546.34</u>	<u>147.67</u>
Standing Crops	6.85	7.26
<u>Finished Stock :</u>		
i) Sugar	6,882.03	1,990.38
ii) Ingots and Steel castings	0.24	2.12
iii) Molasses	282.88	298.81
iv) Engineering goods	<u>770.92</u>	<u>52.02</u>
Finished trading goods in transit	550.26	282.41
	<u><u>44,385.97</u></u>	<u><u>27,790.04</u></u>
Schedule 'H'		
SUNDRY DEBTORS		
[Refer note 8 on Schedule IX and note 1(e) on Schedule X]		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	15,158.56	11,644.37
- considered doubtful	186.51	188.36
Other Debts - Considered good	<u>39,626.54</u>	<u>33,417.00</u>
	54,971.61	45,249.73
Less : Provision for doubtful debts	<u>186.51</u>	<u>188.36</u>
	<u><u>54,785.10</u></u>	<u><u>45,061.37</u></u>

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

	(Rs. in Lacs)	
	As at 30.09.2010	As at 30.09.2009
Schedule 'I'		
CASH AND BANK BALANCES		
[Refer note 8 on Schedule IX]		
Cash in hand	30.81	27.89
Cheques in hand	352.72	656.18
With Scheduled Banks in :		
Current Accounts	1,367.48	3,861.26
Unclaimed Dividend Accounts	78.52	47.74
Term Deposits	1,156.60	3,215.48
Margin Money with Banks (against Bank Guarantees and Letter of Credit issued by banks)	1,671.25	262.27
Balances with other Banks	0.00	0.00
	<u>4,657.38</u>	<u>8,070.82</u>
Schedule 'J'		
OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest/Dividend accrued on non-trade investments	9.24	0.17
Interest accrued but not due on Term Deposits	18.85	54.06
	<u>28.09</u>	<u>54.23</u>
Schedule 'K'		
LOANS AND ADVANCES		
(Unsecured, except to the extent stated & Considered Good)		
[Refer note 8 on Schedule IX]		
Security Deposits	394.07	376.82
Advances recoverable in cash or in kind or for value to be received (See note below)	11,048.20	6,466.65
Balance with Govt. Depts. and others	1,986.92	1,523.16
Claims Receivable	615.85	148.09
MAT Credit entitlement	0.00	82.16
	<u>14,045.04</u>	<u>8,596.88</u>

Note:

Include surplus Gratuity plan assets over actuarial liability Rs.266.54 Lacs (Previous year Rs.320.67Lacs).

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'L'		
CURRENT LIABILITIES		
[Refer note 8 on Schedule IX]		
Sundry creditors (Refer note 8 on Schedule X)		
Dues to Micro, Small & Medium Enterprises	112.57	51.15
Others	42,912.26	28,711.96
Advances from customers	46,573.51	27,449.36
Investor Education and Protection Fund:		
Unpaid dividend	78.52	47.74
Unpaid Matured Deposits	187.72	148.48
Interest accrued on the above	55.72	33.13
Other liabilities	2,420.36	1,821.74
Security and other deposits	120.61	75.55
Interest accrued but not due on loans	867.75	826.96
	93,329.02	59,166.07

Notes:

1. Sundry Creditors include:
 - a) Balance in Director's Current Account Rs.0.02 Lacs (Previous year Rs.0.21 Lacs). Maximum amount outstanding during the year Rs.3.80 Lacs (Previous year Rs.1.96 Lacs).
 - (b) Rs.443.92 Lacs (Previous year Rs.859.33 Lacs) payable as commission to Directors.
2. Amounts under Investor Education & Protection Fund are not due for deposit.

Schedule 'M'

PROVISIONS

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

Provision for Taxation	1,814.47	4,088.15	
Less : Advance Tax & TDS	1,394.68	2,849.66	
	419.79	1,238.49	
Provision for Tax on Proposed Dividend	12.24	432.03	241.33
Provision for Leave encashment	902.35		1,479.82
Provision for Pension	2,875.00		701.25
Provision for Gratuity	39.99		2,499.22
Provision for Contingencies, Performance Warranties and After Sales Service	8,107.31		134.23
Proposed Dividend	73.70		6,879.98
	12,430.38	12,431.45	

Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2010

			(Rs. in Lacs)	
	As at		As at	
Schedule 'I'	30.09.2010		30.09.2009	
SALE, SERVICES AND RELATED INCOME				
[Refer note 6 on Schedule IX]				
Sugar Business:				
Sugar	29,745.61		37,566.28	
Molasses	3,316.53		2,182.60	
Other By Products	<u>693.39</u>	<u>33,755.53</u>	<u>106.99</u>	39,855.87
Engineering and Foundry Business :				
Sale of Engineering goods		168,748.90		168,771.71
Sale of production scrap and waste		674.42		636.68
Erection, Commissioning and other receipts		12,152.68		9,037.84
Export Incentives		819.63		1250.44
		<u><u>216,151.16</u></u>		<u><u>219,552.54</u></u>
Schedule 'II'				
OTHER INCOME				
[Refer note 6 and 8 of Schedule IX]				
Dividend Income from Investments				
- Long Term - Non trade		17.33		0.00
- Current- Non trade		350.72		48.43
Interest				
- On Govt. Securities	0.01		0.01	
- From Tax Authorities	494.35		0.98	
- Others [Tax deducted at source Rs.35.02 Lacs, (Previous year Rs.20.50 lacs)]	<u>330.72</u>	<u>825.08</u>	<u>195.15</u>	196.14
Sundry balances written back		306.14		296.90
Foreign Exchange fluctuation		1,624.59		0.00
[Net of expense of Rs.2,856.08 Lacs (Previous year Nil)]				
Excess provision of earlier years written back		480.96		386.42
[includes provision for doubtful debts written back Rs.1.85 Lacs (Previous year Rs.191.27 Lacs)]				
Profit on sale of fixed assets		37.37		16.78
Profit on sale of stores		2.23		0.00
Insurance Claim Receipts		21.04		13.60
Miscellaneous Income		928.42		1,066.01
		<u><u>4,593.88</u></u>		<u><u>2,024.28</u></u>

Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
SCHEDULE 'III'		
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]	10.18	6.78
Miscellaneous Income	0.00	0.34
(Increase)/Decrease in stock	(0.41)	2.48
	9.77	9.60
Expenditure		
Salaries, Wages and Bonus	3.39	3.23
Cultivation Expenses	2.10	2.30
Office & Miscellaneous Expenses	0.19	0.54
Repairs and Maintenance:		
- Machinery and Tractors	0.17	0.21
- Building	0.29	0.10
Depreciation	0.08	0.09
	6.22	6.47
Profit carried to Profit and Loss Account	3.55	3.13
Schedule 'IV'		
(INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
[Refer note 3 on Schedule IX]		
Closing Stock :		
Finished Goods	7,936.07	2,343.33
Work-in-progress	19,293.77	15,081.56
	27,229.84	17,424.89
Less: Opening Stock (*):		
Finished Goods	2,298.94	13,803.42
Work-in-progress	14,989.07	20,832.93
	17,288.01	34,636.35
Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	9,941.83	(17,211.46)
*Refer note 2(b) on Schedule X.		

Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'V'		
MANUFACTURING EXPENSES		
[Refer note 14 on Schedule X]		
Raw materials & components of engineering and foundry business	35,504.20	41,470.29
Cane consumed	30,844.73	13,118.92
Raw Sugar Purchased	708.83	0.00
Consumption of stores and spares	6,588.71	4,966.65
Power & fuel	1,926.30	1,543.23
Other expenses	7,536.06	8,305.49
Increase/(Decrease) in excise duty provision in opening and closing stock of finished goods	229.59	(949.63)
	<u>83,338.42</u>	<u>68,454.95</u>
Schedule 'VI'		
EMPLOYEE COST		
[Refer notes 9 of Schedule IX and 9 & 18 on Schedule X]		
Salaries, wages & bonus	14,589.10	12,154.21
Contribution to Provident and other funds	931.49	1,183.04
Workmen and staff welfare expenses	463.25	380.47
	<u>15,983.84</u>	<u>13,717.72</u>

Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. in Lacs) As at 30.09.2009
Schedule 'VII'		
ADMINISTRATION AND SELLING EXPENSES		
[Refer notes 8 on Schedule IX and 15 & 18 on Schedule X]		
Rent	219.90	221.09
Rates and taxes	272.36	221.78
Electricity and water charges	124.79	140.29
Royalty	334.84	358.72
Packing, forwarding and transportation expenses	792.21	1,288.18
Repair & Maintenance of :		
- Buildings	352.47	306.26
- Plant & Machinery	476.41	443.33
- Others	33.39	19.50
Insurance	177.69	170.92
Travelling	2,444.22	1,860.08
Donation	21.40	22.93
Office and miscellaneous expenses *	2,813.87	2,743.72
Managerial remuneration	1,279.17	900.07
Directors' commission / fee	6.10	3.70
Bad debts written off	15.97	18.27
Loss on assets sold / written off	62.88	31.19
Loss on sales/disposal of stores	14.43	32.87
Commission to selling agents and others	945.55	1,667.10
Rebate and discount	238.39	247.40
Foreign Exchange Fluctuation	0.00	6,918.84
[Net of income of Nil (Previous year Rs.3,800.65 Lacs)]		
	<u>10,626.04</u>	<u>17,616.24</u>

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

Schedule 'VIII'

INTEREST AND FINANCIAL CHARGES

[Refer note 10 on Schedule IX]

On Term Loans	905.51	951.62
On Fixed Deposits	997.02	684.07
On Other Loans/ Working capital Borrowings	195.74	1,944.12
Bank Charges	1,525.38	1,098.61
	<u>3,623.65</u>	<u>4,678.42</u>

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 30th September, 2010

Schedule 'IX'

Statement on Significant Accounting Policies

1. Principles of consolidation

The consolidated financial statements relate to The Saraswati Industrial Syndicate Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company, its subsidiary companies and joint venture are combined on a line-by-line basis by adding together the book value of like items of assets, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" notified by Central Government under the Companies (Accounting Standards) Rules, 2006.
- b) Interest in Joint Venture has been accounted by using proportionate consolidation method as per Accounting Standard – 27 – "Financial Reporting of Interest in Joint Ventures".
- c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.
- f) Minority Interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company's shareholders.
- g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Use of Estimates

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

3. Basis of Consolidation

The Consolidated Financial Statements include accounts of The Saraswati Industrial Syndicate Limited, its Subsidiary Companies 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.

4. Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

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

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

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

5. 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 notified by Central Government under the Companies (Accounting Standards) Rules, 2006.

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.

6. 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 related assets.

Assets costing not more than Rs.5,000/- are fully depreciated in the year of their acquisition.

7. Revenue Recognition

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

Revenue in case of 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.

8. Investments

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

9. Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

10. Employee Benefits

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

a) Provident Fund:

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

b) Gratuity:

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

c) Leave Encashment :

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

d) Pension

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

11. Borrowing Costs

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

12. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

13. 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.

14. 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.

15. Taxation

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

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

a) Current Year Charge & Fringe Benefit Tax

Provision for taxation for the Group's financial year ended September 30th 2010, being different from tax year which is financial year, has been determined based on the results for the six months ended March 2010 (assessment year 2010-2011) based on actual tax return filed and for the six months ended 30th September 2010 (assessment year 2011-2012) based on results for the period. The ultimate liability for the assessment year 2011-2012 however will be determined on the total income of the respective entities of the Group for the year ending March 31, 2011.

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

b) Deferred Tax

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, deferred taxes resulting from timing differences between book

and tax profits are accounted for at applicable tax rate to the extent the timing difference are expected to be crystallised. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

16. Impairment of Assets:

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

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

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

Recoverable amount is determined

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

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

17. 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.

18. 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.

19. Cash and Cash Equivalents

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

Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2010

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 notified by Central Government under the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of The Saraswati Industrial Syndicate Limited, and its subsidiaries.

2 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, 2010	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) During the year the Joint Venture Company's (ISGEC Haco Metal Forming Machinery Private Limited) financial statements have not been consolidated by using exclusion clause in AS - 27 that interest in jointly controlled entity is held with a view to its disposal in near future. The Company opted to come out of Joint Venture by agreement with Joint Venturer by virtue of exit option in original Memorandum of Understanding.

Since Joint Venture entity interest is not consolidated during the year the results are not comparable to that extent. Prior period loss of Rs 332.99 lacs in Joint Venture Company is eliminated from the current year Consolidated Financial Statements and also the amounts included in the under mentioned items have not been carried forward in the Opening Balance as on 01.10.2009 .

Amounts not included in opening as on 01.10.2009

Results of operations included in the Consolidated Financial Statements for the year ended 30.09.2009 are as under :

Particulars	Amount (Rs in Lacs)
i) Gross Revenue	276.77
ii) Total Expenses	541.51
iii) Profit (after tax) for the year	(263.79)
Particulars	Amount (Rs in Lacs)
i) Fixed Assets	1,079.31
ii) Accumulated Depreciation	102.18
iii) Provision for Gratuity	0.88
iv) Provision for Leave Encashment	2.87
v) Deffered Tax Liability (+) / Assets (-)	(37.72)
vi) Provisions, Contingent Liabilities and Contingent Assets	2.57
vii) Stock of Finished goods & Work In Progress	136.88

c) The reporting dates for all the above companies are 31st March 2010, except for Saraswati Sugar Mills Limited and ISGEC Engineering & Projects Limited which are 30th September, 2010. The financial statements of these entities are adjusted for significant inter company transactions from the date of their respective financial statements up to the date of consolidation in compliance with Accounting Standard (AS) - 21

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 unrealized profit/losses on intra group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements

- e) The accounting policies for holding company and subsidiary companies are substantially 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.

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
3 Contingent Liabilities:		
a) Claims against the Group not acknowledged as debts (including sales tax under dispute)	1,463.36	881.60
b) Guarantees furnished by the bankers on behalf of the Group and counter indemnity furnished by the Group to bankers for the same amount.	88,166.09	49,545.80
c) Guarantees given by the Group to the bank against loans, taken by the sugarcane farmers	-	596.64
d) Bills discounted with Banks / Financial Institutions outstanding at the year end	-	341.57
e) Bonds executed in favour of President of India against EPCG licence	1,740.35	2,044.26
f) Letters of credit outstanding at year end	9,702.80	3,668.47
4 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	3,525.40	345.93
5 a) In respect of Saraswati Sugar Mills Limited, the case challenging the Levy Sugar Price fixation for the season 1980-81 to 1999-2000 was decided in favour of the Company. The Company requested the Central Government to refix the levy sugar prices as directed by the Court. The Central Government has since amended the Essential Commodities Act nullifying the Court Judgement. The Company has challenged the amendment as malafide in the Delhi High Court. Similar challenge has been made in the Supreme Court by another sugar factory. Accordingly, in terms of legal advice, the Company has filed petition in the Supreme Court for transfer of its petition from the Delhi High Court to the Supreme Court.		
b) In view of abolition of Statutory Minimum Price of Sugarcane, the Group has changed the method of valuation of Finished Stock of sugar by taking into account actual sugarcane price paid during the year, in place of Statutory Minimum Price which was the basis of raw material cost followed till last accounting year. Impact of accounting policy change is indeterminable in the absence of Statutory Minimum Price.		
c) The Group 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 favour of the Group, hence no liability has been accounted for. However subsequently the Supreme Court has, through an interim order, on the appeal of the State Government directed all the assesseees to file the returns under the Local Area Development Tax Act. The Group has since filed the returns.		
6 The Group 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:		

Element of Deferred Tax	As at 01.10. 2008	Credit/ (Charge) during the year	*As at 01.10.2009	Credit/ (Charge) during the year	As at 30.09.2010
Depreciation	(3,003.72)	50.06	(2,953.66)	(26.75)	(2,980.41)
Other Timing Differences	1,100.54	(152.27)	948.27	191.18	1,139.45
Accumulated Losses	430.19	(394.93)	35.26	(35.26)	(0.00)
Net Deferred Tax	(1,472.99)	(497.14)	(1,970.14)	129.17	(1,840.96)

*Refer Note 2(b) on Schedule 'X'

7 Micro, Small & Medium Enterprises Development Act, 2006

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
a) Amount Remaining Unpaid to any Supplier		
Principal Amount	112.57	51.15
Interest due Thereon	NIL	NIL
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.02	0.21
c) Interest Due (Other than 7(b))	NIL	NIL
d) Interest accrued and unpaid	NIL	NIL
e) Interest due and payable till actual payment	NIL	NIL

The information has been given in respect of such vendors to the extent they could be indentified as “Micro, Small and Medium enterprises” as defined under the aforesaid Act on the basis of information available with the Group.

8 Employee Benefits:

As per Accounting Standard -15 “Employee Benefits”, the disclosure of employee benefits as defined in Accounting Standard is given below:-

a) Defined Contribution Plan:

The Group has recognised, in the Profit and Loss Account, expenses for the following Defined Contribution Plan:

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
Provident Fund	764.70	636.46
Employees State Insurance	72.07	71.23
Total	836.77	707.69

b) 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:-

Description	(Rs in lacs)			
	Gratuity (Funded)		Leave Encashment (Non-funded)	
	2009-10	2008-09	2009-10	2008-09
i. Change in Present value of obligation				
a. Present Value of Obligation at the beginning of the year	2,724.70*	2,571.90	698.38*	640.84
b. Interest cost	216.53	210.00	55.30	51.03
c. Current service cost	197.79	172.55	156.21	118.15
d. Benefits paid	(208.88)	(264.14)	(182.06)	(148.79)
e. Actuarial (gain) / loss	90.17	34.28	174.52	40.02
f. Present Value of Obligation at the end of the year	3,020.30	2,725.59	902.36	701.25

ii. Change in the Fair Value of Plan Assets

a. Fair Value of Plan Assets at the beginning of the year	2,912.03	2,603.43	N.A.	N.A.
b. Expected Return of Plan Assets	261.99	225.23	-	-
c. Contributions	171.62	400.59	-	-
d. Benefits paid	(208.88)	(263.14)	-	-
e. Actuarial Gain / (Loss) on Plan Assets	110.10	(54.08)	-	-
f. Fair Value of Plan Assets at the end of the year	3,246.85	2,912.03	-	-

iii. Reconciliation of Fair Value of Assets and Obligations

a. Fair Value of Plan Assets at the end of the year	3246.85	2912.03	-	-
b. Present Value of Obligation at the end of the year	3020.30	2725.59	902.36	701.25
c. Amount recognised in the Balance Sheet	226.55	186.44	(902.36)	(701.25)

iv. Expenses recognised in the Profit & Loss account

a. Current Service Cost	197.79	172.55	156.21	118.15
b. Interest Cost	216.53	210.00	55.30	51.03
c. Expected Return on Plan Assets	(261.99)	(225.23)	-	-
d. Actuarial (Gain) / Loss	(19.93)	88.36	174.52	40.02
e. Expense recognised in the Profit & Loss	132.40	245.68	386.04	209.20

v. Actuarial Assumptions

a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(p.a)	8.55%	8.00%	-	-
c. Rate of Escalation in Salary (p.a)	5.50%	5.50%	5.50%	5.50%

*Refer Note 2(b) on Schedule 'X'

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

Particulars	Gratuity (Funded)			Leave Encashment (Non-funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Defined Benefit Obligation	3,020.30	2,725.59	2,571.90	902.36	701.25	640.84
Plan Assets	3,246.85	2,912.03	2,603.43	-	-	-
Surplus / (Deficit)	226.55	186.44	31.53	(902.36)	(701.25)	(640.84)
Experience adjustment on Plan Liabilities	(90.17)	(34.28)	19.30	(174.52)	(40.02)	(156.30)
Experience adjustment on Plan Assets	121.99	(54.08)	30.44	-	-	-

*Disclosure in respect of previous two annual periods as required by Accounting Standard - 15 is not presented as the Group adopted the Accounting Standard in 2007-08.

9 Segment Reporting

A. Information about Primary segments

	Sugar	Engineering	Unallocated	Eliminations	(Rs. in Lacs)
					Total
<u>Revenue</u>					
External	33,249.82	179,038.22	-	-	212,288.04
	(38,456.48)	(1,74,480.94)	(-)	(-)	(2,12,937.42)
Inter-segment	-	306.68	-	(306.68)	-
	(-)	(32.38)	(-)	(-32.38)	-
Total revenue	33,249.82	178,731.54	-	(306.68)	212,288.04
	(38,456.48)	(1,74,448.56)	(-)	(-)	(2,12,905.04)
<u>Results</u>					
Segment result	482.33	10,928.01	-	-	11,410.34
	(9,120.13)	(9,970.92)	(-)	(-)	(19,091.05)
Unallocated expenditure net of unallocated income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<u>Interest Expense</u>					
a) External	(720.10)	(1,614.35)	-	-	(2,334.45)
	(-1,174.23)	(-2,469.04)	(-)	(-)	(-3,643.27)
b) Inter Segment	(236.18)	-	-	236.18	-
	(-63.46)	(-)	(-)	(63.46)	(-)
<u>Interest income</u>					
a) External	194.66	630.42	-	-	825.08
	(48.60)	(147.54)	(-)	(-)	(196.14)
b) Inter Segment	-	(236.18)	-	236.18	-
	(-)	(-63.46)	(-)	(63.46)	(-)
Profit / Loss(-) before taxation and exceptional items	(279.29)	9,707.90	-	-	9,900.97
	(7,931.04)	(7,712.88)	(-)	(-)	(15,643.92)
Provision for Deferred tax	(206.17)	76.99	-	-	(129.18)
	(584.56)	(-89.25)	(-)	(-)	(495.31)
Provision for Income tax	145.00	3,270.07	-	-	3,415.07
	(2,021.00)	(2,915.05)	(-)	(-)	(4,936.05)
Fringe Benefit Tax	-	-	-	-	-
	(6.43)	(64.41)	(-)	(-)	(70.84)
Profit / Loss(-) after taxation and before exceptional items	(218.12)	6,360.84	-	-	6,615.08
	(5,319.05)	(4,822.67)	(-)	(-)	(10,141.72)
<u>Other Information</u>					
Segment assets	24,877.52	154,050.26	-	(1,447.91)	177,479.87
	(26,441.35)	(108,320.14)	(-)	(-492.23)	(134,267.26)
Segment liabilities	11,706.03	117,477.45	-	(1,447.91)	127,735.57
	(11,631.76)	(81,511.02)	(-)	(-492.23)	(92,648.55)
Capital expenditure-External	810.07	10,085.44	-	-	10,895.51
	(1,840.59)	(1,572.51)	(-)	(-)	(3,413.10)
Inter-segment	306.68	-	-	(306.68)	-
	(32.38)	(-)	(-)	(-32.38)	(-)
Depreciation	1,093.77	3,073.95	-	-	4,167.72
	(1,214.14)	(2,897.67)	(-)	(-)	(4,111.81)

Note :- Previous year figures are indicated in parenthesis.

B. Information about Secondary Business Segments

	(Rs. in Lacs)		
	India	Outside India	Total
Revenue by geographical market			
External	179,563.65 (160,022.05)	32,724.39 (52,915.37)	212,288.04 (212,937.42)
Total	179,563.65 (160,022.05)	32,724.39 (52,915.37)	212,288.04 (212,937.42)
Carrying amount of segment assets	177,432.65 (134,205.45)	47.22 (61.81)	177,479.87 (134,267.26)
Addition to fixed assets	10,895.51 (3,411.16)	- (1.94)	10,895.51 (3,413.10)

Note :- Previous year figures are indicated in parenthesis.

C. Notes:

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

(a) Primary Segment

- (i) The Group is organized into two main business segments, namely:
 - Sugar which consists of manufacture and sale of Sugar and
 - Engineering which comprises of production and sales of heavy Engineering equipments, mechanical and hydraulic presses and castings and construction and erection boilers, sugar plant and machinery and related equipment
- (ii) Segment Revenue in each of the above domestic business segments primarily includes sales and other income in the respective segments.

(b) Secondary Segment

- (i) The Segment Revenue in the geographical segments considered for disclosure is as follows:
 - (a) Revenue within India includes sales to customers located within India and earnings in India.
 - (b) Revenue outside India includes sales to customers located outside India and earnings outside India.

(c) Segment Accounting Policies:

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

10 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) Names 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 (Wholetime Director)
Relatives of Key Management Personnel	Mr. Ranjit Puri (Chairman), (Husband of Mrs. Nina Puri Wholetime Director & Father of Mr. Aditya Puri Managing Director) Mrs. Tanupriya Puri (wife of Mr. Aditya Puri Managing Director)

(b) Related Party Transactions

	2009-10	2008-09
	(Rs in lacs)	(Rs in lacs)
i) Purchase of goods		
-Entities over which key management personnel can exercise significant influence	408.85	440.15
-Key management personnel	2.36	0.90
-Relatives of Key management personnel	1.96	0.88
Total	<u>413.17</u>	<u>441.93</u>
ii) Sale of goods		
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>-</u>	<u>-</u>
iii) Services Rendered		
-Entities over which key management personnel can exercise significant influence	16.92	0.27
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>16.92</u>	<u>0.27</u>

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
iv) Services received		
-Entities over which key management personnel can exercise significant influence	9.37	5.54
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>9.37</u>	<u>5.54</u>
v) Commission Paid		
-Entities over which key management personnel can exercise significant influence	6.29	9.26
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>6.29</u>	<u>9.26</u>
vi) Rent received		
-Entities over which key management personnel can exercise significant influence	0.38	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>0.38</u>	<u>-</u>
vii) Rent Paid		
-Entities over which key management personnel can exercise significant influence	50.41	39.70
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	<u>50.41</u>	<u>39.70</u>
viii) Remuneration to Directors		
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	1,279.17	900.07
-Relatives of Key management personnel	1.25	0.83
Total	<u>1,280.42</u>	<u>900.90</u>
ix) Interest paid		
-Entities over which key management personnel can exercise significant influence	0.12	0.12
-Key management personnel	1.37	1.39
-Relatives of Key management personnel	2.86	2.86
Total	<u>4.35</u>	<u>4.37</u>

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
x) Amount payable as at year end		
-Entities over which key management personnel can exercise significant influence	9.29	49.23
-Key management personnel	455.09	870.78
-Relatives of Key management personnel	26.24	26.24
Total	490.61	946.25
xi) Amount receivable as at year end		
-Entities over which key management personnel can exercise significant influence	11.52	10.11
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	11.52	10.11
11 In accordance with Accounting Standard (AS-19) on 'Leases', the Group has taken various residential / commercial premises and plant and machinery under cancellable operating leases. Lease rent charged to Profit & Loss account for the year are:		
a) Residential premises	66.52	62.26
b) Commercial premises	150.27	155.43
c) Plant and machinery	3.11	3.40
Total	219.90	221.09
12 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:		
a) Net Profit / (Loss) available to Equity Shareholders (Rs. in lacs) (after current tax).	6,485.90	10,637.03
b) Weighted Average number of equity shares outstanding during the year for the purpose of calculation of Earning Per Share (In lacs)	73.70	73.70
c) Nominal value of Equity Share (In Rs.)	10.00	10.00
d) Earning per Share (In Rs.)	88.01	144.34
13 Auditor's Remuneration included in miscellaneous expenses.		
a) Audit Fee	8.98	9.23
b) Other Certification Work	1.30	1.47
c) Reimbursement of Expenses	1.37	1.09

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

Name of the Fund	2009-10		2008-09	
	No.	Amount (Rs in lacs)	No.	Amount (Rs in lacs)
SBI-Magnum Insta Cash Fund				
-ACQUIRED*	26868210.37	4,500.51	17316298.05	2,900.26
-SOLD	26868210.37	4,500.51	17316298.05	2,900.26
SBI-Ultra Short Term Fund				
-ACQUIRED*	22122483.80	2,213.61	23052622.49	2,306.51
-SOLD	22122483.80	2,213.61	23052622.49	2,306.51
Kotak Liquid Institutional Premium				
-ACQUIRED*	86490515.05	10,576.15	NIL	NIL
-SOLD	86490515.05	10,576.15	NIL	NIL
Kotak Floater Long Term				
-ACQUIRED*	106177346.92	10,702.46	NIL	NIL
-SOLD	106177346.92	10,702.46	NIL	NIL
Kotak Quarterly Interval Plan Series-1				
-ACQUIRED*	10001174.34	1,007.31	NIL	NIL
-SOLD	10001174.34	1,007.31	NIL	NIL
Kotak Quarterly Interval Plan Series-6				
-ACQUIRED*	10000000.00	1,011.18	NIL	NIL
-SOLD	10000000.00	1,011.18	NIL	NIL
Reliance Liquid Fund-Treasury Plan-Retail Option				
-ACQUIRED*	NIL	NIL	5561652.96	850.07
-SOLD	NIL	NIL	5561652.96	850.07
Reliance Liquid Fund-Treasury Plan-Institutional				
-ACQUIRED*	158157459.40	24,178.03	328063.25	50.01
-SOLD	158157459.40	24,178.03	328063.25	50.01
Reliance Money Manager Fund-Retail				
-ACQUIRED*	46.37	0.46	NIL	NIL
-SOLD	46.37	0.46	NIL	NIL
Reliance Money Manager Fund-Institutional				
-ACQUIRED*	1967312.68	19,697.47	404540.28	4,050.00
-SOLD	1967312.68	19,697.47	404540.28	4,050.00
ICICI Liquid Super Institutional Plan				
-ACQUIRED*	6499275.37	2,000.29	NIL	NIL
-SOLD	6499275.37	2,000.29	NIL	NIL
ICICI Flexible Income Plan				
-ACQUIRED*	4729731.26	500.22	NIL	NIL
-SOLD	4729731.26	500.22	NIL	NIL
ICICI Flexible Income Plan Premium				
-ACQUIRED*	4369078.25	4,619.64	NIL	NIL
-SOLD	4369078.25	4,619.64	NIL	NIL
Total				
-ACQUIRED*	437382633.81	81,007.33	46663177.02	10,156.85
-SOLD	437382633.81	81,007.33	46663177.02	10,156.85

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

	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
15 Revenue Expenditure on Research & Development:		
a) Salary	6.07	6.65
b) Contribution to Provident Fund	0.36	0.33
c) Others	-	-
Total	<u>6.43</u>	<u>6.98</u>
16 As per Accounting Standard, AS - 26, the assets acquired during the year have been capitalised and amortised over estimated useful life as follows:-		
a) Software Licences (Useful Life 5 years)	198.53	130.38
b) Technical Know How (Useful Life 10 years)	3,809.60	NIL
17 Disclosure in terms of Accounting Standard AS - 29 on Provisions, Contingent Liabilities and Contingent Assets:-		
I Movement for provision for Liabilities:		
a) Opening Balance	6,877.41*	5,502.42
b) Provided for during the year	2,837.76	2,590.37
c) Used during the year	1,054.11	571.34
d) Reversed during the year	553.74	641.47
e) Closing Balance	8,107.31	6,879.98
Timing of outflow/uncertainties		Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.
II Provisions made during the year have been accounted for under the following heads		
a) Cost of goods purchased for resale	2,767.70	2,307.71
b) Manufacturing expenses	70.06	282.66
*Refer Note 2(b) on Schedule 'X'		
18 Pre-operative expenses forming part of capital work in progress are as under :-		
Amount brought forward from last year	68.02	17.45
Add:Expenditure incurred during the year		
Salaries & Wages	11.39	29.89
Depreciation	0.26	0.33
Repair & Maintenance	-	-
Electricity Expenses	-	-
Travelling Expenses	3.72	5.19
Bank Charges	0.07	0.03
Professional Fees	-	-
Interest on Loan	-	-
Exchange Fluctuations	-	-
Rates & Taxes	-	-
Rent	-	-
Others	30.58	15.13
Total	<u>114.04</u>	<u>68.02</u>
Less:Capitalized during the year	89.10	-
Amount carried forward to Capital work in progress	<u>24.94</u>	<u>68.02</u>

19 Foreign Currency Exposures :

The Group 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.

	As at 30.09.2010 (Rs in lacs)	As at 30.09.2009 (Rs in lacs)
I a) The particulars of forward contracts entered into for hedging purpose outstanding as at year end are as under:		
i) For receivables	5,632.78	22,700.56
ii) For loans	7,370.23	5,677.30
iii) For hedging interest payments on loans	55.19	31.42
b) Unhedged foreign currency exposures as at year end are as under:		
i) Receivables	2,319.44	3,443.41
II As per announcement issued by Institute of Chartered Accountants of India on disclosure of derivative instruments which are not covered under Accounting Standard (AS) - 11 - "The Effects of changes in Foreign Exchange rates", there are no outstanding derivatives as on 30.09.2010		

20 Dividend Distribution Tax on Interim Dividend has not been provided as per provisions of Income Tax Act, 1961 due to offset of Dividend Distribution Tax paid by Subsidiary Company on receipt of Dividend by Holding Company.

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

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th September, 2010

	Year ended 30.09.2010	(Rs. In Lacs) Year ended 30.09.2009
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional /extraordinary items	9,900.97	15,643.92
Adjustments for:		
Depreciation	4,167.72	4,111.81
Interest Expense	3,623.65	4,678.42
Interest Income	(825.08)	(196.14)
Income from Investment - Dividends	(368.05)	(48.13)
(Profit)/Loss on Fixed Assets sold (Net)	25.51	14.41
(Profit)/Loss on sale of Investments	-	32.87
(Profit)/Loss on sale of Stores	12.20	-
Debts / Advances Written off	15.97	18.27
Provision for Bad & Doubtful Debts	-	174.28
Liability no longer required written back	(787.10)	(683.32)
Operating profit before working capital changes	15,765.79	23,746.40
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(9,737.85)	1,862.49
- (INCREASE)/DECREASE in Other Receivables	(5,448.16)	89.39
- (INCREASE)/DECREASE in Inventories	(16,608.13)	23,651.89
- INCREASE/(DECREASE) in Trade & Other Payables and Provisions	36,934.72	(6,232.17)
Cash generated from operations	20,906.37	43,117.98
- Taxes (Paid) / Received (Net of TDS)	(4,233.77)	(3,364.98)
Net cash from operating activities	16,672.60	39,753.00
B. Cash flow from Investing Activities		
Purchase of fixed assets	(11,155.45)	(3,445.06)
Proceeds from Sale of fixed assets	2,429.14	81.88
Sale/(Purchase) of Investments	(10,351.48)	(4,485.02)
Dividend Received	368.05	48.13
Net cash used in investing activities	(18,709.74)	(7,800.08)
C. Cash flow from Financing activities:		
Proceeds/(Repayment) from Secured loans	689.99	(25,453.95)

98 The Saraswati Industrial Syndicate Limited

Proceeds/(Repayment) of unsecured loans	2,253.50	2,201.81
Interest Received (Revenue)	851.22	176.43
Interest Paid	(3,560.26)	(4,416.71)
Dividend Paid	(1,369.42)	(169.02)
Corporate Dividend Tax Paid	(241.33)	-
Net cash used in financing activities	(1,376.30)	(27,661.44)
Net Increase/(Decrease) in Cash & Cash Equivalents	(3,413.44)	4,291.48
Cash and cash equivalents as at 30.09.2009	8,070.82	3,779.34
Cash and cash equivalents as at 30.09.2010	4,657.38	8,070.82
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	383.53	684.07
Current Accounts(dividend account)	78.52	47.74
Balance with Scheduled Banks	1,367.48	3,861.26
Term Deposits & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	2,827.85	3,477.75
	4,657.38	8,070.82

Notes :

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

As per our report of even date.**For S.S. Kothari Mehta & Co.**
Chartered Accountants
(Firm's Regn. No. 000756N)**Sanjay Kumar**
Assistant General Manager (Accounts)**Kishore Chatnani**
Sr. Vice President (Finance & Accounts)**(Arun K. Tulsian)**
Partner
Membership No. 89907**S.K.Khorana**
Executive Director & Company Secretary**Aditya Puri**
Managing DirectorPlace: Noida
Dated : 27 November, 2010**Vinod K. Nagpal**
Director

ANNUAL REPORT 2009-2010

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 2010

1.0 FINANCIAL RESULTS

	Figures in Rs./Lacs For the year ended	
	31 st March.2010	31 st March.2009
Profit/(loss) before Depreciation	54.52	(18.96)
Depreciation	0.33	0.43
Net Profit/(loss) for the year	54.19	(19.39)
Provision for Taxation	16.75	(0.01)
Net Profit/(loss) after Tax	37.44	(19.38)
Profit/(Loss) Brought forward from last year	55.81	75.19
Balance in Profit and Loss carried forward	93.25	55.81

2.0 REVIEW OF OPERATIONS OF THE COMPANY

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

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

3.1 The company continues to make efforts in conservation of energy by minimizing 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. P.L. Dhar and Mr. V.K. Sachdeva, 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 31st March, 2010, 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, 2010 and the Balance Sheet as on that date.

BY THE ORDER OF THE BOARD

Place: New Delhi
Dated: 7th August, 2010

S.K. Khorana
Director

L.M. Talwar
Director

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **ISGEC COVEMA LIMITED** as at 31st March, 2010 and also the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) The management has certified that it has conducted a physical verification of Fixed Assets, at reasonable intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) In our opinion the company has not disposed of substantial part of Fixed Assets during the year and the going concern status of the company is not affected.
 - 2 (a) Erection works in progress is identified job wise and these are checked by the management at number of points to ensure physical availability of the said stock In our opinion, the frequency of verification is reasonable.
 - (b) The Procedures of Physical verification of such stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its Business.
 - (c) The company has maintained proper records of such stock. The discrepancies noticed on verification between the physical stock and book records were not material and the same have been properly dealt with in the books of account.
 - 3 (a) (i) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. 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, 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. 79,434,490/- and Rs. 58,577,426/- 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 except amount due to Saraswati Sugar Mills Limited Subsidiary of The Saraswati Industrial Syndicate Limited amounting to Rs. 47,087,757/- (Net) (Maximum amount outstanding during the year Rs. 47,087,757/- in the normal course of business.
- (ii) In respect of the aforesaid loan the company is regular in repayment of the interest due as per the terms of the acceptance. We are explained that such loan and amount due are repayable on demand and therefore, there is no overdue amount due 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, the transactions made in pursuance of contracts or agreements entered in the register maintained under section 301 of the companies Act, 1956 exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
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, 2010 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 2010 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 of the company at the end of the year. The company has not incurred any cash losses during the financial year covered by our audit but in the immediately preceding financial year amounting to Rs. 18,95,649/-.
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 purpose 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010
- (b) In the case of the Profit and Loss account of the profit for the year ended on that date and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K.C.Malhotra & Co.
Chartered Accountants
Firm Regn. No. 57N

Place: New Delhi
Dated: 07th August, 2010

Ramesh Malhotra
Partner
Membership No.
013624

BALANCE SHEET as at 31st March, 2010

Particulars	Schedule No.	Figures in Rupees	
		As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Share Capital	A	20,000,000	20,000,000
Unsecured Loans	B	58,577,426	69,135,998
Reserves and Surplus	C	9,325,967	5,581,314
Total		87,903,393	94,717,312
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	49,145,533	49,141,833
Less: Depreciation		646,516	613,163
		<u>48,499,017</u>	<u>48,528,670</u>
Current Assets, Loans & Advances			
Erection Work In Progress (Refer Schedule-K note-1(iii))			7,500,000
Sundry Debtors	E	135,289,661	172,312,440
Cash & Bank Balances	F	3,265,085	6,597,962
Loans & Advances	G	36,792,474	76,435,377
		<u>175,347,220</u>	<u>262,845,779</u>
Less: Current Liabilities & Provisions			
Current Liabilities	H	136,002,965	216,717,877
Net Current Assets		<u>136,002,965</u>	<u>216,717,877</u>
		39,344,255	46,127,902
Deferred Tax:			
Deferred Tax Asset		60,121	60,740
Total		87,903,393	94,717,312

Statement on Significant Accounting Policies and notes to accounts

J

As per our report of even date attached
K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn. No. 57N)

Dinesh Kumar
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Ramesh Malhotra
Partner
Membership No. 13624

Place : New Delhi
Date : 07th August, 2010

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2010

Particulars	Schedule No.	Figures in Rupees	
		Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Erection Receipts		170,895,200	287,372,287
Interest on Income Tax Refund		456,944	98,060
Total		<u>171,352,144</u>	<u>287,470,347</u>
EXPENDITURE			
Cost of Erection	I	157,367,781	280,152,622
Rent		996,567	963,382
Power & Fuel		40,879	211,897
Rates & Taxes		2,000	1,500
Insurance		32,365	9,625
Office & Miscellaneous Expenses		356,286	450,093
Telephone Charges		121,587	337,750
Travelling Expenses		1,173,911	1,777,146
Bank Charges		144,989	52,252
Interest		5,393,920	5,262,579
Legal and Professional Expenses		246,834	124,500
Audit fee		18,650	18,650
Directors Meeting Fee		3,750	4,000
Depreciation		33,353	43,001
		<u>165,932,872</u>	<u>289,408,997</u>
Profit Before Taxation		5,419,272	(1,938,650)
Provision for Taxation		1,674,000	
Deferred Tax Debit/(Credit)		<u>619</u>	<u>(570)</u>
Profit after taxation		3,744,653	(1,938,080)
Profit Brought forward from last year		<u>5,581,314</u>	<u>7,519,394</u>
Balance Profit Carried to Balance Sheet		9,325,967	5,581,314

Statement on Significant Accounting Policies and notes to accounts

J

As per our report of even date attached
K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn. No.57N)

Dinesh Kumar
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Ramesh Malhotra
Partner
Membership No. 13624

Place : New Delhi
Date : 07th August, 2010

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

Figures in Rupees

Schedule 'A'	As at	As at
Share Capital :	31.03.2010	31.03.2009
Authorised Share Capital		
20,00,000 equity shares of Rs.10/- each	20,000,000	20,000,000
Issued,Subscribed and Paid up capital		
20,00,000 equity shares of Rs.10/- each	20,000,000	20,000,000
Fully Paid up.	20,000,000	20,000,000
Schedule 'B'		
Unsecured Loans		
From the holding company viz-	58,577,426	69,135,998
The Saraswati Industrial Syndicate Limited	58,577,426	69,135,998
Schedule 'C'		
Reserves and Surplus		
Balance in Profit and Loss Account	9,325,967	5,581,314
	9,325,967	5,581,314

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

Schedule 'D' Fixed Assets

(Figures in Rupees)

Particulars	COST			DEPRECIATION			NET BLOCK			
	As At 01.04.2009	Additions during the year	Deductions during the year	As At 31.03.2010	Upto 31.03.2009	During the year	Adjustment on deduction	Upto 31.03.2010	As At 31.03.2009	As At 31.03.2010
Freehold Land	48,338,780	-	-	48,338,780	-	-	-	-	48,338,780	48,338,780
Plant and Machinery (Tools)	181,333	-	-	181,333	123,274	8,076	-	131,350	49,983	58,059
Furniture & Fixtures	176,069	-	-	176,069	171,667	612	-	172,279	3,790	4,402
Electrical Appliances	169,241	-	-	169,241	60,448	15,133	-	75,581	93,660	108,793
Office Equipments	21,360	-	-	21,360	15,142	865	-	16,007	5,353	6,218
Computer Hardware	69,050	3,700	-	72,750	56,632	8,667	-	65,299	7,451	12,418
Building Temporary Structure	186,000	-	-	186,000	186,000	-	-	186,000	-	-
	49,141,833	3,700	-	49,145,533	613,163	33,353	-	646,516	48,499,017	48,528,670
Previous Year	48,854,273	287,560	-	49,141,833	570,162	43,001	-	613,163	48,528,670	

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

Figures in Rupees

Schedule 'E'	As at	As at
Sundry Debtors	31.03.2010	31.03.2009
(Unsecured)		
Debts outstanding for a period exceeding six months		
-Considered Good*	87,977,871	113,142,929
-Considered Doubtful	99,811	99,811
Other Debts- Considered Good	47,311,790	59,169,511
	<u>135,389,472</u>	<u>172,412,251</u>
Less:- Provision for Doubtful Debts	99,811	99,811
*Includes due from Saraswati Sugar Mills Ltd.(subsidiary of The Saraswati Industrial Syndicate Ltd) Rs.53,223 (previous Year Rs.2,04,702)	<u>135,289,661</u>	<u>172,312,440</u>
 Schedule 'F'		
Cash & Bank Balances		
Cash In Hand	2,770	2,770
Balances With Scheduled Banks in Current account	3,262,315	6,595,192
	<u>3,265,085</u>	<u>6,597,962</u>
 Schedule 'G'		
Loans and Advances		
(Unsecured considered good)		
Advances Recoverable in Cash or in Kind or for value to be received	19,250,952	56,415,073
Security Deposit	109,600	141,600
Advance Tax/Income Tax refundable (after adjustment of provision for Income Tax)	17,431,922	19,878,704
	<u>36,792,474</u>	<u>76,435,377</u>
 Schedule 'H'		
Current Liabilities		
Sundry Creditors		
- Due to SSI Undertakings	-	-
- Due to Micro and Small Enterprises	-	-
- Others	54,007,804	109,258,264
Advances from Customers	10,580,750	40,575,120
Due to bank-SBOP		
Other Liabilities*	71,414,411	66,884,493
*Includes due to Saraswati Sugar Mills Ltd.(subsidiary of The Saraswati Industrial Syndicate Ltd) Rs.4,71,40,980/- (previous Year Rs.4,71,40,980/-)	<u>136,002,965</u>	<u>216,717,877</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

Schedule 'T'	Figures in Rupees	
	As at	As at
Erection Cost	31.03.2010	31.03.2009
Opening Balance :-		
Erection work-in-progress	7,500,000	12,800,000
Add:		
Erection Cost incurred during the year	149,867,781	274,852,622
	<u>157,367,781</u>	<u>287,652,622</u>
Less :Closing Balance		
Erection Work in Progress	-	7,500,000
Erection Cost (*)	<u>157,367,781</u>	<u>280,152,622</u>
Erection Cost	157,072,945	279,585,831
Food & Brev.	294,836	482,540
Freight & Cartage	-	19,174
Travelling Expenses	-	65,077
	<u>157,367,781</u>	<u>280,152,622</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

Schedule 'J'

Statement on significant Accounting Policies and Notes to accounts:

I Accounting Policies :

1 Accounting Convention :

The Accounts have been prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles of India and accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956

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 of 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 the 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 amount 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 its recoverable value. An impairment loss is charged 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.1,94,25,000/- (Previous Year Rs.1,33,61,000/-) 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 Previous year figures have been regrouped/recast wherever necessary to confirm to current year classification.
- 6 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.

			(Rs. In Lakhs)
Element of Deferred Tax	As at March.2009	Credit/ (charge) during the year	As at March.2010
Depreciation	12536	(619)	11917
Other Timing Difference	48204	-	48204
Net Deferred Tax Assets	60740	(619)	60121

7 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.

8 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 Details relating to party referred to the item 8(b)(i) :

	(Amount in Rs.)	
	31.03.2010	31.03.2009
i) Consumable item purchased for the Holding Company	34,53,117	1,42,93,226
ii) Payment for other expenses	8,41,462	7,89,893
iii) Counter gurantees given to the bankers against guarantees furnished by the bankers	1,94,25,000	1,33,61,000
iv) Interest paid	53,93,920	52,62,579
v) Outstanding payable / (receivable) by the company (Net) *	5,85,77,426	6,91,35,998

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

2.2 Details relating to party referred to the item 8(b)(ii) :

Amount due to SSM Limited (Net)	47,087,757	46,936,278
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2.3 Details relating to persons referred to the item 8(1)(a).

Board Meeting fee to Directors	3,750	4,000
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9 Cash Flow Statement for the year ended 31st March, 2010

	Figures in Rupees	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	5,419,272	(1,938,650)
Adjustment for :		
Depreciation	33,353	43,001
Interest Income		
Operating Profit Before Working Capital Change	5,452,625	(1,895,649)
Adjustment for :		
(Increase)/Decrease in Inventories	7,500,000	5,300,000
(Increase)/Decrease in Debtors	37,022,779	7,031,322
(Increase)/Decrease in Other current assets		
(Increase)/Decrease in Loans and Advances	39,642,903	3,123,738
Increase/(Decrease) in Creditors	(80,714,912)	25,506,316
Cash Generation from Operation	8,903,395	39,065,727
Direct Taxes paid/Refund received	(1,674,000)	-
Net cash flow From Operating Activities (Total of A)	7,229,395	39,065,727
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,700)	(287,560)
Interest Received		
Net cash used in Investing Activities (Total of B)	(3,700)	(287,560)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Others	(10,558,572)	(33,114,732)
Net cash used in Financial Activities (Total of C)	(10,558,572)	(33,114,732)
D. Net Increase / (Decrease) in Cash & Cash Equivalents (Total of A+B+C)	(3,332,877)	5,663,435
Opening balance of Cash & Cash Equivalents	6,597,962	934,527
Closing balance of Cash & Cash Equivalents	3,265,085	6,597,962

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.

10 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	25908	State Code	55
Balance Sheet Date	31/03/2010		

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
	879.03	879.03
Sources of Funds	Paid-up Capital	Profit and Loss
	200	93.26
	Secured Loans	Unsecured Loans
	NIL	585.77
Application of Funds	Net Fixed Assets	Investments
	484.99	NIL
	Net Current Assets	Misc. Expenditure
	394.03	NIL
	Accumulated Losses	
	NIL	

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

Turnover (Gross Revenue)	Total Expenditure
1713.52	1659.33
Profit Before Tax	Profit After Tax
54.19	37.45
Earning per Share in Rs.	Rate of Dividend
1.87	NIL

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

Item Code No. (ITC Code)

Product Description

Erection & Commissioning of Boiler & Sugar Machinery

For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn. No.57N)

Dinesh Kumar
Company Secretary

S.K. Khorana
Director

L.M. Talwar
Director

Ramesh Malhotra
Partner
Membership No. 13624

Place : New Delhi
Date : 07th August 2010

ANNUAL REPORT 2009-2010

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 14th Annual Report on the business and operations of the Company and audited Statement of the Accounts for the year 31.03.2010.

1. FINANCIAL RESULTS:

	Figures in Rs. / Lacs
i) Gross Income	6.00
ii) Net Profit before Tax	4.29
iii) Provision for taxation	1.32
iv) Balance of previous year profit	9.80
v) Profit available for appropriation	18.26
vi) Balance carried forward to Profit & Loss A/c	18.26

2. DIVIDEND:

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

3. WORKING OF THE COMPANY:

The Company has not undertaken any export business during the last 10-11 years.

4. ENERGY, CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

5. FIXED DEPOSITS:

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

6. AUDITORS:

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

7. 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. 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. DIRECTORS:

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

10. DIRECTOR'S RESPONSIBILITY:

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 2009-10, 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 a going concern basis.

11. APPRECIATIONS:

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

With these remarks, we present the Profit & Loss Account for the year ended 31.03.2010 and the Balance Sheet as on that date.

By the Order of the Board

Place : New Delhi.
Date : 13th August, 2010

(V.D.Verma)
DIRECTOR

(L.M. Talwar)
DIRECTOR

SECRETARIAL COMPLIANCE CERTIFICATE

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

To,

The Members,
ISGEC Exports Limited,
D-860, New Friend Colony,
New Delhi - 110 065.

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, 2010. 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 four times respectively on 30.06.2009, 29.07.2009, 31.10.2009 & 29.01.2010, 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 31.03.2009 was held on 29.09.2009 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 purpose.
 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 the 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 were 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 the 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 not taken any borrowings from other body corporate during the financial year falling within the Provisions of Sec. 293 (1)(d) of the Act.
25. The Company has not made any Loans/Investments or provided guarantees/securities to/ in respects of other bodies corporate 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 Company's 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 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 provided 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 of 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 2010.

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 31.03.2009	20.10.2009	Yes	No
2.	Compliance Certificate	383(A)	Annual Certificate from the Company Secretary	14.10.2009	Yes	No
3.	Annual Return	159	Annual Return of the Company made up to 29.09.2009	27.11.2009	Yes	No

Auditor's Report

We have audited the attached Balance Sheet of ISGEC Exports Limited as at 31st March, 2010 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 paragraph "4" and "5" of the said order.

1. The company has no fixed asset at the year end as the company has transferred its fixed asset (Land) to The Saraswati Sugar Mills Limited (subsidiary of The Saraswati Industrial Syndicate Limited) and therefore paragraph 4(i)(a) to (b) of the Order are not applicable. Based on the information and explanation given to us by the management, we are of the opinion that the transfer of the said fixed asset has not affected the going concern status of the company.
 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) (i) The company has granted unsecured 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 rate of interest and other terms and conditions of such advance are, prima-facie, not prejudicial to the interest of the company. The maximum amount outstanding during the year and the year end balance are Rs. 8603471/- and Rs. 8603471/- 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.

(ii) In respect of the aforesaid advance, the company was regular in payment of interest. We are explained that such advance is repayable on demand and therefore, there is no overdue amount due at the year end.

(b) The company has not taken any loans secured or unsecured, from 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.
 4. In our opinion and according to the information and explanation 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 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. 5,00,000 (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 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, 2010 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 Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty/Cess which have not been deposited on account of any dispute.
 10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or immediately preceding financial year.
 11. According to the information and 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 (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 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 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010.
- (b) In the case of the Profit and Loss account of the Profit for the year ended on that date and
- (c) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

For K.C. MALHOTRA & CO.
Chartered Accountants
(Firm Registration No.57N)

(Ramesh Malhotra)
Partner

Place : New Delhi
Dated : 13th August, 2010

Membership No.13624

BALANCE SHEET as at 31st March, 2010

(Figures in Rupees)

	Schedule No.		As At 31.03.2010	As At 31.03.2009
Sources of Funds :				
Shareholders Funds :				
Share Capital	A	1000000	1000000	
Reserves and Surplus	B	<u>7690590</u>	8690590	<u>6844256</u> 7844256
Unsecured Loans	C		<u>-</u>	<u>83152924</u>
TOTAL			<u>8690590</u>	<u>90997180</u>
Application of Funds :				
Fixed Assets	D		-	83152924
Current Assets, Loans and Advances :				
Sundry Debtors	E	-	-	
Cash and Bank Balances	F	57598	88525	
Loans and Advances	G	<u>8657992</u>	<u>8103090</u>	
		8715590	8191615	
Less:Current Liabilities and Provisions				
Current Liabilities	H	25000	30654	
Provisions :	I	-	316705	
		25000	347359	
Net Current Assets :			<u>8690590</u>	<u>7844256</u>
TOTAL			<u>8690590</u>	<u>90997180</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
(Firm Regn. No. 57N)

H.R. Vij
Secretary

V.D. Verma
Director

L.M. Talwar
Director

(Ramesh Malhotra)
Partner
Membership No. 13624

Place : New Delhi
Dated : 13th August 2010

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2010

		(Figures in Rupees)	
	Schedule No.	Year ended 31.03.2010	Year ended 31.03.2009
INCOME :			
Other Income	J	600838	6007
		<u>600838</u>	<u>6007</u>
EXPENDITURE :			
Purchases		-	-
Operating and Other Expenses	K	171920	31504
		<u>171920</u>	<u>31504</u>
Profit for the year before Taxation		428918	(25497)
Excess Provision of Doubtful Debts Written Back		(140994)	-
Current tax		132600	-
Taxation adjustment of previous year		(409023)	-
Profit after taxation		<u>846335</u>	<u>(25497)</u>
Balance of Profit from Previous Year		979567	1005064
Profit available for Appropriation		<u>1825902</u>	<u>979567</u>
Appropriation :			
Balance being Surplus Carried to Balance Sheet		1825902	979567
		<u>1825902</u>	<u>979567</u>
Basic & Diluted Earnings Per Share (Rs.)		4.29	(0.25)
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
(Firm Regn. No. 57N)

H.R. Vij
Secretary

V.D. Verma
Director

L.M. Talwar
Director

(Ramesh Malhotra)
Partner
Membership No. 13624

Place : New Delhi
Dated : 13th August, 2010

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

(Figures in Rupees)

Schedule 'A'	As at	As at
Share Capital :	31.03.2010	31.03.2009
Authorised :		
1,00,000 Equity Share of Rs. 10/- each	1000000.00	1000000.00
Issued,Subscribed & Paid up:		
1,00,000 Equity Share of Rs. 10/- each fully paid up	1000000.00	1000000.00
	<u>1000000.00</u>	<u>1000000.00</u>

Schedule 'B'

Reserves and Surplus :

General Reserve:

As per last Balance Sheet	5864688	5864688
Transfer from Profit and Loss Account	-	-
	<u>5864688</u>	<u>5864688</u>
Profit and Loss Account :		
Surplus as per Account Annexed	1825902	979567
	<u>7690590</u>	<u>6844255</u>

Schedule 'C'

UNSECURED LOAN :

From the holding company viz.The Saraswati Industrial Syndicate Ltd.	-	-
From Saraswati Sugar Mills Ltd. (Subsidiary of the Saraswati Industrial Syndicate Ltd.)	-	83152924
	<u>-</u>	<u>83152924</u>

Schedule 'D'

FIXED ASSETS :

Land	8,31,52,924	-	83152924
Less: Transfer during the year	<u>8,31,52,924</u>	<u>-</u>	<u>83152924</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

(Figures in Rupees)

Schedule 'E'	As at	As at
SUNDRY DEBTORS (Unsecured) :	31.03.2010	31.03.2009
Considered Doubtful :		
Over six months old :	-	140994
Other	-	-
	<u>-</u>	<u>140994.00</u>
Less : Provision for doubtful debts	-	140994.00
	<u>-</u>	<u>-</u>

Schedule 'F'

Cash and Bank Balances :

With Scheduled Banks :		
In Current Accounts	57598	88525
	<u>57598</u>	<u>88525</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 Suger Mills Ltd.

(Subsidiary of the Sarawati Industrial Syndicate Ltd.)

	8603471	8103090
Advance Tax Less Provision	54521	-
	<u>8657992</u>	<u>8103090</u>

Schedule 'H'

Current Liabilities :

Current Liabilities :

Other Liabilities	25000	30654
	<u>25000</u>	<u>30654</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010

(Figures in Rupees)

Schedule 'I'	As at	As at
Provisions :	31.03.2010	31.03.2009
For Taxation (Net of Advance Tax)	-	316705
	<u>-</u>	<u>316705</u>

Schedule 'J'
Other Income :

(Gross-Tax deducted at source Rs.94803/- previous year.Nil)

Interest Received	595184	2508
Excess Provision for Expenses Written Back	5654	3499
	<u>600838</u>	<u>6007</u>

Schedule 'K'
Operating and other expenses :

Other Expenses :			
Rates & Taxes	900		900
Bad Debts Written Off	140994		-
Legal Expenses	3500		4000
General Expenses	25230		25411
Interest Expenses	103		-
Bank Charges	1193	171920	1193
		<u>171920</u>	<u>31504</u>
		<u>171920</u>	<u>31504</u>

Schedule Annexed to and forming part of the Accounts for the year ended 31st March, 2010**SCHEDULE 'L'****A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Accounting:**

The Accounts have been prepared under the historical cost convention on an accrual basis and comply in all material aspects with the applicable accounting principles of India and accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956.

(b) Use of Estimates:

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

(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.

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. 25,000/- (Inclusive of service tax).
 - (d) Previous year figures have been regrouped / recast wherever necessary.
 - (e) Based on the information available with the company, there are no dues to the Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006.
 - (f) 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.
-

(g) Earning per share:

	31.03.2010	31.03.2009
i) Profit / Loss for the year after taxation	4,28,918	(25,497)
ii) Weighted average number of equity shares outstanding (Nos.)	1,00,000	1,00,000
iii) Face value of share	Rs. 10	Rs. 10
iv) Basic and diluted earnings per share (Rs.)	4.29	(0.25)

(h) Nature of related parties and description of relationship.

a). (i) Holding Company:

The Company is a subsidiary of the Holding Company viz. The Saraswati Industrial Syndicate Limited.

b). (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).

- ISGEC Covema Limited (Subsidiary of (b)(ii) above).

c). *Transactions with the party referred to in the item (b)(ii)above:

	31.03.2010	31.03.2009
Transfer of fixed asset - Land	8,31,52,924	-
Outstanding payable/ (receivable) by the Company (Net)	(86,03,471)	7,50,49,834

*Transaction with the above party is accounted in respective current account

Cash Flow Statement for the year ended 31st March, 2010

Figures in Rupees

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	428918	(25497)
Adjustments for :		
Preliminary Expenses	-	-
Interest Income	(595184)	(2508)
Interest Expenses	103	-
Operating Profit Before Working Capital Changes	(166163)	(28005)
Adjustments for :		
(Increase)/Decrease in Other Current Assets	-	-
(Increase)/Decrease in Loans & Advances	(500381)	(8100000)
Increase/(Decrease) in Creditors	(5654)	(3090)
Cash Generated From Operations	(672198)	(8131095)
Interest Expenses	103	-
Direct Taxes Paid/Refund received	45984	14171
Net Cash Flow From Operating Activities	(626111)	(8116924)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-	(505230)
Interest Received	595184	2508
Net Cash used in Investing Activities	595184	(502722)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Transfer of Fixed Assets	83152924	-
Borrowings :		
- Others	(83152924)	8676440
Net Cash Used in Financing Activities (Total of C)	-	8676440
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(30927)	56794
Total of A+B+C		
Cash and Cash equivalents as at 1st April, 2009		
(Opening Balance)	88525	31731
Cash and Cash equivalents as at 31st March, 2010		
(Closing Balance)	57598	88525

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	31.03.2010		

II CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

	Total Liabilities	Total Assets
	8,691	8,691
SOURCES OF FUNDS:	Paid up Capital	Reserve and Surplus
	1,000	7,691
	Secured Loans	Unsecured Loans
	NIL	NIL
APPLICATION OF FUNDS:	Net Fixed Assets	Investments
	NIL	NIL
	* Net Current Assets	Misc. Expenditure
	8,691	NIL
	Accumulated Losses	
	NIL	

* Including Net Deferred Tax Liability

IV PERFORMANCE OF THE COMPANY (Amount in Thousand)

Turnover	Total Expenditure
600	171
Profit Before Tax	Profit After Tax
429	846
Earning per Share	Dividend Rate (%)
8.46	-

V GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No (ITC Code)	Product Description
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
(Firm Regn. No. 57N)

H.R. Vij
Secretary

V.D. Verma
Director

L.M. Talwar
Director

(Ramesh Malhotra)

Partner

Membership No. 13624

Place : New Delhi

Dated : 13th August, 2010

ANNUAL REPORT 2009-2010

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, 2010.

2.00 FINANCIAL RESULTS:

2.01 The financial results for the year are given below:

	<u>Rs. in Lacs</u>
Profit before Depreciation	814.48
Depreciation	1093.77
Loss for the year after Depreciation	279.29
Less: Excess Provision for Taxation including Deferred Tax	61.17
Transfer to General Reserve Account	NIL
Proposed Dividend (including Dividend Tax)	NIL
Balance Loss Transferred to P & L Account	218.12

2.02 The financial results for the year were not good, in view of high cane prices paid due to competition for cane. The cost of production was consequently high. The sugar realization was high during the period when the cane was purchased and, therefore, neighbouring mills were willing to pay a higher price for cane. However, the sugar prices declined rapidly from March 2010. The overall sugar realisation was much lower than what was anticipated and as a result the sugar factory ended the year showing a loss. The financial results were also affected due to increase of levy-free ratio to 20:80 from the earlier 10:90 for this season.

No silver lining is seen in the current year as the All India sugar production is expected to be higher than consumption.

3.00 Dividend:

3.01 In view of the financial results, the Directors have not recommended any dividend.

4.00 Review of the Operations of the Company:

4.01 Your factory started crushing on 21st November 2009.

4.02 As stated earlier, your factory had to pay a very high cane price, much above the State Advised Price, to secure cane. As a result, the factory was able to crush 118 lac quintals of cane against 68.37 lac quintals of cane crushed in the last season.

4.03 The recovery was also higher than the preceding season.

4.04 The sugar prices, which were prevailing at higher level till March 2010 decreased due to:-

- i) Higher All India sugar production of 189 lac tonnes against 150 to 160 lac tonnes anticipated at the beginning of the season.
 - ii) Various regulatory measures taken by the Central Government and the State Governments with the aim of lowering sugar prices. These include lowering of sugar stock limits, both for bulk consumers as well as for dealers, and changing the quota for the sale of sugar from monthly basis to weekly basis.
-

4.05 The statistical position is given below:

Particulars	Season	
	2009-10	2008-09
All India Production of Sugar (Lac Tonnes)	189	146
All India Consumption of Sugar (Lac Tonnes)	210	230
Production of Sugar by SSM (Lac Tonnes)	1.2226 *	0.681
Closing Stock SSM (Lac Tonnes)	0.279	0.129
Cane Crush by SSM (Lac Tonnes)	11.82	6.84
Recovery %	10.12	9.97

* including 0.0253 lac tonnes from raw sugar.

Current Season - 2010-11:

4.06 The Central Government has revised the levy-free ratio from 20:80 to 10:90 which was also prevailing prior to the season 2009-10.

4.07 The Central Government has announced Fair & Remunerative Price (FRP) of Rs.139.12 per quintal for season 2010-11 against Rs.129.84 per quintal for season 2009-10, linked to 9.5% recovery. The FRP for your factory for season 2010-11 is likely to be approximately Rs.149.34 per quintal against Rs.136.69 per quintal in 2009-10.

4.08 While the FRP is determined by the Central Government, the State Governments have also fixed State Advised Price (SAP). The Government of Haryana, has fixed the SAP as follows:-

- i) Early Variety : Rs. 220/- per quintal (increase of Rs. 35/- per quintal over the season 2009-10).
- ii) Mid Variety : Rs. 215/- per quintal (increase of Rs. 35/- per quintal over the season 2009-10).
- iii) Late Variety : Rs. 210/- per quintal (increase of Rs. 35/- per quintal over the season 2009-10).

4.09 The All India sugar production during the current season is likely to be much higher than the preceding season.

4.10 In view of the expected higher production, the Central Government, which had banned the export of sugar, including export under Advance Licensing Scheme obligations, had partially removed the ban.

4.11 The cane availability during the season is expected to be better than the previous season because of increase in the cane area. The cane availability would have been much better but for the impact of extensive floods in some of the cane area.

4.12 Though the levy-free ratio has been reduced from 20:80 to 10:90 and the availability of cane during the current season is likely to be better than the previous season, the lower sugar prices are likely to result in adverse financials for this season.

5.00 The company had filed Industrial Entrepreneurship Memoranda (IEMs) for setting up sugar mills at Kurali and Bhartoli villages near Yamunanagar. The Central Government has recognized these IEMs on 9th November 2010 and 29th October 2010 respectively.

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

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

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 enclosed.

9.00 FIXED DEPOSITS:

9.01 The amount of deposit with the company, as at the close of the year, was well within the limits prescribed under the provisions of the Companies Act. 88 depositors of the company had, as on September 30, 2010, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 67.94 lac.

10.00 ACKNOWLEDGEMENTS:

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

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

10.03 With these remarks, we present the Accounts for the year ended September 30, 2010.

BY ORDER OF THE BOARD

Dated: 22nd November , 2010

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) Measures taken during 2009-10:

- i) 1st vapour heating arrangement for molasses conditioning.
- ii) Installation of Plate Type Heat Exchanger for Super Heated Wash Water for high grade Centrifugal Machines.
- iii) Use of Vapour Cell Condensate for 'B' & 'C' Sugar Melter.

(b) Measures proposed for 2010-11:

- i) Modification of Evaporator Stations for reduction in Steam Consumption.
- ii) Modification of Saraswati Mills for reduction in Bagasse moisture & Pol by installing new Swing Type Fibrizor.
- iii) Modification of Yamuna Mills for reduction in Bagasse moisture & Pol by replacing Shredder Turbine with Anvil Plate & new Cane Cutter.

(c) Impact of Measures:

Additional bagasse saving of 0.16% on cane.

(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, initiatives taken to increase exports, development of new export markets for products and services and export plans.

No sugar was exported.

(g) Total Foreign Exchange used and earned (2009-10)

(Amount in Rs./Lacs)

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

Encl: As above.

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy

		Current Year 2009-2010	Previous Year 2008-2009
A. POWER & FUEL CONSUMPTION :			
1. Electricity :			
a) Purchased (Units)	(KWH)	2,627,636	2,518,780
Total Amount	(Rs.)	13,482,312	11,952,903
Rate/unit	(Rs./unit)	5.13	4.75
b) Own Generation :			
i) Through Steam Turbine :			
Units	(KWH)	36,367,004	23,518,640
Unit per qtl. of bagasse	(Units)	206	205
Cost/unit	(Rs./unit)	1.94	2.38
ii) Through D.G. Set :			
Units	(KWH)	223,915	307,438
Unit per litre. of diesel	(Unit)	2.95	3.01
Cost/unit	(Rs./unit)	13.01	11.64
2. Furnace Oil :			
Quantity	(Ltrs.)	-	13,500
Total Amount	(Rs.)	-	275,051
Average Rate	(Rs./Ltr.)	-	20.37
3. Others:			
a) Bagasse :			
Quantity	(Qtls.)	2,911,646	1,939,138
Total Cost	(Rs.)	537,013,477	310,359,053
Rate/unit	(Rs./Qtl.)	184.44	160.05
b) High Speed diesel oil :			
Quantity	(Ltrs.)	76,000	102,000
Total Cost	(Rs.)	2,578,784	3,271,620
Rate/unit	(Rs./Ltr.)	33.93	32.07
c) Saw Dust :			
Quantity	(Qtls.)	12,167.80	11,562.80
Total Cost	(Rs.)	3,291,183	2,904,568
Rate/unit	(Rs./Qtl.)	270.48	251.20
d) Fire wood :			
Quantity	(Qtls.)	20.80	17.15
Total Cost	(Rs.)	11,856	9,432
Rate/unit	(Rs./Qtl.)	570.00	549.97
f) Wooden chips :			
Quantity	(Qtls.)	10,620.05	-
Total Cost	(Rs.)	2,783,807	-
Rate/unit	(Rs./Qtl.)	262.13	-
B. Consumption per unit of production (Sugar per qtl.)			
Electricity (Units)	(KWH)	32.11	38.66
Furnace Oil	(Ltrs.)	0.0000	0.0198
Saw Dust	(Qtls.)	0.010	0.0170
Wood Chips	(Qtls.)	0.0087	-
High Speed Diesel Oil	(Ltrs.)	0.0620	0.1497
Others (Specify) :			
Bagasse	(Qtls.)	2.38	2.85

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

Consumption of power & fuel is lower due to comparatively smooth working of factory. Last year there was intermittent working of the factory as a result of stoppages on account of non-availability of cane.

FORM 'B'

Form for disclosure of particulars with respect to technology absorption, 2009-10.

RESEARCH & DEVELOPMENT:

I. Specific areas in which R&D carried out by the company:

- i) Wider Space planting of sugar cane.
- ii) Trench method of planting.
- iii) Soil testing.
- iv) Cultivation of new high sugared varieties.
- v) Integrated pest & disease management.

II. Benefits derived:

- i) Improvement in cane yields.
- ii) Improvement in sugar recovery and cane quality.
- iii) Better ratoonability.
- iv) Application of balanced dose of fertilizers.

III. Future Plans:

Efforts will continue to achieve higher recovery and sugar cane yield.

IV. Expenditure on R & D:

	(Figures in Rs./lacs)
i) Capital	Nil
ii) Recurring	6.43
iii) Total	6.43
iv) Total R& D expenditure as a percentage of total Turnover of the unit.	0.019%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made and benefits derived as a result of the above:

Not applicable.

2. Particulars of Technologies imported during the last 5 years:

Not applicable.

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

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 2009-10, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 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.

AUDITOR'S 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, 2010 and the Profit & Loss Account and also 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2010 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, 2010;
 - ii) In the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

(ARUN K. TULSIAN)
Partner
Membership No.089907

Place : Noida
Dated : 22nd November, 2010

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. 7641.93 lacs and balance outstanding at end of the year is Rs. 1234.92 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.
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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 and Cess which have not been deposited on account of any dispute, except the following in respect of Sales Tax & Excise Duty 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 is 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 not given any guarantee to bank or financial institutions for loan taken by others from bank 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 such end use has been stipulated by the lender except in case of SDF loan of Rs. 107 lacs for modernisation of plant, the same was not utilized and since repaid in November 2010.
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
Firm Regn. No. 000756N

(ARUN K. TULSIAN)
Partner
Membership No.089907

Place : Noida
Dated : 22nd November, 2010

BALANCE SHEET as at 30th September, 2010

	Schedule	(Rs. In Lacs)	
	No.	As at 30.09.2010	As at 30.09.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	709.99	709.99
Reserves & Surplus	B	<u>12461.50</u>	<u>12679.62</u>
		<u>13171.49</u>	<u>13389.61</u>
Loan Funds			
Secured Loans	C	2277.38	3188.29
Unsecured Loans	D	<u>3073.36</u>	<u>1852.30</u>
		<u>5350.74</u>	<u>5040.59</u>
Deferred Tax Liability (Net) [(Refer note 11.b) on Schedule VIII and note 6 on Schedule IX]		<u>1195.42</u>	<u>1401.59</u>
TOTAL		<u><u>19717.65</u></u>	<u><u>19831.79</u></u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	E	21816.72	20217.55
Less: Depreciation		<u>8089.44</u>	<u>7001.72</u>
Net Block		<u>13727.28</u>	<u>13215.83</u>
Capital Work in Progress		<u>361.88</u>	<u>1536.45</u>
		<u>14089.16</u>	<u>14752.28</u>
Investments	F	<u>305.35</u>	<u>3577.65</u>
Current Assets, Loans and Advances			
Inventories	G	7711.46	2834.64
Sundry Debtors	H	779.33	954.54
Cash & Bank balances	I	745.11	3574.49
Other Current Assets	J	9.22	31.54
Loans & Advances	K	<u>1237.89</u>	<u>725.75</u>
		<u>10483.01</u>	<u>8120.96</u>
Less: Current Liabilities and Provisions			
Liabilities	L	4351.48	3667.36
Provisions	M	<u>808.39</u>	<u>2951.74</u>
		<u>5159.87</u>	<u>6619.10</u>
Net Current Assets		<u>5,323.14</u>	<u>1501.86</u>
TOTAL		<u><u>19717.65</u></u>	<u><u>19831.79</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
(Firm Regn. No. 000756N)

R. K. Verma
DGM (Finance)

Kishore Chatnani
Sr. Vice President (Finance & Accounts)

(Arun K. Tulsian)
Partner
Membership No. : 89907

J. K. Chowdhery
Sr. Vice President & Company
Secretary

S. K. Khorana
Executive Director (Finance)

Place : Noida
Date : 22nd November, 2010

S. C. Jolly
Director

Aditya Puri
Managing Director

PROFIT & LOSS ACCOUNT for the year ended 30th september, 2010

	SCHEDULE NO	Year ended 30.09.2010	(Rs. In Lacs) Year ended 30.09.2009
INCOME			
Gross Sales	I	33766.78	39855.87
Less: Excise Duty		<u>1461.27</u>	<u>1876.90</u>
Net Sales		32305.51	37978.97
Other Income	II	1138.97	526.11
Increase/ (Decrease) in stock of Finished Goods & Partly Processed Sugar	III	<u>4880.42</u>	<u>(11437.65)</u>
TOTAL		<u>38324.90</u>	<u>27067.43</u>
EXPENDITURE			
Manufacturing expenses	IV	33331.96	13377.79
Employee Cost	V	2618.78	2499.10
Administration & Selling Expenses	VI	603.40	807.67
Interest and Financial Charges	VII	956.28	1237.69
Depreciation		<u>1093.77</u>	<u>1214.14</u>
TOTAL		<u>38604.19</u>	<u>19136.39</u>
Profit/ (Loss) for the year before tax.		<u>(279.29)</u>	<u>7931.04</u>
Provision for Tax:			
Income Tax		145.00	2103.16
Less: MAT Credit Entitlement		-	(82.16)
Fringe Benefit Tax		-	6.43
Deferred Tax		<u>(206.17)</u>	<u>584.56</u>
		<u>(218.12)</u>	<u>5319.05</u>
Brought Forward from Last Year		<u>5717.62</u>	<u>2591.88</u>
Profit available for Appropriation		5499.50	7910.93
Proposed Dividend		-	1,419.98
Corporate Dividend Tax		-	241.33
Transferred to General Reserve		-	532.00
Balance carried to Balance Sheet		<u>5499.50</u>	<u>5717.62</u>
Basic/Diluted Earnings/ (Loss) per share (Rs.) [Refer Note 11 on Schedule IX]		<u>(5.98)</u>	<u>83.15</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 Profit & Loss Account.

For S.S.KOTHARI MEHTA & CO.
Chartered Accountants
(Firm Regn. No. 000756N)

R. K. Verma
DGM (Finance)

Kishore Chatnani
Sr.Vice President(Finance & Accounts)

(Arun K. Tulsian)
Partner
Membership No. : 89907

J. K. Chowdhery
Sr.Vice President & Company
Secretary

S. K. Khorana
Executive Director(Finance)

Place : Noida
Date : 22nd November, 2010

S. C. Jolly
Director

Aditya Puri
Managing Director

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

Schedule 'A'	As at 30.9.2010	(Rs. In Lacs) As at 30.9.2009
SHARE CAPITAL		
Authorised :		
71,00,000 (Previous year 71,00,000) Equity shares of Rs.10/- each	<u>710.00</u>	710.00
Issued,Subscribed and paid up. 70,99,900 Equity Shares of Rs.10/- each	<u>709.99</u>	<u>709.99</u>

Notes:

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

Schedule 'B'

RESERVES AND SURPLUS	As at 01.10.2009	Additions	Deductions	(Rs. in Lacs) As at 30.09.2010
Securities Premium	6300.00	-	-	6300.00
	(6300.00)	(-)	(-)	(6300.00)
General Reserve	662.00	-	-	662.00
	(130.00)	(532.00)	(-)	(662.00)
Profit and Loss Account Balance	5717.62	-218.12	-	5499.50
	(2591.88)	(3125.74)	(-)	(5717.62)
	<u>12679.62</u>	<u>-218.12</u>	-	<u>12461.50</u>
	(9021.88)	(3657.74)	(-)	(12679.62)

Note:

Previous year figures are indicated in parenthesis

Schedule 'C'

SECURED LOANS	As at 30.09.2010	(Rs. In Lacs) As at 30.09.2009
(Refer note 10 on Schedule VIII)		
From Financial Institutions and Banks :		
Term Loan (Note 1 & 3)	2277.38	3120.37
Cash Credit Accounts (Note 2)	-	67.92
	<u>2277.38</u>	<u>3188.29</u>

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.1458.72 Lacs, Previous Year Rs. 822.66 Lacs

Schedule 'D'

(Refer note 10 on Schedule VIII)

UNSECURED LOANS

- From the Holding Company viz. The Saraswati Industrial Syndicate Limited	1141.73	337.85
- From ISGEC Exports Ltd.	88.20	83.82
Sugar Development Fund Loan (For cane development & purchase of machinery for processing of Raw Sugar)	357.00	-
Fixed Deposits*	<u>1486.43</u>	<u>1430.63</u>
	<u>3073.36</u>	<u>1852.30</u>

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

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

Schedule - 'E'

FIXED ASSETS

(Rs. In Lacs)

Particulars	Cost			Depreciation			Net Block			
	Cost as at 1st Oct. 2009	Additions/Transfers during the year	Deductions during the year	Cost As at 30th Sept.2010	Depreciation upto 30th Sept. 2009	Depreciation during the year	Adjustment on deductions	Depreciation upto 30th Sept. 2010	Net Block as at 30th Sept. 2010	Net Block as at 30th Sept. 2009
Tangible Assets										
Free Hold Land	1,693.00	1,522.34	-	3,215.34	-	-	-	-	3,215.34	1,693.00
Buildings & Roads	2,632.47	88.34	0.58	2,720.23	746.69	157.75	0.02	904.41	1,815.82	1,885.78
Plant & Machinery	14,935.98	20.80	70.91	14,885.87	5,519.84	864.22	4.97	6,379.10	8,506.77	9,416.14
Furniture & Fixtures	59.08	0.55	0.41	59.22	39.13	3.18	0.06	42.26	16.96	19.95
Vehicles	315.19	41.00	5.80	350.39	205.09	39.03	0.79	243.33	107.06	110.10
Office Equipments	211.98	4.93	1.09	215.82	143.74	24.04	0.21	167.56	48.26	68.24
Intangible Assets										
Good Will	342.10	-	-	342.10	342.10	-	-	342.10	-	-
Computer Software	27.75	-	-	27.75	5.13	5.55	-	10.68	17.07	22.62
Total	20,217.55	1,677.96	78.79	21,816.72	7,001.72	1,093.77	6.05	8,089.44	13,727.28	13,215.83
Capital work in progress	-	-	-	-	-	-	-	-	361.88	29.90
Capital Advances*	-	-	-	-	-	-	-	-	-	1,506.55
Total	-	-	-	-	-	-	-	-	361.88	1,536.45
Grand Total	20,217.55	1,677.96	78.79	21,816.72	7,001.72	1,093.77	6.05	8,089.44	14,089.16	14,752.28
Previous year	18,815.19	1,453.40	51.04	20,217.55	5,793.04	1,214.14	5.46	7,001.72	14,752.28	-

Notes:

* Possession and right to use of land amounting to Rs.1304.05 lacs 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 statement of accounts for the year ended 30th September, 2010

Schedule 'F' (Refer note 6 on Schedule VIII)	(Rs. In Lacs)	
	As at 30.09.2010	As at 30.09.2009
INVESTMENTS		
Non-Trade Investments		
Long term at cost (Unquoted)		
Post Office Saving Account (Pledged as Security with various Government Departments)	0.60	0.60
Investment in other companies (Quoted)		
265000 (Previous year 265000) equity shares of Rs.10/- each of DCM Shriram Industries Ltd. (Market value as on 30-09-10 is Rs. 230.28 lacs) (Previous Year Rs.405.45 Lacs)	304.75	304.75
Current at cost (Unquoted)		
Mutual Funds:		
- SBI SHF Ultra Short Term Fund (Current year Nil, (Previous Year (6093049.10 units of Rs. 10/- each) Rs. 609.63 Lacs)	-	609.63
- Reliance Money Manager Fund - Retail Option Current year Nil, (Previous year (5054.01 units of Rs. 1000/- each) Rs. 50.59 lacs)	-	50.59
- Reliance Money Manager - Institutional Option Current year Nil (Previous year (260911.44 units of Rs. 1000/- each) Rs.2612.08 lacs)	-	2612.08
	<u>305.35</u>	<u>3577.65</u>
Aggregate Book Value of Investments :		
Unquoted	0.60	3272.90
Quoted	304.75	304.75
	<u>305.35</u>	<u>3577.65</u>
Schedule 'G' (Refer note 4 on Schedule VIII)		
INVENTORIES		
Stores and Spare Parts	520.78	524.38
Partly Processed Sugar	25.77	21.07
Finished Stock :		
Sugar	6882.03	1990.38
Molasses	282.88	298.81
	<u>7711.46</u>	<u>2834.64</u>

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

(Rs. In Lacs)

Schedule 'H'	As at 30.09.2010	As at 30.09.2009
SUNDRY DEBTORS		
(Unsecured Considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered Good	1.00	11.25
- Considered Doubtful	80.07	80.50
Other Debts	778.33	943.29
Less: Provision for Doubtful Debts	80.07	80.50
	<u>779.33</u>	<u>954.54</u>
Schedule 'I'		
CASH AND BANK BALANCES		
Cash in hand	13.04	11.32
Cheques in hand	220.69	299.28
With Scheduled Banks in :		
Current and Cash Credit Accounts	461.22	196.52
Fixed Deposits	50.15	3067.31
Stamps in Franking Machine & deposit with Post Office	0.01	0.06
	<u>745.11</u>	<u>3574.49</u>
Schedule 'J'		
OTHER CURRENT ASSETS		
(UNSECURED CONSIDERED GOOD)		
Interest accrued on Investment		
- Fixed Deposits	9.22	31.54
- Others	-	-
	<u>9.22</u>	<u>31.54</u>

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

	As at 30.09.2010	(Rs. In Lacs) As at 30.09.2009
Schedule 'K'		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
Security Deposits	41.40	41.37
Advances recoverable in cash or in kind or for value to be received [(including capital advances Rs. 95.60 Lacs (Previous year Rs. 0.23 Lacs)]	685.49	403.83
Balance with Excise and Customs	69.49	50.30
Claims pending with Govt.	441.51	148.09
MAT Credit Entitlement	-	82.16
	<u>1237.89</u>	<u>725.75</u>
Schedule 'L'		
CURRENT LIABILITIES		
Sundry Creditors (Refer note 7 on schedule IX)	3395.46	3003.31
Other liabilities	65.74	51.63
Advances from Customers	101.39	25.84
Excise duty payable	417.00	273.51
Security and other deposits	111.21	68.75
Interest accrued but not due on Loans	172.93	204.14
Investor Education & Protection Fund(Note)		
Unpaid Matured deposits	67.94	33.97
Interest accrued on the above	19.81	6.21
	<u>4351.48</u>	<u>3667.36</u>
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	108.17	106.14
Provision for Pension	561.61	557.99
Provision for Gratuity	39.99	133.35
Provision for Tax [Net of Prepaid Tax Rs. 632.56 Lacs (Previous Year Rs.1404.38 Lacs)]	98.62	492.95
Provision for Proposed Dividend	-	1,419.98
Provision for Corporate Dividend Tax	-	241.33
	<u>808.39</u>	<u>2951.74</u>

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

	Year ended 30.09.2010	(Rs. In Lacs) Year ended 30.09.2009
Schedule 'I' (Refer note 5 on Schedule VIII)		
GROSS SALE		
Sugar	29745.61	37566.28
Molasses	3327.78	2182.60
By-Products	693.39	106.99
	<u>33766.78</u>	<u>39855.87</u>
Schedule 'II' (Refer note 5 on Schedule VIII)		
OTHER INCOME		
Interest		
- On Govt. Securities	0.01	0.01
- On Fixed Deposit & others (Including TDS of Rs. 20.85 lacs)	194.65	48.59
Dividend from Mutual Fund	52.39	22.30
Dividend from Non Trade Investment	17.23	-
Sundry unclaimed balances written back	58.28	32.45
Profit on sale of fixed assets	1.86	5.78
Reimb. of interest on excise duty term loans	489.78	-
Miscellaneous Income including claims	324.77	416.98
	<u>1138.97</u>	<u>526.11</u>
Schedule 'III'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND PARTLY PROCESSED SUGAR (Refer note 4 on Schedule VIII)		
Closing Stock		
Finished Stock	7164.91	2289.19
Partly Processed Sugar	25.77	21.07
	<u>7190.68</u>	<u>2310.26</u>
Less: Opening Stock:		
Finished Stock	2289.19	13733.57
Partly Processed Sugar	21.07	14.34
	<u>2310.26</u>	<u>13747.91</u>
Increase/(Decrease) in stock of Finished Goods & Partly Processed Sugar	4880.42	(11437.65)

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

	Year ended 30.09.2010	(Rs. In Lacs) Year ended 30.09.2009
Schedule 'IV'		
MANUFACTURING EXPENSES		
Cane consumed	30846.60	13118.92
Raw Sugar Purchased	708.83	-
Consumption of Stores and Spares	1192.37	825.47
Power & Fuel	222.88	151.44
Repairs to :		
- Plant and Machinery	128.00	161.56
- Building	51.07	41.66
Insurance	37.53	29.53
Excise duty difference on opening & closing stock of Finished Goods	144.68	(950.79)
	<u>33331.96</u>	<u>13377.79</u>
Schedule 'V'		
EMPLOYEE COST		
(Refer note 7 on Schedule VIII and note 2 on Schedule IX)		
Salaries, Wages and Bonus	2363.65	2140.14
Contribution to Provident Fund and other Funds	155.81	275.63
Workmen and Staff Welfare Expenses	99.32	83.33
	<u>2618.78</u>	<u>2499.10</u>
Schedule 'VI'		
ADMINISTRATION AND SELLING EXPENSES		
Rent	16.12	42.94
Rates and Taxes	18.46	38.04
Donation	14.75	20.40
Office and Miscellaneous Expenses	318.13	343.55
Auditors Remuneration	3.50	3.50
Loss on Sale of Store	9.18	8.09
Loss on Assets sold and/or written off	48.94	20.43
Loss on stores written off	-	24.20
Commission to Selling Agents and others	44.19	82.77
Packing, Forwarding and Transportation Expenses	129.24	142.27
Bad Debts Written Off [Provision for Bad Debts Current year Nil (Previous year Rs. 79.23 lacs)]	0.32	79.67
Rebate and Discount	0.57	1.81
	<u>603.40</u>	<u>807.67</u>

**Schedules Annexed to and forming part of the statement of accounts for
the year ended 30th September, 2010**

Schedule 'VII'	Year ended	(Rs. In Lacs)
	30.09.2010	Year ended
		30.09.2009
INTEREST & FINANCIAL CHARGES		
(Refer note 10 on Schedule VIII)		
Fixed Loan	362.42	476.65
Other Loans	593.86	761.04
	<u>956.28</u>	<u>1237.69</u>

Schedules Annexed to and forming part of the statement of accounts for the year ended 30th September, 2010

Schedule `VIII`

Significant Accounting Policies

1) (a) Basis of Accounting

The Financial Statements of the Company are prepared under the historical cost convention, and in accordance with applicable Accounting Standards notified by Central Government under the Companies (Accounting Standards) Rules, 2006. For recognition of Income and Expenditure, accrual basis of accounting is followed.

(b) Use of Estimates

The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liability on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

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 for its intended use.

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 of the Companies Act, 1956.

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

4) Inventories

Inventories are valued at lower of cost or net realisable value. Cost for various items of inventory is determined as under :

Raw Materials	:	Cost of purchase including incidental expenses
WIP	:	At raw material cost including proportionate production overheads
Finished Goods	:	At raw material cost including proportionate production overheads
Components and stores & spares	:	Cost of purchase including incidental expenses

Finished stock of molasses is valued at average net realisable value.

5) Revenue Recognition

Revenue is recognised at the time of 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) notified by Central Government under the Companies (Accounting Standards) Rules, 2006, 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 the 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 the 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 period 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" notified by Central Government under the Companies (Accounting Standards) Rules, 2006 and measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

a) Current Year Charge

Provision for taxation for the Company's financial year ended September 30th, 2010 has been determined based on the results for the six months ended March, 2010 (assessment year 2010-11) and for the six months ended September 2010 (assessment year 2011-2012). The ultimate liability for the assessment year 2011-12 however will be determined on the total income of the Company for the year ending March 31, 2011.

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' notified by Central Government under the Companies (Accounting Standards) Rules, 2006.

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.

Schedule Annexed to and forming part of the Accounts for the year ended 30th September, 2010

SCHEDULE - IX

NOTES TO ACCOUNTS

1. (a) Contingent Liability not provided for in respect of :
 - (i) Employees for wages Rs. 521.06 lacs (Previous year Rs. 7.06 lacs)
 - (ii) Others Rs. 13.08 lacs (Previous year Rs.13.08 lacs)

[(Including Cenvat reversal liabilities of Rs. 9.42 lacs (Previous year Rs.9.42 lacs)]

 - (iii) Liability due to Local Area Development Tax (LADT) Rs. 86.06 lacs
- (b) Guarantees furnished by company's bankers for Rs.569.83 lacs (Previous year Rs.214.20 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. Nil (as certified by the management) (previous year Rs.596.64 lacs)

2. Employee Benefits:

The disclosures required by Accounting Standard AS-15 "Employee Benefits" as notified by Central Government under Companies (Accounting Standards) Rules, 2006 as under:

Defined Contribution Plan

The employer contribution to Provident Fund is Rs.88.04 lacs (Previous Year Rs.72.65 lacs), the fund is administered by Trust managed by the Company and contribution to RPFC as Family Pension Fund Rs.76.27 lacs (Previous Year Rs.67.82 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 (Rs. in Lacs)

Particulars	Gratuity			Leave Encashment (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Present value of obligation at the beginning of the period	884.60	778.09	792.16	106.14	90.25	80.77
Acquisition cost	-	-	-	-	-	-
Interest cost	69.32	66.32	64.23	7.86	6.99	6.37
Current service cost	38.73	38.13	35.57	8.45	7.95	7.34
Benefits paid	(101.25)	(89.01)	(58.58)	(12.39)	(6.00)	(24.39)
Actuarial (gain)/loss on obligation	(37.88)	91.07	(55.30)	(1.89)	6.95	20.16
Present value of obligation at end of period	853.52	884.60	778.09	108.17	106.14	90.25

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

Particulars	Gratuity			Leave Encashment		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the period	751.26	684.96	629.40	-	-	-
Acquisition adjustment	-	-	-	-	-	-
Expected return on plan assets	77.24	71.75	65.00	-	-	-
Contributions	93.15	91.35	54.46	-	-	-
Benefits paid	(101.25)	(89.01)	(58.58)	-	-	-
Actuarial gain/(loss) on plan assets	(6.87)	(7.79)	(5.32)	-	-	-
Fair value of plan assets at the end of the period	813.53	751.26	684.96	-	-	-

(c) Amount to be recognised in Balance Sheet

Present value of obligation as at end of the period	853.52	884.60	778.09	108.17	106.14	90.25
Fair value of plan assets as at the end of the period	813.53	751.25	684.96	-	-	-
Net Asset/(liability) recognised in Balance Sheet	(39.99)	(133.35)	(93.13)	(108.17)	(106.14)	(90.25)

(d) Expenses recognised in the statement of Profit & Loss Account.

Current service cost	38.73	38.13	35.57	8.45	7.95	7.34
Interest cost	69.32	66.32	64.23	7.86	6.99	6.37
Expected return on plan assets	(77.24)	(71.75)	-	-	-	-
Net actuarial (gain)/loss recognised in Profit/Loss	(31.02)	98.86	(55.30)	(1.89)	6.95	20.16
Expenses recognised in the statement of Profit & Loss	(0.21)	131.56	44.51	14.42	21.89	33.87

3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) Rs.387.51 lacs (Previous year Rs. 5.83 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 has challenged the amendment as malafide in the Delhi High Court. Similar challenge has been made in the Supreme Court by another sugar factory. Accordingly, in terms of legal advice, the Company has filed petition in the Supreme Court for transfer of our petition from the Delhi High Court to the Supreme Court.
 - b) In view of abolition of Statutory Minimum Price of Sugarcane, the Company has changed the method of valuation of Finished Stock of sugar by taking into account actual sugarcane price paid during the year, in place of Statutory Minimum Price which was the basis of raw material cost followed till last accounting year. Impact of accounting policy change is indeterminable in the absence of Statutory Minimum Price.
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 company's favour, hence no liability has been accounted for. However subsequently the Supreme Court has through an interim order, on the appeal of the State Government directed all the assessee to file the returns under the Local Area Development Tax Act. The company has since filed the returns.

6. 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, 2008	Credit/ (Charge) during the year	Opening balance as at October 1, 2009	Credit/ (Charge) during the year	Closing Balance as at 30th Sept, 2010.
Depreciation	(1527.04)	63.95	(1463.09)	158.21	(1304.88)
Other Timing Differences	279.82	(253.58)	26.24	83.22	109.46
Accumulated Tax Losses	430.19	(394.93)	35.26	(35.26)	-
Net deferred tax liability	(817.03)	(584.56)	(1401.59)	206.17	(1195.42)

7. 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.
8. Purchase and Sale in Units of Mutual Funds for the period 1-10-2009 to 30-09-2010

Particulars	Unit	Opening Balance	Additional/ Reinvestment	Sale	Closing Balance	Value (Rs. In lacs)
SBI SHF-Ultra Short Term Fund.	Units	6093049.10 (NIL)	40062.98 (10090890.26)	6133112.08 (3997841.16)	NIL (6093049.10)	NIL (609.63)
Reliance Liquid Fund Treasury Plan	Units	NIL (NIL)	9649726.97 (328063.25)	9649726.97 (328063.25)	NIL (NIL)	NIL (NIL)
Reliance Money Manager Fund - Retail Option	Units	5054.01 (NIL)	46.37 (5054.01)	5100.38 (NIL)	NIL (5054.01)	NIL (50.59)
Reliance Money Manager-Institution Option	Units	260911.44 (NIL)	208505.73 (260911.44)	469417.17 (NIL)	NIL (260911.44)	NIL (2612.08)
Kotak Floater Long Term	Units	NIL (NIL)	14239954.13 (NIL)	14239954.13 (NIL)	NIL (NIL)	NIL (NIL)
Kotak Liquid Institutional	Units	NIL (NIL)	7156203.24 (NIL)	7156203.24 (NIL)	NIL (NIL)	NIL (NIL)

Previous year figures are indicated in parenthesis

9. **Segment Reporting**

The Company has one reportable segment of sugar in accordance with the principles outlined in Accounting Standard AS-17 'Segment Reporting' notified by Central Government under the Companies (Accounting Standards) Rules, 2006, hence segment information is not applicable.

10. **Related party transactions**

A) Nature of related parties and description of relationship

Nature of relationship

Names

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 over which key management personnel can exercise significant influence	Key Management Personnel	Relative of Key Management Personnel	Total
1	2	3	4	5	6	7	8
I	Sale of goods	17.01 (41.86)	- (-)	- (-)	- (-)	- (-)	17.01 (41.86)
II	Purchase of goods	306.68 (32.38)	- (-)	288.83 (255.72)	2.36 (0.90)	1.96 (0.88)	599.83 (289.88)
III	Advance given for the Purchase of Land	- (-)	- (-)	1304.05 (1304.05)	- (-)	- (-)	1304.05 (1304.05)
IV	Commission paid	- (-)	- (-)	6.29 (9.26)	- (-)	- (-)	6.29 (9.26)
V	Services Received	4.96 (12.83)	- (-)	9.37 (5.54)	- (-)	- (-)	14.33 (18.37)
VI	Services rendered	0.03 (1.45)	- (-)	- (-)	- (-)	- (-)	0.03 (1.45)
VII	Interest paid/Payable	231.32 (60.03)	- (-)	4.98 (3.55)	- (-)	- (-)	236.30 (63.68)
VIII	Amt. Receivable at year end	24.40 (22.34)	- (-)	- (-)	- (-)	- (-)	24.40 (22.34)
IX	Amt. Payable as at year end	1335.31 (360.49)	- (-)	88.20 (83.82)	- (-)	- (-)	1423.51 (444.31)

Previous year figures are indicated in parenthesis

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

	2009-10	2008-09
a. Profit/Loss available to Equity		
Shareholders, before deferred tax, (Rs. In lacs)	-424.29	5903.61
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.)	-5.98	83.15

(Rs. in lacs)

	2009-10	2008-09
12. Managerial Remuneration:		
To the Managing Director(s)	Nil	Nil
To Other Directors:		
As Commission	-	-
As Sitting Fee	<u>0.45</u>	<u>0.55</u>
	<u>0.45</u>	<u>0.55</u>
Total Managerial Remuneration	<u>0.45</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.		

13. Revenue expenditure on Research & Development:

	(Rs. in lacs)	
	2009-10	2008-09
Salary	6.07	6.65
Contribution to Provident Fund	0.36	0.33
Total:	6.43	6.98

14. Licensed and Installed Capacity and Actual Production/Sales

	Licensed		Installed	
	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
	<u>NA</u>	<u>NA</u>	<u>13,000 (TCD)</u>	<u>13,000 (TCD)</u>
	<u>2009-10</u>		<u>2008-09</u>	
	Qty (in Qtls.)	Value (Lacs Rs.)	Qty (in Qtls.)	Value in (Lacs Rs.)
(a) Cane Crushed	11821416	30846.60	6836938	13118.92
(b) Raw Sugar purchased and processed	25840	708.83	-	-
(c) Actual Production	1221082*		679915	
(d) Sugar Sold	1070800	29745.61	1677956	37566.28
(e) <u>Opening and Closing stock of Sugar:</u>				
Opening Stock	129500	1990.38	1127541	13634.07
Closing Stock	279782	6300.82	129500	1990.38

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

*Includes 25321 bags of sugar processed from raw sugar. (Previous year - NIL)

	2009-10		2008-09	
	Qty (in Qtls.)	Value (Rs. In Lacs)	Qty (in Qtls.)	Value (Rs. In Lacs)
(f) Molasses Production	631273	-	323763	-
(g) Molasses Sold	609306.45	3327.78	299988.70	2182.60
(h) Opening and Closing Stock of Molasses:				
Opening Stock	38444.80	298.81	14670.50	99.50
Closing Stock	60411.35	282.88	38444.80	298.81
15. Value of imported/indigenous raw materials, spare parts components & stores consumed:				
	2009-10	2008-09	2009-10	2008-09
	Rs. In Lacs		(%)	(%)
<u>Raw material:</u>				
Imported - Raw Sugar	708.83	Nil	Nil	Nil
Indigenous-sugarcane	30846.60	13118.92	100	100
<u>Spares parts, components & Stores:</u>				
Imported	-	-	-	-
Indigenous	1300.87	886.64	100	100
16. Expenditure in foreign currency: (Value Rs. in lacs)			2009-10	2008-09
Royalty			-	-
Know-how (drawings)			-	-
Travelling and other matters			-	-
17. Value of imports on CIF basis (Value Rs. in lacs):				
Spare parts and components (in Rs.)			-	-
Capital goods			18.17	133.58
Others			-	-

Cash Flow Statement for the period ended 30.09.2010

	Amount (Rs. In Lacs)	
	Year ended 30.09.2010	Year ended 30.09.2009
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional/extraordinary items	(279.29)	7,931.04
Adjustments for:		
Depreciation	1,093.77	1,214.14
Interest Expense	466.50	1,237.69
Interest/Dividend Income	(264.28)	(70.90)
(Profit)/Loss on Fixed Assets sold (Net)	47.08	14.65
(Profit)/Loss on Sale/Revaluation of store	9.18	32.29
Debts / Advances Written off	0.32	0.44
Provision for Doubtful Debts	(0.43)	79.24
Liability no longer required written back	(58.28)	(32.45)
Provision for Gratuity	0.51	134.71
Provision for Leave Encashment	33.59	36.06
Pension Provision	174.43	156.19
Provision for Bonus	59.08	58.53
Any other non cash Item		
Operating profit before working capital changes	1,282.18	10,791.63
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	175.32	727.58
- (INCREASE)/DECREASE in Other Receivables	(512.14)	782.53
- (INCREASE)/DECREASE in Inventories	(4,886.00)	11,504.10
- INCREASE/(DECREASE) in Trade and Other Payables	404.69	(805.05)
Cash generated from operations	(3,535.95)	23,000.79
- Taxes (Paid) / Received (Net of TDS)	(539.33)	(1,534.48)
Net cash from operating activities	(4,075.28)	21,466.31
B. Cash Flow from Investing Activities		
Purchase of fixed assets		
Additions during the period	(503.39)	(1,873.20)
Proceeds from Sale of fixed assets	25.66	30.93
Sale/(Purchase) of Investments	3,272.30	(3,272.20)
Interest/Dividend Received (Revenue)	286.60	40.20
Net cash used in investing activities	3,081.17	(5,074.27)

C. Cash flow from Financing activities:

Proceeds/(Repayment) from Secured loans	(910.91)	(13,864.41)
Proceeds/(Repayment) of unsecured loans	1,221.06	80.75
Interest Paid	(484.11)	(1,165.38)
Dividend Paid	(1,419.98)	-
Corporate Dividend Tax Paid	(241.33)	-
Net cash used in financing activities	(1,835.27)	(14,949.04)
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,829.38)	1,443.00
Cash and cash equivalents as at 30.09.2009	3,574.49	2,131.26
Cash and cash equivalents as at 30.09.2010	745.11	3,574.49
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	233.73	310.60
Current accounts(dividend account)	-	-
Balance with Scheduled Banks	461.22	196.52
Fixed Deposits	50.15	3,067.31
Stamps in Franking Machine & deposit with Post Office	0.01	0.06
	745.11	3,574.49

Notes :

- The above Cash flow statement has been prepared under the indirect method setout in Accounting Standard (AS) - 3 notified by Central Government as per Companies (Accounting Standards) Rules, 2006
- Figures in brackets indicate cash outgo.
- Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- 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
(Firm Regn. No. 000756N)

R. K. Verma
DGM (Finance)

Kishore Chatnani
Sr.Vice President(Finance & Accounts)

(Arun K. Tulsian)
Partner
Membership No. : 89907

J. K. Chowdhery
Sr.Vice President & Company
Secretary

S. K. Khorana
Executive Director(Finance)

Place : Noida
Date : 22nd November, 2010

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	30/09/2010		

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
	19,717.65	19,717.65
Sources of Funds	Paid-up Capital	Reserve & Surplus
	709.99	12,461.50
	Secured Loans	Unsecured Loans
	2,277.38	3,073.36
	Deferred Tax Liability	
	1,195.42	
Application of Funds	Net Fixed Assets	Investments
	14,089.16	305.35
	Net Current Assets	
	5,323.14	

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

Turnover	Total Expenditure
33,444.48	33,723.77
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
(279.29)	(218.12)
Earning per Share in Rs.	Rate of Dividend
(5.98)	NIL

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

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

For S.S.KOTHARI MEHTA & CO.
Chartered Accountants
(Firm Regn. No. 000756N)

R. K. Verma
DGM (Finance)

Kishore Chatnani
Sr.Vice President(Finance & Accounts)

(Arun K. Tulsian)
Partner
Membership No. : 89907

J. K. Chowdhery
Sr.Vice President & Company
Secretary

S. K. Khorana
Executive Director(Finance)

Place : Noida
Date : 22nd November, 2010

S. C. Jolly
Director

Aditya Puri
Managing Director

ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

Directors	Mr. Ranjit Puri Mr. Aditya Puri Mr. S.K. Khorana
Bankers	State Bank of Patiala
Registered Office	ISGEC Building Radaur Saharanpur Road Yumunanagar-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 2010.

1.0 FINANCIAL RESULTS

1.1 There is no operation during the year.

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

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

2.2 There has been no technology absorption.

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

3.0 FIXED DEPOSITS

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

4.0 AUDITORS

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

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

The Directors' state:

5.1 That in the preparation of the annual accounts for the year ended 30th September, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

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

5.3 That the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

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

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

BY THE ORDER OF THE BOARD

Place: Noida

Dated: 27th November 2010

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2010 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, 2010.
 - 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 : 27th November, 2010

P.G.CHAWLA
(Partner)

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, 2010 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 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.
 13. In our opinion and according to the information and explanations given to us, no loans and advance have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
 14. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order') and is not applicable to the Company.
 15. The Company does not deal or trade in shares, securities, debentures and other investments.
-

16. The Company has not given guarantees for loans taken by others from banks or financial institutions.
17. The Company has not raised any new loan 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 : 27th November, 2010

P.G.CHAWLA

(Partner)

BALANCE SHEET as at 30th September, 2010

	Figures in Rupees	
	As at 30.09.2010	As at 30.09.2009
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital		
Authorised:		
1,000,000 equity shares of Rs.10/- each	10,000,000	10,000,000
Issued, Subscribed and paid up:		
50,000 equity shares of Rs.10 each fully paid	500,000	500,000
Reserve & Surplus		
Profit & Loss A/c	18,463	17,662
Current Liabilities & provisions:		
Expense Payable	5,500	5,500
Provision For Taxation	360	5,694
Total	524,323	528,856
APPLICATION OF FUNDS		
Loans & advances		
Interest accrued on fixed deposits	2,058	2,058
TDS Recoverable	2,263	7,552
Cash & bank balances:		
Balance with scheduled banks		
In Current Account	38,812	38,056
In Deposit Account	280,000	280,000
	318,812	318,056
Miscellaneous expenditure (to the extent not written off or adjusted)		
Preliminary Expenses	183,500	183,500
Pre-Operative Expenses	17,690	17,690
	201,190	201,190
Total	524,323	528,856

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

As per our report
of even date attached

For ISGEC Engineering & Projects Ltd.

For P.G.Chawla & Co.
Chartered Accountants

P.G.Chawla
(Partner)

Place : Noida
Date: 27th November, 2010

S. K. Khorana
Director

Aditya Puri
Director

PROFIT AND LOSS ACCOUNT as for the year ended 30th September, 2010

	Figures in Rupees	
	Year ended 30.09.2010	Year ended 30.09.2009
INCOME		
Interest on Fixed Deposit	21,327	24,477
EXPENDITURE		
Professional Expenses	9,500	-
Auditors Remuneration	5,500	5,500
Filing Fee	4,610	-
Bank Charges	556	550
Total Expenses	20,166	6,050
Profit/(Loss) for the year	1,161	18,427
Provision for tax	360	5,694
Profit/(Loss) after tax	801	12,733
Balance of Profit & Loss Account brought forward from last year	17,662	4,929
Balance carried to Balance Sheet	18,463	17,662
Earning Per Share	0.02	0.25

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

As per our report
of even date attached

For ISGEC Engineering & Projects Ltd.

For P.G.Chawla & Co.
Chartered Accountants

P.G.Chawla
(Partner)

Place : Noida
Dated : 27th November, 2010

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 SEPTEMBER, 2010**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/ capitalised 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, the first year previous year 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 enterprise under the MSMED Act, 2006 there was no amount remaining unpaid as on 30th Sept 2010 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 date attached

For P.G.Chawla & Co.
Chartered Accountants

For ISGEC Engineering & Projects Ltd.

P.G.Chawla
(Partner)

Place : Noida
Dated : 27th November, 2010

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	30/09/2010		

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
	524	524
Sources of Funds	Paid-up Capital	Reserve & Surplus
	500	18
	Secured Loans	Unsecured Loans
	NIL	NIL
	Current Liabilities	
	6	
Application of Funds	Net Fixed Assets	Investments
	NIL	NIL
	Current Assets	Miscellaneous expenditure
	323	201

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

Turnover (Gross Revenue)	Total Expenditure
21	20
Profit Before Tax	Profit After Tax
1	1
Earning per Share in Rs.	Rate of Dividend
0.02	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
(Partner)

Place : Noida
Dated : 27th November, 2010

S. K. Khorana
Director

Aditya Puri
Director

