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**ISGEC HEAVY ENGINEERING LIMITED**  
(Formerly The Saraswati Industrial Syndicate Limited)

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**Reports and Accounts for the year ended  
30th September, 2011**

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## ANNUAL REPORT 2010-11

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

#### **Registered Office**

Yamunanagar, Haryana

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## 2 ISGEC HEAVY ENGINEERING LIMITED

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## Directors' Report

1.00 The Directors are pleased to present their Seventy-eighth Annual Report on the business and operations of the Company and financial results for the year ended September 30, 2011.

2.00 **NAME OF THE COMPANY**

'ISGEC' brand has wide recognition in the market. The name of the Company, was therefore, changed to 'ISGEC HEAVY ENGINEERING LIMITED'.

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

	<u>(Figures in Rs. Lacs)</u>
Profit before Depreciation	14,590.56
Depreciation	3,809.37
Profit before Taxes	10,781.19
Less: Provision for Taxation (including deferred tax)	3,269.00
Profit after taxes and available for appropriations	7,512.19
Less: a) Dividend @ Rs. 10/- per Equity Share of Rs. 10/-each	736.95
b) Tax on Dividend	119.55
c) Transfer to General Reserve	751.22
Balance carried to Profit & Loss Account	5,904.47

2.02 The subsidiary company namely Saraswati Sugar Mills Limited has profit of Rs. 1,963.36 lacs against loss of Rs. 279.29 lacs in the preceding year. The profit was due to lesser cane cost. In view of expected higher All India Sugar Production the sugar prices are likely to be under pressure. The State Advised Price (SAP) for sugarcane is yet to be fixed by the State Government. The financial results for the current year are, therefore, uncertain.

3.00 **DIVIDEND:**

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

4.00 **OPERATIONS:**

4.01 Your Company increased its turnover for the 9<sup>th</sup> year in succession at Rs. 2,434.18 crores against Rs. 1,809.90 crores in the previous year. The profit was less due to reduction in margins as a result of intensive competition and sluggishness of the economy, particularly in the business of capital goods. The profit was also affected due to higher depreciation and accounting of 'mark to market' foreign exchange fluctuation during the year under report.

4.02 The company had record order booking this year, both in domestic and export markets. The margins are under pressure due to economic weakness. Efforts are on to cut costs, improve productivity and efficiencies by tightening internal processes.

4.03 Intense marketing and sales efforts were made to develop export market and this in turn resulted in both higher export turnover as well as higher order booking. The export turnover during the year under report was about 32% of the total turnover.

4.04 Training of our Engineers under the Technology Agreement with Foster Wheeler, U.S.A. for Pulverized Coal Fired boilers from 60 MW to 1000 MW has been completed during the year. Your Company is submitting quotations and expects to book its first order using this technology. Your Company is also making substantial investment to increase the capacity of its Shops so as to cater to the increased requirement of Pressure Parts for such Boilers.

4.05 Your Company continued to maintain its share in the domestic and overseas markets in the range of Boilers it

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operates. Your Company completed installation and commissioning of 24 Boilers during the year (not yet commissioned).

- 4.06 In recent years we had embarked on supplying turnkey power plants. In addition to the Boiler, we also supplied the Turbo set and balance of plant. This business has come of age and at the moment 11 complete power plants are under execution. In some cases, we are also doing civil works.
- 4.07 Your Company has emerged as a leading Sugar Machinery and Sugar Boiler manufacturer both in domestic as well as international markets. A number of orders for export were received and the Company is striving to become a world leader in this business in the next few years.
- 4.08 The Process Equipment Division continued to book orders for large Pressure Vessels and Heat Exchangers. Both Yamunanagar as well as Dahej shops are fully booked. The Division has been able to book its first order for Process Equipment from the United Kingdom and United States of America. The Division has also been able to book orders for critical equipment used in Fertilizer sector like Transfer Line, CO2 Absorber, LP/HP Flash Drum.
- 4.09 The shareholders would be happy to know that American Society of Mechanical Engineers (ASME) has approved the Process Equipment Division of your Company for manufacturer of equipments for Nuclear Plants and the Company has been awarded the 'N' and 'NPT' stamps.
- 4.10 Due to year to year fluctuations in the automobile sector, the Machine Building Division of the Company had made efforts to book orders for Presses from other sectors such as Defence, White Goods and Forgings. With the slowing down of the automobile sector in India, exports are being given a lot of thrust and you would be happy to know that orders for two sophisticated Presses including transfer press have been secured from multinational companies for export to China.
- 4.11 The Division is also making efforts to secure orders for sophisticated fabrication and machining from various sectors like Shipbuilding, Power and Steel. The turnover from this complex fabrication and machining activity is 25% of the total turnover of the Machine Building Division.
- 4.12 The factory set up at Bawal last year has stabilized during the year under report and has been able to achieve respectable market share. During the current year, the factory proposes to expand its range of products and is poised to manufacture larger and more sophisticated Standard Mechanical Presses.
- 4.13 The investment plan to manufacture heavier and more complex castings in the Steel Casting Unit of the Company has been completed. With this, the Unit will be able to offer heavier and more complex castings to the market including P-91 and Duplex Stainless Steel Castings. P-91 is an alloy which is used for making castings to be used under very high temperature and pressure, such as Super critical grade steam turbine castings. Duplex grade of stainless steel is used for making castings for special Pumps in order to increase corrosive resistance.

4.14 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 UNDER SECTION 217(1) OF THE COMPANIES ACT, 1956:**

6.01 The statement giving the required information is annexed hereto.

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

7.01 Annexure giving certain details about the employees, in receipt of remuneration of not less than Rs. 60 lacs during the year or Rs. 5 lacs per month during any part of the year, is not annexed with the Directors' Report. In

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accordance with Section 219(1)(b)(iv) of the Companies Act, the Annexure is available for inspection by any member at the registered office of the Company during working hours, 21 days before the date of the AGM.

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

8.01 The Statement is annexed hereto.

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

9.01 Management Discussion & Analysis Report is annexed hereto.

**10.00 CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

10.01 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, 1956. 103 depositors of the Company had, as on September 30, 2011, not claimed their deposits upto the due dates for repayment. The amount involved was Rs. 54.64 lacs.

**12.00 SUBSIDIARY COMPANIES:**

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

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

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

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

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

**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, 2011.

By order of the Board

**Vinod K. Nagpal**  
Director

**Aditya Puri**  
Managing Director

Dated: 25 November, 2011

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## 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 2010-11 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, 4.07, 4.08 and 4.10 of the Directors' Report.

**(g) Total Foreign Exchange used and earned (2010-11):**

		<u>(Rs. in crores)</u>
-	Total Foreign Exchange earned	799.46
-	Total Foreign Exchange used	166.50



## FORM A

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year 2010-2011	Previous Year 2009-2010
<b>A) Power &amp; Fuel Consumption :-</b>			
<b>1 Electricity</b>			
<b>(a) Purchased (Units)</b>	(KWH)	1,53,21,520	1,27,36,320
Total Amount	(Rupees)	9,02,37,780	7,07,42,464
Cost / Unit	(Rs. Per Unit)	5.89	5.55
<b>(b) Own Generation (Units)</b>	(KWH)	4,52,369	8,68,422
(Through Diesel Generator)			
Unit per Litre of Diesel Oil	(Units)	3.97	3.76
Cost / Unit	(Rs. Per Unit)	9.15	8.84
<b>2 Other</b>			
<b>(a) Hard Coke</b>			
Quantity	(Tonnes)	14.885	5.680
Total Cost	(Rupees)	1,32,502	50,084
Average Rate	(Rs. Per Tonne)	8,900	8,818
<b>(b) Furnace Oil</b>			
Quantity	(Litres)	18,75,181	20,51,074
Total Cost	(Rupees)	5,81,66,337	5,31,61,303
Average Rate	(Rs. Per Litre)	31.02	25.92
<b>(c) High Speed Diesel Oil</b>			
Quantity	(Litres)	9,29,253	3,60,728
Total Cost	(Rupees)	3,31,23,823	1,19,03,290
Average Rate	(Rs. Per Litre)	35.65	33.00
<b>(B) Consumption Per Unit Production :-</b>			
<b>1 Ingots</b>			
(i) Production	(Tonnes)	472.345	1351.515
(ii) Electricity Per Metric Tonne	(KWH)	685	573
<b>2 Castings</b>			
(i) Production	(Tonnes)	5,432.776	4,161.496
(ii) Electricity Per Metric Tonne	(KWH)	1638	1570

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

- (a) Power consumption per Metric Tonne of Ingots produced is higher because all heats were processed through Ladle Refining Furnace for producing better quality product.
- (b) The power consumption per Metric Tonne of castings produced is marginally higher than last year because of more sophisticated castings produced during this year, which required more refining of metal needing more electricity in the refining process.

## FORM -B

### FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION, 2010-2011 TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

#### **BOILER DIVISION**

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

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

The Agreement for Pulverized Coal Fired Boilers was signed during the last year. The Company is yet to book an order for Boiler based on this technology.

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

#### **SUGAR MACHINERY DIVISION:**

The Company had in the previous year signed an Agreement with BOSCH Projects, South Africa for transfer of technology for manufacture of Chainless Cane Diffusers and other sugar machinery equipments. During the year the Company has successfully supplied two sugar plants with Cane Diffusers, which were designed and manufactured under this technology.

#### **ISGEC UNIT:**

##### **Process Equipment Division (PED)**

The Division had signed an Agreement with M/s. Hitachi Zosen Corporation, Japan, for critical equipments for Fertilizer and Oil & Gas sectors with their back-up for engineering and supervision during manufacturing in India. First order for 2 Nos. Critical equipment for Fertilizer plant in India were booked of which one of them has been dispatched. The Company has absorbed some of the critical features of design as well as manufacturing. The Division with Hitachi is also jointly bidding for a few other projects in India to get further exposure to technology and absorb it. Efforts for adaptation and innovation are a continuing process. These efforts continued in the year under report.

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

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

- (i) in the preparation of the Annual Accounts for 2010-11, the applicable Accounting Standards have been followed and there are no material departures,
  - (ii) they have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year,
  - (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
  - (iv) they have prepared the Annual Accounts on going concern basis.
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## Management Discussion & Analysis

1. Management Discussion and Analysis, as required under Clause 49 of the Listing Agreement, giving further Analysis, Review, Outlook and Threats is given below:-
  - a) With the record order book, the company anticipates a growth in turnover this year.
  - b) Input prices are stable at this point of time which would help maintaining margins.
  - c) The depreciation of the Indian currency and the strengthening of the Chinese currency vis-à-vis U.S. Dollar should have a positive impact as far as promoting exports and discouraging imports is concerned.
  - d) Order booking this year may be impacted because of the gloomy economic scenarios, both overseas and in India. The growth in the power sector where the company supplies a number of products, is slowing considerably. This is because of high interest rates, inability to get coal linkages and non-remunerative prices for the power supplied. Turnover in subsequent years may be affected.
  - e) Up-gradation of technologies in almost all areas of operation continues to remain a challenge.
  - f) The health of the domestic Sugar Industry is not good and, therefore, we do not expect a buoyant domestic demand in this sector.

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.

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## 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 30<sup>th</sup> September 2011, 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
<b>Non-Executive Chairman &amp; Promoter</b>						
Mr. Ranjit Puri	2	No	5	-	1	-
<b>Executive Directors &amp; Promoters</b>						
Mr. Aditya Puri, Managing Director	5	Yes	7	1	1	-
Mrs. Nina Puri, Whole-time Director	5	No	1	-	-	-
<b>Non-Executive Independent Directors</b>						
Mr. Vinod K. Nagpal	5	Yes	1	2	-	-
Mr. Tahir Hasan	4	Yes	5	2	-	1
Mr. C.R. Thompson	-	No	-	-	-	-
Mr. Arun Kathpalia	4	Yes	1	2	-	-
Mr. Vinod Kumar Sachdeva	5	Yes	2	-	-	-

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

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

- November 27, 2010
- February 14, 2011
- March 26, 2011
- May 14, 2011
- August 12, 2011

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:

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

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

iii. Meetings and attendance during the year:

During the year, four meetings of the Audit Committee were held on November 27, 2010, February 14, 2011, May 14, 2011 and August 11, 2011. 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:

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.

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

Sl.No.	Name of Director	Nature of Payment & Amount (Rs./'000)		Total Amount (Rs./'000)
		Remuneration	Sitting Fees	
01.	Mr. Vinod K. Nagpal	25	90	115
02.	Mr. Tahir Hasan	25	40	65
03.	Mr. Ranjit Puri	25	20	45
04.	Mr. Arun Kathpalia	25	80	105
05.	Mr. Vinod K. Sachdeva	25	50	75
06.	Mr. C. R. Thompson	25	—	25
			Total	430

5. Shareholders/ Investors Grievance Committee:

i. 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) and last Extra-ordinary General Meeting (EGM) held:

(a) Last three AGM:

Date	Location	Time
March 28, 2009	Office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar-135001 (Haryana)	12:00 Noon
March 20, 2010		12:00 Noon
March 26, 2011		12:00 Noon

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(b) Last EGM:

Date	Location	Time
August 12, 2011	Office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar-135001 (Haryana)	12:00 Noon

ii. Whether any Special Resolutions passed in the previous 3 AGM and last EGM:

(a) Last three 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.

(b) Last EGM:

Yes. Special Resolution regarding change in the name of the Company was passed in the EGM held on August 12, 2011.

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](http://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.

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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.isgpec.com](http://www.isgpec.com)  
(b) On SEBI's website: [www.corpfiling.co.in](http://www.corpfiling.co.in)  
(c) On BSE's website: [www.bseindia.com](http://www.bseindia.com)

iv. Whether it also displays official news releases:

There was no official news release.

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

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

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

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

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10. **General Shareholder information:**

i. Annual General Meeting date, time and venue:

Annual General Meeting will be held on February 25, 2012 at 12.00 Noon at the office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar - 135001 (Haryana).

ii. Financial Year:

1<sup>st</sup> October to 30<sup>th</sup> September.

iii. Dates of Book closure:

From February 16, 2012 to February 25, 2012 (both days inclusive).

iv. Dividend Payment Date:

By March 2, 2012.

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.

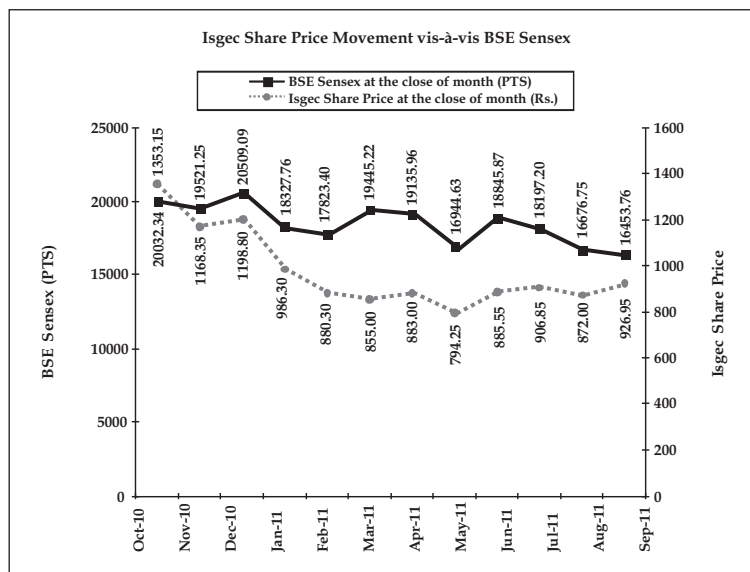
vii. Stock Market Price Data: High, Low during each month in last financial year on BSE and DSE:

Month	Bombay Stock Exchange	
	Highest (Rs.)	Lowest (Rs.)
October, 2010	1573.85	1345.00
November, 2010	1425.00	1070.00
December, 2010	1399.00	1080.00
January, 2011	1244.85	965.00
February, 2011	1040.00	865.00
March, 2011	935.00	816.05
April, 2011	944.90	820.30
May, 2011	904.90	775.00
June, 2011	904.50	788.85
July, 2011	936.00	843.10
August, 2011	932.00	760.20
September, 2011	993.15	815.00

As there was no trading on DSE, quotations were not available for the year ended on 30<sup>th</sup> September, 2011.

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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](mailto: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, 2011 is

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	Number	% of Total	(In Rs.)	% of Total
Up-to	5,000	4,527	90.96	35,65,860	4.84
5,001	10,000	151	3.03	11,57,940	1.57
10,001	20,000	120	2.41	18,32,780	2.49
20,001	30,000	49	0.99	12,13,050	1.65
30,001	40,000	36	0.72	12,68,400	1.72
40,001	50,000	15	0.30	6,99,380	0.95
50,001	1,00,000	27	0.54	20,20,560	2.74
1,00,001	and above	52	1.05	6,19,37,430	84.04
TOTAL		4,977	100.00	7,36,95,400	100.00

Shareholding pattern as on September 30, 2011:

<b>Category</b>	<b>No of Shareholders</b>	<b>No. of shares held</b>	<b>Percentage</b>
Promoters	4	43,31,896	58.78
FIs, Banks & Mutual Funds	6	4,020	0.05
Others (Public)	4,967	30,33,624	41.17

xii. Dematerialization of shares and liquidity

46.93 % of share capital has been dematerialized as on September 30, 2011.

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 2010-2011.

xvi. Plant locations:

<b>Plant Location</b>	<b>Item of Manufacture</b>	<b>Address for correspondence</b>
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, Distt. Bharuch - 392 130. Gujarat.
c) U.P. Steels, Muzaffarnagar	Castings - Steel & Iron	Village Nara, P.O. Mansurpur -251 203, Distt. 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:

<b>Name</b>	<b>Item</b>	<b>Address</b>
a) ISGEC John Thompson	Boilers	A-4, Sector - 24, Noida - 201 301, U.P.
b) ISGEC	Sugar Machinery	A-4, Sector - 24, Noida - 201 301, U.P.

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xviii. Address for correspondence:

**Corporate Office:** A-4, Sector – 24, Noida – 201 301, U.P.  
Tel. : +91-120-408 5002/ 5003  
Fax.: +91-120-241 2250  
e-mail: [skkhorana@isgec.com](mailto:skkhorana@isgec.com)

**Registered Office:** Radaur Road, Yamunanagar 135 001 Haryana.  
Tel: 01732-307 614/ 611  
e-mail : [ro@isgec.com](mailto:ro@isgec.com)

xix. Details of the Director seeking reappointment in Annual General Meeting to be held on February 25, 2012 (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	<b>Mr. Arun Kathpalia</b>	<b>Mr. Vinod Kumar Sachdeva</b>	<b>Mrs. Nina Puri</b>
Date of Birth	30-05-1963	02-12-1942	23.05.1943
Date of Appointment	31-01-2009	31-01-2009	16.02.2007
Qualification	B.A. (Hons.), LL.B.	B.Sc. B.E. (Mech.)	B.A.Honours (History) – Delhi University, M.A.(History) Georgetown University, Washington D.C., Ph.D-Modern India History – Kurukshetra University
Board position held	Non-Executive Director	Non-Executive Director	Whole-time Director
Nature of his /her expertise in specific function areas	Advocate	Managing Companies with expertise in General Administration, Man-management and Manufacturing	Company Director
Other Directorship	i) AKMSystems Pvt. Ltd. ii) R.S. Components & Controls (India) Ltd. iii) Kasida Pvt. Ltd.	i) Isgec Covema Limited ii) Isgec Exports Limited	Jullundur Auto Sales Corporation Limited
Chairman / Member of Committee of the Board of Companies of which he/she is a Director	Isgec Heavy Engineering Limited Remuneration Committee- Chairman Audit Committee-Member	Isgec Heavy Engineering Limited Shareholders/ Investors Grievance Committee -Member	–
Shareholding of Non-Executive Directors as stated in Clause 49 (IV) (E) (v)	120 shares 0.002 %	390 shares 0.005 %	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 30-09-2011.

Dated: 25 November, 2011

Aditya Puri  
Managing Director

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

**TO THE MEMBERS**

**ISGEC HEAVY ENGINEERING LIMITED**

We have examined the compliance of conditions of Corporate Governance by **ISGEC Heavy Engineering Limited (the company)** during the year ended September 30, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and Management, we certify that the Company has substantially complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For S. S. KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm Regn.No. 000756N  
**(K. K. TULSHAN )**  
Partner  
Membership No. 085033

Dated: 25 November, 2011

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## AUDITORS' REPORT

### To the Members

#### ISGEC Heavy Engineering Limited

#### (formerly The Saraswati Industrial Syndicate Limited)

We have audited the attached Balance Sheet of ISGEC Heavy Engineering Limited (formerly The Saraswati Industrial Syndicate Limited) (*the Company*) as at 30<sup>th</sup> September, 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books. In respect of the branches not visited by us, management certified accounts have been forwarded to us for the purpose of our audit which has 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 30<sup>th</sup> September, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> September, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any rules under the said section, prescribed the manner in which such cess is to be paid, no cess is due and payable by the Company.
- g) 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 30<sup>th</sup> September, 2011;
  - 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

(K. K. TULSHAN)  
Partner  
Membership No. 085033

Place: New Delhi  
Dated: 25 November, 2011

## 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 during the year except for the certain building and vehicle situated in Pakistan (written down value Rs. 1/-). No major discrepancies were noticed as compared to book records and necessary adjustments have been carried out in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.  
(c) Fixed assets disposed off during the year were not substantial.
  2. (a) 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 30<sup>th</sup> September, 2011 have been verified by the management with reference to confirmation or statement of accounts or correspondence of the third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.  
(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
  3. (a) The Company has granted unsecured loan to its two subsidiary companies listed in the register maintained under section 301 of the Companies Act, 1956. Apart from these loans, the Company has not granted any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 6768.58 Lacs and year end balances of such loans are Rs 1518.22 Lacs.  
(b) 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.  
(c) We are informed that the aforesaid loans are repayable on demand. The Companies were regular in payment of interest.  
(d) We are informed as the aforesaid loans are repayable on demand, there are no overdue amounts at the year end.  
(e) The Company had taken unsecured loans of Rs. 56.50 lacs in the form of fixed deposits from its four Directors and one related party in earlier years that were outstanding at the beginning of the year, the terms & conditions of which are, prima facie, not prejudicial to the interest of the Company. Maximum amount outstanding during the year with respect to these loans was Rs. 56.50 Lacs and the year end balance of such loans is Rs. 29.68 Lacs, now due to three Directors and one related party; the loan of one director having been paid during the year by the Company. There are no other loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.  
(f) In 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.
  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 the opinion that transactions that need to be entered into the register maintained under section 301 of the
-

Companies Act, 1956 have been so entered.

- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. 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. The Company has an in-house internal audit system which in our opinion is 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 and 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 30<sup>th</sup> September, 2011.
- (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, Income Tax and other applicable taxes which have not been deposited on account of any dispute, except the following in respect of disputed Excise Duty, Sales Tax, Service Tax, Cess etc. (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	5.00
		1994-96	Tribunal, New Delhi	8.00
		2002-08	CESTAT, New Delhi	59.92
		2003-05	Addl. Dy. Commissioner, Yamuna Nagar	0.06
Finance Act, 1994	Service Tax	2004-06	CESTAT, New Delhi	6.00
		2005-07	CESTAT, New Delhi	22.31
		2008-10	CESTAT, New Delhi	6.92
		2008-09	Commissioner (Appeal), New Delhi	8.36
		2009-12	Assistant Commissioner, Yamuna Nagar	64.51
		2011-12	Commissioner Central Excise	61.28
Sales Tax Act	Sales Tax	1993-94	Sales Tax Tribunal, Orissa	9.02
		1995-96	Sales Tax Tribunal, Orissa	17.00
		1996-97	Sales Tax Tribunal, Orissa	5.00
		1996-00	Assessing Authority (AO, YNR)	2.49
		2006-07	Assessing Authority (AO, YNR)	2.74
		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	1.10
		1995-96	Addl. Commissioner of Appeals	3.60
		1996-97	Addl. Commissioner of Appeals	7.60
		1976-77	High Court, Allahabad	0.15
		1987-88	Dy Commissioner of Commercial Tax	4.00
		1995-96	Dy Commissioner of Commercial Tax	34.00
		1994-95	Commercial Tax Officer	61.00
Local Area development Tax 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	High Court of Haryana and Punjab	109.66

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

**(K. K. TULSHAN)**

Partner

Membership No. 085033

Place: Noida

Dated: 25 November, 2011

**BALANCE SHEET As At 30th September, 2011**

	Schedule No.	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	47,425.93	40,770.24
		<u>48,162.88</u>	<u>41,507.19</u>
<b>Loan Funds</b>			
Secured Loans	C	12,176.02	10,403.77
Unsecured Loans	D	8,391.02	7,537.52
		<u>20,567.04</u>	<u>17,941.29</u>
<b>Deferred Tax Liability (Net)</b>		676.55	646.14
[ Refer Note 13. (b) on Schedule IX and Note 5 on Schedule X ]			
<b>TOTAL</b>		<u>69,406.47</u>	<u>60,094.62</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross Block	E	49,594.83	44,708.47
Less: Depreciation		<u>19,448.16</u>	<u>15,846.82</u>
Net Block		30,146.67	28,861.65
Capital Work in Progress		<u>4,505.57</u>	<u>1,358.47</u>
<b>Investments</b>	F	24,060.95	22,079.46
<b>Current Assets, Loans and Advances</b>			
Inventories	G	45,300.09	36,674.51
Sundry Debtors	H	63,246.82	52,870.85
Cash & Bank balances	I	14,747.80	4,059.41
Other Current Assets	J	219.78	18.85
Loans & Advances	K	20,281.74	14,070.30
		<u>143,796.23</u>	<u>107,693.92</u>
Less: Current Liabilities and Provisions			
Current Liabilities	L	116,484.85	88,280.17
Provisions	M	<u>16,618.10</u>	<u>11,618.71</u>
		133,102.95	99,898.88
Net Current Assets		<u>10,693.28</u>	<u>7,795.04</u>
<b>TOTAL</b>		<u>69,406.47</u>	<u>60,094.62</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  
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

K.K. Tulshan  
Partner  
M.No. 085033

S. K. Khorana  
Executive Director & Company Secretary

Aditya Puri  
Managing Director

Place : Noida  
Dated : 25 November, 2011

Vinod K. Nagpal  
Director

## PROFIT & LOSS ACCOUNT For The Year Ended 30th September, 2011

	Schedule No.	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>INCOME</b>			
Sale, Services and Related Income	I	243,418.53	180,989.79
Less : Excise duty		8,279.66	6,181.83
Net Sales		<u>235,138.87</u>	<u>174,807.96</u>
Other Income	II	3,130.61	5,149.62
Profit from Farm Operations	III	4.59	5.42
Increase/ (Decrease) in Stock of Finished Goods, Work-in-progress & Trading Goods	IV	<u>6,585.08</u>	<u>5,136.41</u>
<b>TOTAL</b>		<b><u>244,859.15</u></b>	<b><u>185,099.41</u></b>
<b>EXPENDITURE</b>			
Cost of Goods Resold (Refer Note 16 of Schedule X)		107,934.93	82,322.99
Purchase of Trading Goods		79.29	-
Erection & Civil Cost		15,919.07	11,874.69
Manufacturing Expenses	V	70,448.80	50,252.98
Employee Cost	VI	16,319.18	13,365.06
Administration & Selling Expenses	VII	16,629.94	9,841.60
Interest and Financial Charges	VIII	2,937.38	2,836.21
Depreciation		3,809.37	3,073.62
<b>TOTAL</b>		<b><u>234,077.96</u></b>	<b><u>173,567.15</u></b>
Profit / (Loss) for the year before Tax		<u>10,781.19</u>	<u>11,532.26</u>
Provision for Tax			
- Current tax - [(Refer Note 13.a) on Schedule IX]		3,231.50	3,243.64
- Wealth Tax		7.09	8.36
- Deferred tax [(Refer Note 13.b) on Schedule IX and Note 5 on Schedule X]		<u>30.41</u>	<u>76.99</u>
<b>TOTAL</b>		<b><u>3,269.00</u></b>	<b><u>3,328.99</u></b>
Profit / (Loss) after Tax		<u>7,512.19</u>	<u>8,203.27</u>
Balance in Profit & Loss account brought forward from Last Year		<u>26,949.17</u>	<u>20,315.42</u>
Amount Available for Appropriation		<b><u>34,461.36</u></b>	<b><u>28,518.69</u></b>
Appropriations:			
Proposed Dividend		736.95	73.70
Interim Dividend		-	663.25
Corporate Dividend Tax		119.55	12.24
Transferred to General Reserve		<u>751.22</u>	<u>820.33</u>
Balance carried to Balance Sheet		<u>32,853.64</u>	<u>26,949.17</u>
Basic & Diluted Earnings per Share (Rs.) (Refer Note 12 on Schedule IX and Note 11 on Schedule X)		<b>101.94</b>	<b>111.31</b>

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

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

Sanjay Kumar  
Asstt. General Manager (Accounts)

Kishore Chatnani  
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

K.K. Tulshan  
Partner  
M.No. 085033

S. K. Khorana  
Executive Director & Company Secretary

Aditya Puri  
Managing Director

Place : Noida  
Dated : 25 November, 2011

Vinod K. Nagpal  
Director

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
	<b>Schedule 'A'</b>	
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
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>
<b>Issued, Subscribed and Paid up :</b>		
73,69,540 Equity Shares of Rs.10/- each fully paid up (Previous year 73,69,540 Equity Shares of Rs. 10/- each)	<u>736.95</u>	<u>736.95</u>
	<u>736.95</u>	<u>736.95</u>

Notes:

1. 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, 2011

### Schedule 'B'

#### RESERVES AND SURPLUS

	As At			(Rs. in Lacs)
	01.10.2010	Additions	Deductions	As At 30.09.2011
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)*	-
General Reserve	13,369.26	751.22**	-	14,120.48
	(12,542.43)	(826.83)**	-	(13,369.26)
Surplus in Profit and Loss Account	26,949.17	7,512.19	1,607.72	32,853.64
	<u>(20,315.42)</u>	<u>(8,203.27)</u>	<u>(1,569.52)</u>	<u>(26,949.17)</u>
	<u>40,770.24</u>	<u>8,263.41</u>	<u>1,607.72</u>	<u>47,425.93</u>
	<u>(33,316.16)</u>	<u>(9,030.10)</u>	<u>(1,576.02)</u>	<u>(40,770.24)</u>

#### Note :

Previous year figures are indicated in parenthesis.

\* Transferred to General Reserve

\*\* Includes transferred from Profit & Loss Account

	As at 30.09.2011	(Rs. in Lacs) As at 30.09.2010
	<b>Schedule 'C'</b>	
<b>SECURED LOANS</b>		
(Refer Note 8 & 10 on Schedule IX)		
Debentures	-	-
From Banks :		
- Cash Credit Accounts (Refer Note 1)	3,703.99	3,033.54
- External Commercial Borrowings (Refer Note 2 & 3)	8,472.03	7,370.23
Loans and Advances from subsidiaries	-	-
	<u>12,176.02</u>	<u>10,403.77</u>

#### Note :

- Secured by hypothecation of inventories and by a charge on book debts & other assets of the Company.
- Amount of Rs. 2,814.03 Lacs (Previous Year Rs. 4,541.23 Lacs) secured by pari passu first charge on the fixed assets both present & future of unit at Dahej, Gujarat and amount of Rs.5,658.00 Lacs (Previous Year 2,829.00 Lacs) secured by first pari passu charges on assets purchased/ to be purchased out of the said loan.
- Amount repayable within one year Rs. 2,589.75 Lacs (Previous year Rs. 1,727.20 Lacs).

### Schedule 'D'

#### UNSECURED LOANS

(Refer Note 8 & 10 on Schedule IX)

Fixed Deposits (Refer Note below)	6,922.22	7,537.52
Loans and Advances from Subsidiaries	-	-
Short Term Loans and Advances from Banks	1,468.80	-
Other Loans and Advances	-	-
	<u>8,391.02</u>	<u>7,537.52</u>

**Note :** Includes deposits from Directors Rs.29.02 Lacs (Previous year Rs. 55.84 Lacs).

### Schedules Annexed to and forming part of the Accounts for the year ended 30th September, 2011

Schedule 'E'		(Rs.in Lacs)							
FIXED ASSETS (Refer Notes 4, 5, 8, 10, 11 & 14 on Schedule IX and Note 15 & 17 on Schedule X)									
Particulars	Cost		Depreciation		Net Block				
	As at Ist Oct. 2010	Additions/ Transfers during the year	Deductions during the year	As at 30th Sept. 2011	Upto 30th Sept. 2010	During the year	Upto 30th Sept. 2011	As at 30th Sept. 2011	As at 30th Sept. 2010
Land (Free Hold)	379.50	42.62	-	422.12	-	-	-	422.12	379.50
Land (Lease Hold)	2,767.39	-	-	2,767.39	242.86	75.34	318.20	2,449.19	2,524.53
Buildings and Roads	11,501.26	694.38	-	12,195.64	3,093.29	751.21	3,844.50	8,351.14	8,407.97
Plant and Machinery	21,241.26	3,431.68	119.56	24,553.38	9,515.99	1,919.21	107.58	13,225.76	11,725.27
Furniture & Fixtures	1,001.24	167.58	7.49	1,161.33	587.39	94.95	6.85	485.84	413.85
Vehicles	949.29	258.94	115.15	1,093.08	478.93	146.92	69.27	536.50	470.36
Office Equipments	2,086.92	356.87	27.81	2,415.98	1,416.31	236.28	24.40	787.79	670.61
Intangible Assets (Bought out)									
- Software	738.94	183.53	-	922.47	350.05	156.41	506.46	416.01	388.89
- Technical Know-how	4,042.67	20.77	-	4,063.44	162.00	429.12	591.12	3,472.32	3,880.67
<b>Total :</b>	<b>44,708.47</b>	<b>5,156.37</b>	<b>270.01</b>	<b>49,594.83</b>	<b>15,846.82</b>	<b>3,809.44</b>	<b>208.10</b>	<b>30,146.67</b>	<b>28,861.65</b>
<b>Capital work in progress</b>								<b>4,505.57</b>	<b>1,358.47</b>
<b>Grand Total</b>								<b>34,652.24</b>	<b>30,220.12</b>
<b>Previous Year - Grand total</b>	<b>36,028.89</b>	<b>9,046.12</b>	<b>366.54</b>	<b>44,708.47</b>	<b>13,037.56</b>	<b>3,073.96</b>	<b>264.70</b>	<b>30,220.12</b>	

#### Notes:

- Freehold agricultural land in village Nara, Uttar Pradesh, measuring 60 Bighas, 11 Bissa and 8 Biswanse in the company's possession declared, surplus by local authorities, is being contested by the company.
- Cost of software includes Purchase Price, Duties & taxes (other than refundable from taxing authorities).
- Capital work in progress includes pre-operative expenses amounting Rs.90.41 lacs ( Previous year Rs. 24.94 lacs) and capital advance Rs. 473.99 lacs (Previous year Rs. 243.88 Lacs)
- Borrowing costs capitalised during the year Rs. 60.36 lacs (Previous year Nil).
- Figures have been regrouped wherever considered necessary.

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

( Rs. in Lacs)

As At                      As At  
30.09.2011              30.9.2010

### 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 (Including Nil (Previous year Nil) Equity shares held jointly with nominees)	<b>199.99</b>	199.99
--	---------------	--------

1,00,000 (Previous year 1,00,000) Equity Shares of Rs.10/-each fully paid up of ISGEC Exports Limited (Including 9 (Previous year 9) Equity shares held jointly with nominees)	<b>10.00</b>	10.00
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70,99,900 (Previous year 70,99,900) Equity Shares of Rs.10/- each fully paid up of Saraswati Sugar Mills Limited (Including 600 (Previous year 600) Equity shares held jointly with nominees)	<b>7,009.99</b>	7,009.99
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50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid up of ISGEC Engineering & Projects Ltd (Including 6 (Previous year 6) Equity shares held jointly with nominees)	<b>5.00</b>	5.00
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##### Other Companies:

##### Quoted:

2500 (Previous year 2500 ) Equity Shares of Rs.10/- each fully paid up of Haryana Oxygen Limited	<b>0.25</b>	0.25
Less : Provision for diminution in the value of Investment	<b>(0.25)</b>	(0.25)

Market value of the investment Nil (Previous year Nil)	-	-
704 (Previous year 704 ) Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Ltd. Market Value Rs. 5.69 Lacs (Previous year Rs. 6.95 Lacs).	<b>3.36</b>	3.36

872 (Previous year 872) Equity Shares of Rs. 10/- each fully paid up of Reliance Power Ltd Market Value Rs. 0.67 Lacs (Previous year Rs.1.46 Lacs).	<b>2.46</b>	2.46
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##### Unquoted : Joint Venture Company

Nil (Previous year 80,13,362) Equity Shares of Rs. 10/- each fully paid up of ISGEC Haco Metal Forming Machinery Pvt. Ltd. (Refer Note 25 on Schedule X)	-	801.34
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##### Current, At Cost

##### Mutual Funds:

SBI SHDF Ultra Short Fund Institutional Plan - Daily Dividend ( Nil (Previous year 3,00,97,420.7670) units of Rs. 10/- each)	-	3,011.55
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Reliance Monthly Interval Fund-Series-I-Institutional Dividend Plan ( Nil (Previous year 25060458.182) units of Rs. 10/- each)	-	2,506.83
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Reliance Monthly Interval Fund-Series-II-Institutional Dividend Plan ( Nil (Previous year 15171672.416) units of Rs. 10/- each)	-	1,517.43
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Reliance Quarterly Interval Fund-Series-II-Institutional Dividend Plan	-	900.10
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( Nil (Previous year 8,997,099.527) units of Rs. 10/- each)		
Kotak Floater Long Term- Daily Dividend	-	0.47
( Nil (Previous year 4,642.158) units of Rs. 10/- each)		
Kotak Quarterly Interval Plan Series-1-Dividend	-	1,200.15
( Nil (Previous year 12,001,456.318) units of Rs. 10/- each)		
Kotak Quarterly Interval Plan Series-8-Dividend	-	2,000.00
(Nil (Previous year 19,999,600,007) units of Rs. 10/- each)		
ICICI Prudential Flexible Income Plan Premium-Daily Dividend	-	507.85
(Nil (Previous year 480,306.700) units of Rs. 10/- each)		
ICICI Prudential Blended Plan-B-Institutional Dividend	-	501.07
( Nil (Previous year 4,830,712.748) units of Rs. 10/- each)		
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	-	1,901.87
(Nil (Previous year 189927.181 ) units of Rs. 1000/- each)		
SBI-SHF-Ultra Short Term Fund-Institutional Plan-Growth	2,375.75	-
( 17934318.542 (Previous year Nil) units of Rs. 10/- each)		
SBI-Debt Fund Series-13 Months-11-Growth	500.00	-
( 5000000.000 (Previous year Nil) units of Rs. 10/- each)		
SBI Premier Liquid Fund - Super Institutional - Growth	1,000.00	-
( 6213959.0376 (Previous year Nil) units of Rs. 10/- each)		
Reliance Fixed Horizon Fund-XX-Series 3- Growth Plan	1,513.45	-
( 15134532.829 (Previous year Nil) units of Rs. 10/- each)		
Reliance Liquid Fund-Cash Plan-Growth Option-Growth Plan	1,400.00	-
( 8459940.932 (Previous year Nil) units of Rs. 10/- each)		
Reliance Money Manager Fund-Institutional Option -Growth	1,183.98	-
(85575.629 (Previous year Nil) units of Rs. 1000/- each)		
Kotak Floater Long Term- Growth	2,378.94	-
(14687312.480 (Previous year Nil) units of Rs. 10/- each)		
Kotak FMP-Series-59-Growth	500.00	-
(5000000.000 (Previous year Nil) units of Rs. 10/- each)		
Kotak Quarterly Interval Plan Series-2-Growth	500.00	-
(3711484.074 (Previous year Nil) units of Rs. 10/- each)		
Kotak Liquid-Institutional Premium Plan - (Growth)	1,000.00	-
(4817419.790 (Previous year Nil) units of Rs. 10/- each)		
ICICI Prudential Flexible Income Plan Premium - Growth	2,977.55	-
(1569616.039 (Previous year Nil) units of Rs. 100/- each)		
ICICI Prudential Liquid Super Institutional Plan-Growth	500.00	-
(331657.798 (Previous year Nil) units of Rs. 100/- each)		
DSP Blackrock FMS S5-3M-Growth	100.48	-
(2000000.000 (Previous year Nil) units of Rs. 10/- each)		
DSP BlackRock Liquidity Fund- Institutional Plan-Growth	700.00	-
(47926.828 (Previous year Nil) units of Rs. 1000/- each)		
HDFC FMP 92D August 2011 (1) - Growth	200.00	-
(2000000.000 (Previous year Nil) units of Rs. 10/- each)		
	<b>24,060.95</b>	<b>22,079.46</b>
Aggregate Book Value of Investments :		
Unquoted	24,055.13	22,073.64
Quoted	5.82	5.82
	<b>24,060.95</b>	<b>22,079.46</b>
Aggregate Market Value of Quoted Investments	6.36	8.35

Note 1: For sale and purchase of Mutual Fund investment during the year refer Note 14 of Schedule 'X'.



## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>Schedule 'G'</b>		
<b>INVENTORIES</b>		
<b>(Refer Note 3 on schedule IX)</b>		
Raw Materials [including in transit Rs. 684.87 Lacs (Previous year Rs. 1660.73 Lacs)]	13,956.14	12,593.76
Stores and Spare Parts including Loose Tools [including in transit Rs 6.49 Lacs (Previous year Rs. 7.69 Lacs)]	2,172.80	3,484.48
Standing Crops	8.46	6.85
Goods for Resale in Transit	2,538.45	550.26
Work-in-Progress	26,528.06	19,268.00
Finished Stock	16.89	771.16
Trading Goods	79.29	-
	<b>45,300.09</b>	<b>36,674.51</b>
<b>Schedule 'H'</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Refer Note 8 on Schedule IX)</b>		
<b>(Unsecured)</b>		
Debts outstanding for a period exceeding six months		
- considered good	18,262.59	14,277.78
- considered doubtful	9.47	105.45
Other Debts - Considered good	44,984.23	38,593.07
	63,256.29	52,976.30
Less : Provision for doubtful debts	9.47	105.45
	<b>63,246.82</b>	<b>52,870.85</b>
<b>Notes:</b>		
Debtors include amount due from a subsidiary company:		
Saraswati Sugar Mills Ltd.	31.83	193.58
<b>Schedule 'I'</b>		
<b>CASH AND BANK BALANCES</b>		
<b>(Refer Note 8 on schedule IX)</b>		
Cash in hand	27.42	17.73
Cheques in hand / Funds in Transit	1,588.63	132.03
Balances with Scheduled Banks in :		
Current Accounts	1,015.65	993.53
Cash Credit Accounts	42.18	62.70
Unclaimed Dividend Accounts	74.38	78.52
Term Deposits	11,908.82	1,103.65
Margin Money with Banks	90.72	1,671.25
(against bank guarantees and letter of credit issued by banks)		
	<b>14,747.80</b>	<b>4,059.41</b>

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>Schedule 'J'</b>		
<b>OTHER CURRENT ASSETS</b>		
<b>(Unsecured, Considered Good)</b>		
Interest Accrued but not due on Deposits/Margin Money	219.78	18.85
	<u>219.78</u>	<u>18.85</u>
<b>Schedule 'K'</b>		
<b>LOANS AND ADVANCES</b>		
(Refer Note 8 on Schedule IX)		
(Unsecured, except to the extent stated & Considered Good)		
Security Deposits	459.82	351.58
Advances recoverable in cash or in kind or for value to be received	14,660.84	10,261.94
(Include surplus Gratuity plan assets over Gratuity actuarial liability Rs. Nil (Previous year Rs. 266.54 Lacs)- also refer Schedule M)		
Loan to Subsidiary companies	1,518.58	1,539.35
Deposit with Housing Development Finance Corporation Ltd.	2,000.00	-
Balance with Government Department and Others	1,642.50	1,917.43
	<u>20,281.74</u>	<u>14,070.30</u>
<b>Note:</b>		
Detail of Loan to Subsidiary companies		
1. Saraswati Sugar Mills Ltd. (Maximum amount due during the year)	986.12 (6,167.39)	1141.73 (7,548.73)
2. ISGEC Covema Ltd. (Maximum amount due during the year)	532.46 (601.19)	397.62 (794.87)
<b>Schedule 'L'</b>		
<b>CURRENT LIABILITIES</b>		
<b>(Refer Note 8 on Schedule IX)</b>		
Sundry Creditors (Refer Note 5 on schedule X)		
Dues to Micro & Small Enterprises	72.57	112.57
Due to Other Creditors	52,768.87	39,169.94
Advances from Customers	60,950.99	46,366.31
Investor Education and Protection Fund:		
Unpaid Dividends	74.38	78.52
Unpaid Matured Deposits	54.64	119.78
Interest accrued on the above	15.94	35.91

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
Other liabilities	1,403.24	1,692.92
Security and Other Deposits	12.23	9.40
Interest Accrued but not due on loans	1,131.99	694.82
	<b>116,484.85</b>	<b>88,280.17</b>

**Note:**

- 1 Sundry Creditors include:
  - a) Balance in Director's Current Account Rs 0.63 Lacs (Previous year Rs 0.02 Lacs).  
Maximum amount outstanding during the year Rs. 5.34 Lacs (Previous year Rs. 3.80 Lacs)
  - b) Rs. 669.79 Lacs (Previous year 443.92 Lacs) payable as commission to Directors.
  - c) Amount due to subsidiary company, Saraswati Sugar Mills Ltd Rs. 22.44 Lacs (Previous year 24.40 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 7(b) & 16 on Schedule X]

Provision for Taxation :

a) Provision for Income Tax	2,502.35	1,711.75	
Less : Prepaid taxes	1,503.22	1,393.86	
	999.13	317.89	
b) Provision for Tax on Proposed Dividend	119.55	1,118.68	330.13
Proposed Dividend		736.95	73.70
Provision for Leave encashment		942.12	794.18
Provision for Gratuity (Net of Gratuity Plan Assets - also refer schedule K)		33.20	-
Provision for Pension		2,698.97	2,313.39
Provision for Contingencies, Performance		11,088.18	8,107.31
Warranties/ After Sales Service			
	<b>16,618.10</b>	<b>11,618.71</b>	

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	(Rs. in Lacs)	
	Year ended 30.09.2011	Year ended 30.09.2010
<b>Schedule 'I'</b>		
<b>SALE, SERVICES AND RELATED INCOME</b>		
(Refer Note 6 on Schedule IX and Note 18 on Schedule X)		
Sale of Engineering Goods	226,263.77	169,047.08
Sale of scrap and waste	1,081.17	674.42
Erection, Commissioning and other receipts	13,794.53	10,448.66
Export Incentives	2,279.06	819.63
	<u>243,418.53</u>	<u>180,989.79</u>
<b>Schedule 'II'</b>		
<b>OTHER INCOME</b>		
(Refer Notes 6 and 8 on Schedule IX)		
Dividend Income on Investments		
Long Term - Non Trade		
- Subsidiary Company	-	1,419.98
- Others Companies	0.06	0.10
Current - Non Trade		
- Mutual Funds	618.58	298.33
Interest		
- On Loan to Subsidiary Companies	356.09	275.32
- Interest on Deposits	333.91	69.95
- Others	12.10	65.81
[includes TDS Rs. 62.50 Lacs (Previous year Rs.41.58 Lacs)]		
Sundry Balances Written Back	19.01	247.86
Excess Provision of earlier years	740.40	479.49
Written Back (includes provision for doubtful (debts written back Rs.95.98 Lacs (Previous year Rs.0.03 Lacs))		
Profit on Sale of Fixed Assets	9.16	35.51
Profit on Sale of Investments	719.22	-
Insurance Claim Receipts	16.54	21.04
Profit on Sale of Stores	2.69	2.23
Foreign Exchange Fluctuation	-	1,624.59
[Net of expense of Rs.Nil (Previous year Rs. 2856.08 Lacs)] (Refer Schedule VII for current year figures)		
Miscellaneous Income.	302.85	609.41
	<u>3,130.61</u>	<u>5,149.62</u>

**Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011**

	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>SCHEDULE 'III'</b>		
<b>PROFIT FROM FARM OPERATIONS</b>		
Income:		
Sale of Farm Produce	9.11	12.05
Miscellaneous Income	0.50	-
	<u>9.61</u>	<u>12.05</u>
<b>EXPENDITURE:</b>		
Salaries, Wages and Bonus	0.58	0.53
Contribution to Provident and other Fund	0.02	0.02
Cultivation Expenses	5.42	4.94
Miscellaneous Expenses	0.23	0.19
Repairs and Maintenance:		
- Machinery and Tractors	0.30	0.17
- Building	0.01	0.29
Depreciation	0.07	0.08
	<u>6.63</u>	<u>6.22</u>
(Increase)/Decrease in Stock	(1.61)	0.41
	<u>5.02</u>	<u>6.63</u>
Profit carried to Profit and Loss Account	<u>4.59</u>	<u>5.42</u>
<b>Schedule 'IV'</b>		
<b>INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS</b>		
(Refer Note 3 on Schedule IX)		
<b>Closing Stock :</b>		
Finished Goods	16.89	771.16
Work-in-Progress	26,528.06	19,268.00
Trading Goods	79.29	-
	<u>26,624.24</u>	<u>20,039.16</u>
<b>Less: Opening Stock:</b>		
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>
Increase/(Decrease) in Stock of Finished Goods & Work-in-Progress	<u>6,585.08</u>	<u>5,136.41</u>

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>Schedule 'V'</b>		
<b>MANUFACTURING EXPENSES</b>		
(Refer Notes 16,19 and 20 on Schedule X)		
Raw Materials & Components	52,112.89	37,436.46
Consumption of Stores and Spares	4,865.68	3,522.22
Power & Fuel	1,920.62	1,673.33
Other Expenses	11,629.60	7,536.06
Excise Duty on Account of Increase/(Decrease) in Stock of Finished Goods	(79.99)	84.91
	<u>70,448.80</u>	<u>50,252.98</u>
<b>Schedule 'VI'</b>		
<b>EMPLOYEE COST</b>		
(Refer Note 9 on Schedule IX and Note 7 on Schedule X)		
Salaries, Wages & Bonus	14,798.72	12,225.45
Contribution to Provident and Other Funds	1,019.35	775.68
Workmen and Staff Welfare Expenses	501.11	363.93
	<u>16,319.18</u>	<u>13,365.06</u>

**Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011**

(Rs. in Lacs)  
Year ended  
30.09.2010

	Year ended 30.09.2011	Year ended 30.09.2010
<b>Schedule 'VII'</b>		
<b>ADMINISTRATION AND SELLING EXPENSES</b>		
(Refer Note 8 on Schedule IX and Notes 10, 12 & 13 on Schedule X)		
Rent	356.88	193.81
Insurance	338.73	139.84
Rates and Taxes	171.89	253.87
Royalty	542.19	334.84
Electricity and Water Charges	190.02	124.79
Repair & Maintenance of :		
- Buildings	418.12	301.40
- Plant & Machinery	380.53	348.41
- Others	54.93	33.39
Travelling Expenses	2,838.65	2,369.59
Donation	15.30	6.65
Office and Miscellaneous Expenses	4,426.10	2,614.66
Managerial Remuneration	1,198.68	1,279.17
Directors' Commission / Fee	4.30	5.60
Packing, Forwarding and Transportation Expenses	2,407.60	662.97
Commission to Selling Agents and Others	2,424.59	901.36
Rebate and Discount	124.85	237.82
Bad Debts Written Off	104.96	14.24
Loss on Assets Sold / Written Off	16.87	13.94
Loss/Provision on Sales/Disposal/Diminution/ in Value of Investments/Stores	0.36	5.25
Foreign Exchange Fluctuation	614.39	-
(Net of income of Rs. 6254.87 (Previous year Rs. Nil))		
(Refer Schedule II for previous year figure)		
	<b>16,629.94</b>	<b>9,841.60</b>

**Schedule 'VIII'**

**INTEREST AND FINANCIAL CHARGES**

[ Refer Note 10 on Schedule IX]

On Fixed Deposits	882.13	808.34
On Term Loans from Banks	768.04	543.09
On Other Loans/ Working Capital Borrowings	24.08	26.74
Bank Charges	1,263.13	1,458.04
	<b>2,937.38</b>	<b>2,836.21</b>

## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

### 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 are 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 knowhow are capitalised.

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

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**5 Depreciation**

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

Assets costing 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**

**a) Initial Recognition**

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

**b) Conversion**

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

**c) Exchange Differences**

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

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

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**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**

Provision for taxation for the company's financial year ended September 30th, 2011, being different from tax year, has been determined based on the results for the six months ended March, 2011 (assessment year 2011-12) and on actual tax return filed and for the six months ended September 2011 (assessment year 2012-

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13) based on result for the period. The ultimate liability for the assessment year 2012-13 however will be determined on the total income of the Company for the year ending March 31, 2012.

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:**

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

**15 Provisions, Contingent Liabilities & Contingent Assets**

**a) Provisions**

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

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

**b) Contingent Liabilities**

Contingent Liabilities is disclosed in the case of

- i) 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
- ii) a possible obligation, unless the probability of outflow of resources is remote.

**c) Contingent Assets**

Contingent Assets are neither recognised, nor disclosed.

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

**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.

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## Schedules annexed to and forming part of the Accounts for the year ended 30th September, 2011

### Schedule 'X' Notes to Accounts

	As At 30.09.2011 (Rs. in Lacs)	As At 30.09.2010 (Rs. in Lacs)
<b>1 Contingent Liabilities:</b>		
a) Claims against the Company not acknowledged as debts (including sales tax under dispute)	928.33	843.36
b) Guarantees furnished by the bankers on behalf of the Company and counter indemnity furnished by the Company to bankers for the same amount.	125,598.79*	87,596.26*
*Includes Performance Bank Guarantees given on behalf of subsidiary company ISGEC Covema Limited	132.25	276.25
c) Bonds executed in favour of President of India against EPCG licence	1,968.50	1,740.35
2 Letters of Credit outstanding at year end	10,332.95	9,702.80
3 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	2,142.93	3,137.89

#### 4 NAME OF THE COMPANY:

The Registrar of Companies, after completion of the requisite formalities, approved the change in the name of the Company to ISGEC HEAVY ENGINEERING LIMITED. A fresh Certificate of Incorporation was issued by the Registrar of Companies on 26th August, 2011. The change is not due to any new line of business.

#### 5 Deferred Tax

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

Element of Deferred Tax	(Rs in lacs)				
	As at 01.10. 2009	Credit / (Charge) during the year	As at 01.10.2010	Credit / (Charge) during the year	As at 30.09.2011
Depreciation	(1,490.70)	(184.95)	(1,675.65)	(179.18)	(1,854.83)
Other Timing Differences	921.55	107.96	1,029.51	148.77	1,178.28
Net Deferred Tax	(569.15)	(76.99)	(646.14)	(30.41)	(676.55)

#### 6 Micro, Small & Medium Enterprises

	As at 30.09.2011 (Rs in lacs)	As at 30.09.2010 (Rs in lacs)
a) Amount Remaining Unpaid to any Supplier		
Principal Amount	72.57	112.57
Interest due thereon	NIL	NIL
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.01	0.02
c) Interest Due (Other than 6(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.

**7 Employee Benefits:**

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

**a) Defined Contribution Plan:**

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

	(Rs in lacs)			
	2010-11	2009-10	2008-09	2007-08
Provident Fund	710.10	600.39	494.17	440.67
Employees State Insurance	108.11	72.07	71.08	84.72
<b>Total</b>	<b>818.21</b>	<b>672.46</b>	<b>565.25</b>	<b>525.39</b>

**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)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
<b>i. Change in Present value of Obligation</b>								
a. Present Value of Obligation at the beginning of the year	2,166.78	1,840.10	1,793.29	1,591.02	794.18	592.24	548.12	387.75
b. Interest cost	172.21	147.21	143.64	127.28	63.63	47.44	43.86	31.25
c. Current service cost	214.28	159.06	133.94	124.10	200.57	147.76	109.38	111.79
d. Benefits paid	(141.98)	(107.63)	(174.13)	(85.12)	(237.10)	(169.67)	(142.27)	(120.73)
e. Actuarial (gain) / loss	345.81	128.05	(56.64)	36.01	120.85	176.41	33.14	138.06
f. Present Value of Obligation at the end of the year	2,757.11	2,166.78	1,840.10	1,793.29	942.12	794.18	592.24	548.12
<b>ii. Change in the Fair Value of Plan Assets</b>								
a. Fair Value of Plan Assets at the beginning of the year	2,433.32	2,160.76	1,918.47	1,518.35	N.A.	N.A.	N.A.	N.A.
b. Expected Return of Plan Assets	219.00	184.75	153.48	121.47	-	-	-	-
c. Contributions	202.07	78.47	309.24	328.02	-	-	-	-
d. Benefits paid	(141.98)	(107.63)	(174.13)	(85.12)	-	-	-	-
e. Actuarial Gain / (Loss) on Plan Assets	11.48	116.97	(46.29)	35.76	-	-	-	-
f. Fair Value of Plan Assets at the end of the year	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-

Description	(Rs in lacs)							
	Gratuity (Funded)				Leave Encashment (Non-funded)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
<b>iii. Reconciliation of Fair Value of Assets and Obligations</b>								
a. Fair Value of Plan Assets at the end of the year	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-
b. Present Value of Obligation at the end of the year	2,757.11	2,166.78	1,840.10	1,793.29	942.12	794.18	592.24	548.12
c. Amount recognised in the Balance Sheet	(33.20)	266.54	320.66	125.18	(942.12)	(794.18)	(592.24)	(548.12)
<b>iv. Expenses recognised in the statement of Profit &amp; Loss</b>								
a. Current Service Cost	214.28	159.06	133.94	124.10	200.57	147.76	109.38	111.79
b. Interest Cost	172.21	147.21	143.64	127.28	63.63	47.44	43.86	31.25
c. Expected Return on Plan Assets	(219.00)	(184.75)	(153.48)	(121.47)	-	-	-	-
d. Actuarial (Gain) / Loss	334.33	11.08	(10.35)	0.25	120.85	176.41	33.14	138.06
e. Expenses recognised in the Profit & Loss	501.82	132.60	113.75	130.16	385.05	371.62	186.38	281.10
<b>v. Actuarial Assumptions</b>								
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets(p.a)	9.00%	8.55%	8.00%	8.00%	-	-	-	-
c. Rate of Escalation in Salary (p.a)	6.50%	5.50%	5.50%	5.50%	6.50%	5.50%	5.50%	5.50%
<b>c) Amounts for the current and previous three periods in respect of Gratuity &amp; Leave Encashment are as follows:</b>								
Defined Benefit Obligation	2,757.11	2,166.78	1,840.10	1,793.29	942.12	794.18	794.20	548.12
Plan Assets	2,723.91	2,433.32	2,160.76	1,918.47	-	-	-	-
Surplus / (Deficit)	(33.20)	266.54	320.66	125.18	(942.12)	(794.18)	(794.20)	(548.12)
Experience adjustment on Plan Liabilities	(170.24)	(128.05)	56.64	-	(120.85)	(176.41)	(33.14)	(138.06)
Experience adjustment on Plan Assets	22.43	128.86	(46.29)	-	-	-	-	-

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

## 8 Segment Reporting

### (a) Primary Segment

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

### (b) Secondary Segment

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

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

(ii) Revenue outside India includes sales to customers located outside India and earnings outside India.

The required disclosure is as follows:-

**Information about Secondary Business Segments**

(Rs. in Lacs)

Description		2010-11			2009-10		
		India	Outside India	Total	India	Outside India	Total
(i)	Revenue by geographical market	158,328.19	79,945.88	238,274.07	147,238.61	32,724.39	179,963.00
(ii)	Carrying amount of segment assets	204,482.74	26.68	204,509.42	159,946.28	47.22	159,993.50
(iii)	Addition to fixed assets	8,303.47	-	8,303.47	9,282.76	-	9,282.76

**9. Related Party Transactions**

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

**I Description and Name of Related Parties**

**Description of Relationship**

**Name**

**Holding Company**

None

**Subsidiaries**

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**

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>a) Purchase of goods</b>		
- Subsidiaries		
Saraswati Sugar Mills Ltd.	7.65	17.01
- Entities over which key management personnel can exercise significant influence		
Yamuna Syndicate Limited	123.68	120.02
<b>Total</b>	<u>131.33</u>	<u>137.04</u>

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>b) Sale of goods</b>		
- <b>Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	207.26	306.68
<b>Total</b>	<u>207.26</u>	<u>306.68</u>
<b>c) Rendering of services</b>		
- <b>Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	27.61	4.96
- <b>Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	19.69	16.92
<b>Total</b>	<u>47.30</u>	<u>21.88</u>
<b>d) Services received</b>		
- <b>Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	0.01	0.03
- <b>Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	0.16	-
<b>Total</b>	<u>0.17</u>	<u>0.03</u>
<b>e) Rent received</b>		
- <b>Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	0.38	0.38
<b>Total</b>	<u>0.38</u>	<u>0.38</u>
<b>f) Rent Paid</b>		
- <b>Entities over which key management personnel can exercise significant influence</b>		
Blue Water Enterprises	47.95	50.41
<b>Total</b>	<u>47.95</u>	<u>50.41</u>
<b>g) Remuneration to Directors</b>		
- <b>Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	599.34	639.59
Mrs. Nina Puri (Wholetime Director)	599.34	639.59
- <b>Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	0.45	1.05
<b>Total</b>	<u>1,199.13</u>	<u>1,280.22</u>
<b>h) Interest paid</b>		
- <b>Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	1.18	1.32
Mrs. Nina Puri (Wholetime Director)	0.05	0.05
- <b>Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	1.44	2.79
Mr. Ranjit Puri (HUF)	0.06	0.07
<b>Total</b>	<u>2.73</u>	<u>4.23</u>



	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>i) Guarantees given on behalf of</b>		
<b>- Subsidiaries</b>		
ISGEC Covema Limited	132.25	276.25
<b>Total</b>	<u>132.25</u>	<u>276.25</u>
<b>j) Interest Received</b>		
<b>- Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	315.42	231.32
ISGEC Covema Limited	40.67	44.00
<b>Total</b>	<u>356.09</u>	<u>275.32</u>
<b>k) Amount payable as at year end</b>		
<b>- Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	22.44	24.40
<b>- Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	8.89	9.29
<b>- Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	335.60	229.57
Mrs. Nina Puri (Wholetime Director)	344.23	225.52
<b>- Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	0.25	25.58
Mr. Ranjit Puri (HUF)	0.66	0.66
<b>Total</b>	<u>712.08</u>	<u>515.02</u>
<b>l) Amount receivable as at year end</b>		
<b>- Subsidiaries</b>		
Saraswati Sugar Mills Ltd.	1,017.95	1,335.30
ISGEC Covema Limited	532.46	397.63
<b>- Entities over which key management personnel can exercise significant influence</b>		
Blue Water Enterprises	15.27	11.52
<b>Total</b>	<u>1,565.69</u>	<u>1,744.45</u>
<b>m) Investment as at year end</b>		
<b>- Subsidiaries</b>		
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
<b>Total</b>	<u>7,224.98</u>	<u>7,224.98</u>
<b>10 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 &amp; Loss account for the year are:</b>		
	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
a) Residential premises	69.81	46.55
b) Commercial premises	282.20	144.15
c) Plant and machinery	4.86	3.11
<b>Total</b>	<u>356.88</u>	<u>193.81</u>

**11 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:**

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
a) Net Profit/(Loss) available to Equity Shareholders (Rs. in lacs) (after current tax ).	7,512.19	8,203.27
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.)	101.94	111.31
<b>12 Auditor's Remuneration included in miscellaneous expenses.</b>		
a) Audit Fee	5.00	5.00
b) Other Certification Work	2.85	1.28
c) Reimbursement of Expenses	0.87	1.37
<b>13 Managerial Remuneration</b>		
<b>I To the Whole time Directors:</b>		
a) Salary	41.80	31.80
b) Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund	7.02	5.82
c) Other Perquisites	1.87	1.56
d) Commission	1,148.00	1,240.00
	<u>1,198.68</u>	<u>1,279.17</u>
<b>II To Other Directors:</b>		
a) Commission	1.50	1.50
b) Sitting Fee	2.80	4.10
	<u>4.30</u>	<u>5.60</u>
<b>Total Managerial Remuneration</b>	<u>1,202.98</u>	<u>1,284.77</u>

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

Profit for the year before tax	10,781.19	11,532.26
Add: Provision for doubtful Debts	-	-
Loss on sale of fixed assets	16.87	13.94
Loss on diminution in value of Investments	-	5.25
	<u>10,798.06</u>	<u>11,551.45</u>
Less: Profit on sale of fixed assets	9.16	35.51
Profit as per Section 349	10,788.90	11,515.94
Add: Managerial Remuneration	50.68	39.17
Commission to Executive Directors	1,148.00	1,240.00
Commission to Non Executive Directors	1.50	1.50
Sitting Fees to Non Executive Directors	2.80	4.10
Net Profit as per Section 198	<u>11,991.88</u>	<u>12,800.71</u>
Maximum remuneration payable restricted to:		
- Whole time Directors 10% of above	1,199.19	1,280.07
- Other Directors 1% of above	119.92	128.01

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

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

Name of the Fund	2010-11		2009-10	
	No.	Amount (Rs in lacs)	No.	Amount (Rs in lacs)
<b>SBI-Magnum Insta Cash Fund</b>				
ACQUIRED*	38811380.92	6,501.02	26868210.37	4,500.51
SOLD	38811380.92	6,501.02	26868210.37	4,500.51
<b>SBI-Ultra Short Term Fund</b>				
ACQUIRED*	75001454.89	7,504.65	22082420.82	2,209.57
SOLD	75001454.89	7,504.65	22082420.82	2,209.57
<b>SBI-SHF-Ultra Short Term Fund-Institutional Plan-Growth</b>				
ACQUIRED*	43320020.83	5,587.10	NIL	NIL
SOLD	43320020.83	5,619.65	NIL	NIL
<b>SBI-Magnum Income Fund FR Savings Plus Bond Plan - Growth</b>				
ACQUIRED*	9136358.97	1,402.36	NIL	NIL
SOLD	9136358.97	1,414.84	NIL	NIL
<b>SBI-Debt fund Series-90 Days-41-Growth</b>				
ACQUIRED*	10000000.00	1,000.00	NIL	NIL
SOLD	10000000.00	1,024.02	NIL	NIL
<b>SBI-Debt fund Series-90 Days-44-Growth</b>				
ACQUIRED*	10240200.00	1,024.02	NIL	NIL
SOLD	10240200.00	1,048.00	NIL	NIL
<b>SBI Premier Liquid Fund - Institutional - Growth</b>				
ACQUIRED*	12403254.61	2,000.00	NIL	NIL
SOLD	12403254.61	2,000.48	NIL	NIL
<b>Reliance Liquid Fund-Treasury Plan -Institutional Option</b>				
ACQUIRED*	19627422.35	3,000.52	148507732.43	22,702.86
SOLD	19627422.35	3,000.52	148507732.43	22,702.86
<b>Reliance Money Manager Fund-Institution</b>				
ACQUIRED*	1004779.68	10,061.58	1758806.949	17,610.04
SOLD	1004779.68	10,061.58	1758806.949	17,610.04
<b>Reliance Monthly Interval Fund Series-I -Institutional Dividend Plan</b>				
ACQUIRED*	488891.62	48.91	NIL	NIL
SOLD	488891.62	48.95	NIL	NIL
<b>Reliance Monthly Interval Fund Series-II -Institutional Dividend Plan</b>				
ACQUIRED*	10532982.76	1,053.49	NIL	NIL
SOLD	10532982.76	1,054.22	NIL	NIL
<b>Reliance Quarterly Interval Fund Series-II -Institutional Dividend Plan</b>				
ACQUIRED*	264187.88	26.43	NIL	NIL
SOLD	264187.88	26.43	NIL	NIL

**Reliance Interval Fund Quarterly Plan- Series-I  
-Institutional Dividend Plan**

ACQUIRED*	9123327.23	913.33	NIL	NIL
SOLD	9123327.23	913.33	NIL	NIL

**Reliance Fixed Horizon Fund-XVIII-Series-4  
Dividend Plan**

ACQUIRED*	15716406.95	1,571.64	NIL	NIL
SOLD	15716406.95	1,571.64	NIL	NIL

**Reliance Liquid Fund-Cash Plan  
-Growth Option-Growth Plan**

ACQUIRED*	18551745.97	3,012.72	NIL	NIL
SOLD	18551745.97	3,014.17	NIL	NIL

**Reliance Monthly Interval Fund-Series I  
-Institutional Growth Plan**

ACQUIRED*	11086099.62	1,500.71	NIL	NIL
SOLD	11086099.62	1,512.72	NIL	NIL

**Reliance Money Manager Fund  
-Institutional Option -Growth**

ACQUIRED*	346635.73	4,716.02	NIL	NIL
SOLD	346635.73	4,800.00	NIL	NIL

**Kotak Liquid Institutional Premium**

ACQUIRED*	NIL	NIL	79334311.81	9,701.08
SOLD	NIL	NIL	79334311.81	9,701.08

**Kotak Floater Long Term**

ACQUIRED*	43756033.24	4,410.52	91937392.78	9,267.11
SOLD	43756033.24	4,410.52	91937392.78	9,267.11

**Kotak Quarterly Interval Plan Series-1**

ACQUIRED*	NIL	NIL	10001174.34	1,007.31
SOLD	NIL	NIL	10001174.34	1,007.31

**Kotak Quarterly Interval Plan Series-6**

ACQUIRED*	NIL	NIL	10000000.00	1,011.18
SOLD	NIL	NIL	10000000.00	1,011.18

**Kotak Floater Long Term- Growth**

ACQUIRED*	18824160.40	2,972.57	NIL	NIL
SOLD	18824160.40	3,001.00	NIL	NIL

**Kotak Quarterly Interval Plan Series-5- Dividend**

ACQUIRED*	7000000.00	700.00	NIL	NIL
SOLD	7000000.00	700.00	NIL	NIL

**Kotak Quarterly Interval Plan Series-7- Dividend**

ACQUIRED*	29998886.56	3,000.28	NIL	NIL
SOLD	29998886.56	3,000.03	NIL	NIL

**Kotak FMP- 6M-Series-11- Growth**

ACQUIRED*	10000000.00	1,000.00	NIL	NIL
SOLD	10000000.00	1,051.52	NIL	NIL

<b>Kotak Quarterly Interval Plan Series-4- Growth</b>				
ACQUIRED*	4847631.18	607.76	NIL	NIL
SOLD	4847631.18	638.35	NIL	NIL
<b>Kotak Quarterly Interval Plan Series-7- Growth</b>				
ACQUIRED*	16679521.40	2,000.03	NIL	NIL
SOLD	16679521.40	2,046.68	NIL	NIL
<b>ICICI Liquid Super Institutional Plan</b>				
ACQUIRED*	4808840.24	4,809.93	6499275.37	2,000.29
SOLD	4808840.24	4,809.93	6499275.37	2,000.29
<b>ICICI Flexible Income Plan</b>				
ACQUIRED*	NIL	NIL	4729731.256	500.22
SOLD	NIL	NIL	4729731.256	500.22
<b>ICICI Flexible Income Plan Premium</b>				
ACQUIRED*	4599092.95	4,862.85	4369078.25	4,619.64
SOLD	4599092.95	4,862.85	4369078.25	4,619.64
<b>ICICI Prudential-Blended Plan B -Institutional- Dividend</b>				
ACQUIRED*	59995.15	6.22	NIL	NIL
SOLD	59995.15	8.54	NIL	NIL
<b>ICICI Prudential Interval Fund-II Quarterly Interval Plan-C-Institutional Dividend</b>				
ACQUIRED*	25414214.67	2,541.50	NIL	NIL
SOLD	25414214.67	2,541.50	NIL	NIL
<b>ICICI Prudential Interval Fund- Quarterly Interval Plan-1-Institutional Dividend</b>				
ACQUIRED*	3029209.38	303.03	NIL	NIL
SOLD	3029209.38	302.92	NIL	NIL
<b>ICICI Prudential Flexible Income Plan Premium - Growth</b>				
ACQUIRED*	2061352.88	3,822.45	NIL	NIL
SOLD	2061352.88	3,900.00	NIL	NIL
<b>ICICI Prudential Interval Fund-II Quarterly Interval Plan-D-Institutional Growth</b>				
ACQUIRED*	9613443.44	1,000.00	NIL	NIL
SOLD	9613443.44	1,049.57	NIL	NIL
<b>DSP Blackrock Money Manager Fund -Institutional Plan-Growth</b>				
ACQUIRED*	7125.27	100.00	NIL	NIL
SOLD	7125.27	100.48	NIL	NIL
<b>Total</b>				
ACQUIRED*	466354656.78	83,061.63	406088134.38	75,129.79
SOLD	466354656.78	83,540.10	406088134.38	75,129.79

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

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>15</b> 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)	183.53	198.53
b) Technical Know How (Useful Life 10 years)	20.77	3,809.60
<b>16 Disclosure in terms of Accounting Standard AS – 29 on Provisions, Contingent Liabilities and Contingent Assets:-</b>		
<b>I Movement for provision for Liabilities:</b>		
a) Opening Balance	8,107.31	6,877.41
b) Provided for during the year	4,841.74	2,837.75
c) Used during the year	1,475.26	1,054.11
d) Reversed during the year	385.62	553.74
e) Closing Balance	11,088.18	8,107.31
Timing of outflow/uncertainties		Outflow on expenses incurred/ crystallisation of dues depends upon claims to be made by Customers & others.
<b>II Provisions made during the year have been accounted for under the following heads</b>		
a) Cost of goods Resold	4,420.94	2,767.70
b) Manufacturing expenses	420.80	70.05
<b>17 Pre-operative expenses forming part of capital work in progress are as under :-</b>		
Amount brought forward from last year	24.94	68.02
Add : Expenditure incurred during the year		
Salaries & Wages	-	11.39
Depreciation	-	0.26
Repair & Maintenance	-	-
Electricity Expenses	-	-
Travelling Expenses	0.45	3.72
Bank Charges	-	0.07
Professional Fees	1.16	-
Interest on Loan	60.36	-
Exchange Fluctuations	-	-
Rates & Taxes	-	-
Rent	2.75	-
Others	12.25	30.58
Total	101.92	114.04
Less: Capitalized during the year	11.51	89.10
Amount carried forward to Capital work in progress	90.41	24.94

**18 Particulars of Capacity, Production, Sales and Stocks**

Particulars	Installed Capacity	Actual production	Sales		Stock of Finished Goods Produced			
			Quantity	Value (Rs. in Lacs)	Opening stock		Closing stock	
					Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
<b>A ENGINEERING UNITS</b> (Refer Note (iii) below) (Manufacturing & Contract) Components of Sugar Mill plants	-	-	-	127.50 (37.00)	-	-	-	-
Steel Structural, iron and steel pipes and agricultural implements	-	2633 MT (2660 MT)	2633 MT (2660 MT)	7064.82 (6173.62)	-	-	-	-
Steel forging	-	-	-	-	-	-	-	-
C.I. Castings	-	2961 MT (2819 MT)	2961 MT (2819 MT)	-	-	-	-	-
Boiler Components for industrial use (including spare parts)	-	-	-	11747.42 (11545.51)	-	-	-	-
Mechanical Presses	-	180 Nos. (97 Nos.)	180 Nos. (97 Nos.)	12645.01 (7081.09)	-	-	-	-
Chlorine and other liquified gas containers	-	4046 Nos. (4379 Nos.)	4046 Nos. (4391 Nos.)	2672.51 (2409.00)	-	-	-	-
Hydraulic Presses	-	11 Nos. (19 Nos.)	11 Nos. (19 Nos.)	3946.42 (3283.05)	-	-	-	-
Galvanised Baths	-	(NIL)	(NIL)	(0)	-	-	-	-
Pressure vessels, columns and heat exchangers	-	12744.80 MT (8806.05 MT)	13488.80 MT (8062.05 MT)	36700.38 (23368.74)	744 MT	770.92	-	-
Ingots	-	472.345 MT (1351.515 MT)	472.825 MT (1352.65 MT)	392.12 (907.49)	0.48 MT (1.615 MT)	0.24 (NIL)	16.400 MT (0.48 MT)	16.89 MT (0.24)
Steel Castings [ Refer note (v) ]	-	4633.361 MT (4506.487 MT)	4408.431 MT (4121.186 MT)	11791.03 (11040.32)	(0.96 MT)	(0.47)	-	-
Scrap & waste	-	-	-	1081.17 (674.42)	-	-	-	-
Farm Produce	-	-	-	9.11 (12.05)	-	6.85 (7.26)	-	8.46 (6.85)
Excise Duty & Others adjustments	-	-	-	10878.04 (5596.55)	-	-	-	-

**B TRADING**

Components of Boilers, sugar plants and other items [ Refer note (iv) ]	Opening stock (Rs. in lacs)	Purchases (Rs. in lacs)	Sales (Rs. in lacs)	Closing stock (Rs. in lacs)
	550.26 (282.41)	107,310.93 (64,855.91)	128,298.52 (97604.71)	2617.74 (550.26)

- (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 208.53 MT for own use ( previous year 386.26 MT )

## 19 Raw Material Consumed:

Type of Materials	Units	2010-11		2009-10	
		Quantity	Value	Quantity	Value
Iron and Steel	MT	31,282.09	18,335.32	29491.31	15,326.12
Non-ferrous	MT	443.00	236.22	362.00	209.12
Alloys	MT	917.84	2,054.88	799.09	1,903.80
M.S. Scrap	MT	7,095.83	1,604.41	5964.97	1,182.74
Components issued for jobs			29,882.06		18,814.68
<b>Total</b>			<b>52,112.89</b>		<b>37,436.46</b>

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

	2010-11		2009-10	
	%	Value	%	Value
<b>a) Raw Materials :</b>				
Imported	38.19%	19,900.75	33.85%	12,673.23
Indigenous	61.81%	32,212.14	66.15%	24,763.23
<b>Total</b>	<b>100.00%</b>	<b>52,112.89</b>	<b>100.00%</b>	<b>37,436.46</b>
<b>b) Spare Parts :</b>				
Imported	6.50%	316.30	5.12%	180.31
Indigenous	93.50%	4,549.38	94.88%	3,341.91
<b>Total</b>	<b>100.00%</b>	<b>4,865.68</b>	<b>100.00%</b>	<b>3,522.22</b>

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>21 Value of Imports on C.I.F. Basis:</b>		
Raw Materials	15,927.33	11,752.20
Components & Spare Parts	2,829.10	2,803.64
Goods for resale	4,358.47	1,386.24
Capital Goods	3,317.01	1,022.76
<b>22 Earnings in Foreign Exchange:</b>		
Export of Goods & Services on F.O.B basis	74,105.53	28,893.11
<b>23 Expenditure in Foreign Currency (Cash Basis)</b>		
Travelling Expenses	794.53	160.41
Royalty	426.84	267.58
Brokerage & Commission	963.06	932.63
Interest on ECB Loan (for foreign remittance)	226.82	129.06
Technical Knowhow & fixed assets	2,182.94	1,220.73
Others	8,738.33	3,550.51
<b>Total</b>	<b>13,332.52</b>	<b>6,260.92</b>



	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>24 Dividend paid in foreign currency*</b>		
Dividend Paid in foreign currency	NIL	NIL
No. of Equity Shares held by Non Resident Shareholders	513821	522485
No. of Non Resident Shareholders	37	17

\*Dividend to Non Resident Shareholders has been paid in Indian Rupees

**25 Interests in Joint Ventures:**

After the close of the Financial Year 2009-10, ISGEC Haco Metal Forming Machinery Pvt. Ltd. ceased to be a joint venture.

**26 Foreign Currency Exposures :**

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

	As at 30.09.2011 (Rs in lacs)	As at 30.09.2010 (Rs in lacs)
<b>a) The particulars of forward contracts entered into hedging purpose outstanding as at year end are as under:</b>		
i) For receivables	11,472.15	5,632.78
ii) For loans	9,971.13	7,370.23
iii) For hedging interest payments on loans	30.79	55.19
<b>b) Unhedged foreign currency exposures as at year end are as under:</b>		
i) Receivables	3,890.53	2,319.44

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

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**CASH FLOW STATEMENT for the year ended 30th September, 2011**

	Year ended 30.09.2011	(Rs. in Lacs) year ended 30.09.2010
<b>A. Cash flow from Operating activities:</b>		
Net (loss)/profit before tax but after exceptional /extraordinary items	10,781.19	11,532.26
<b>Adjustments for:</b>		
Depreciation	3,809.37	3,073.62
Interest Expense	2,937.38	2,836.21
Interest Income	(702.10)	(411.08)
Income from Investment - Dividends	(618.64)	(1,718.41)
(Profit)/Loss on Sale/Revaluation of store	(2.33)	-
(Profit)/Loss on Fixed Assets sold (Net)	7.71	(21.57)
(Profit)/Loss on Sale of Investment	(719.22)	-
Debts / Advances Written off	104.96	14.24
Provision for Bad & Doubtful Debts	(95.98)	-
Liability no longer required written back	(759.41)	(727.35)
Investment written off	-	5.25
<b>Operating profit before working capital changes</b>	<b>14,742.93</b>	<b>14,583.18</b>
<b>Adjustments for changes in working capital :</b>		
- (INCREASE)/DECREASE in Sundry Debtors	(10,384.95)	(10,487.37)
- (INCREASE)/DECREASE in Other Receivables	(4,211.44)	(5,756.45)
- (INCREASE)/DECREASE in Inventories	(8,623.25)	(12,002.27)
- INCREASE/ (DECREASE) in Trade, Other Payables and Provisions	32,098.62	36,989.18
<b>Cash generated from operations</b>	<b>23,621.91</b>	<b>23,326.26</b>
- Taxes (Paid) / Received (Net of TDS)	(2,569.60)	(3,877.50)
<b>Net cash from operating activities</b>	<b>21,052.31</b>	<b>19,448.76</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of fixed assets	(8,303.40)	(9,282.42)
Proceeds from Sale of fixed assets	54.20	123.41
(Investment)/Repayment of Inter Corporate Deposit	(2,000.00)	-
Proceeds from Sale of Share in Joint Venture Company : ISGEC Haco Metal Forming Machinery Pvt. Ltd.	1,041.74	-
Sale/(Purchase) of Investments	(2,304.01)	(12,827.69)
Dividend Received	618.64	1,718.41
Interest Received (Revenue)	501.17	414.75
<b>Net cash used in investing activities</b>	<b>(10,391.66)</b>	<b>(19,853.54)</b>

**C. Cash flow from Financing activities:**

Proceeds/(Repayment) from Secured loans	1,772.25	2,307.20
Proceeds/(Repayment) of unsecured loans	853.50	1,840.70
Interest Paid	(2,520.17)	(2,748.83)
Dividend & Dividend Tax Paid	(77.84)	(1,369.43)
<b>Net cash used in financing activities</b>	<b>27.74</b>	<b>29.64</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>10,688.39</b>	<b>(375.14)</b>
<b>Cash and cash equivalents as at 30.09.2010</b>	<b>4,059.41</b>	<b>4,434.55</b>
<b>Cash and cash equivalents as at 30.09.2011</b>	<b>14,747.80</b>	<b>4,059.41</b>
<b>Cash and cash equivalents comprise</b>		
Cash, Cheques & Drafts (in hand) and Remittances in transit	1,616.05	149.76
Current accounts(dividend account)	74.38	78.52
Balance with Scheduled Banks	1,057.83	1,056.23
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	11,999.54	2,774.90
	<b>14,747.80</b>	<b>4,059.41</b>

**Notes :**

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

**As per our report of even date.**

**for S.S. Kothari Mehta & Co.**

Chartered Accountants  
(Firm Registration No. 000756N)

**Sanjay Kumar**  
Asstt. General Manager(Accounts)

**Kishore Chatnani**  
Head - Corporate Accounts & Treasury

**For and on behalf of Board of Directors**

**K.K. Tulshan**  
Partner  
M.No. 085033

**S. K. Khorana**  
Executive Director & Company Secretary

**Aditya Puri**  
Managing Director

Place : Noida  
Dated : 25 November, 2011

**Vinod K. Nagpal**  
Director

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## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	05-00097	State Code	05
Balance Sheet Date	30/09/2011		

### 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
	69406.47	69406.47
<b>Sources of Funds</b>	Paid-up Capital	Reserve & Surplus
	736.95	47425.93
	Secured Loans	Unsecured Loans
	12176.02	8391.02
	Deferred Tax Liability	
	676.55	
<b>Application of Funds</b>	Net Fixed Assets	Investments
	34652.24	24060.95
	Net Current Assets	
	10693.28	

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

Turnover (Gross Revenue)	Total Expenditure
238274.07	227492.88
Profit Before Tax	Profit After Tax
10781.19	7512.19
Earning per Share in Rs.	Dividend (Rs. Per Share)
101.94	10.00

### 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 Registration No. 000756N)

Sanjay Kumar  
Asstt. General Manager(Accounts)

Kishore Chatnani  
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

K.K. Tulshan  
Partner  
M.No. 085033

S. K. Khorana  
Executive Director & Company Secretary

Aditya Puri  
Managing Director

Place : Noida  
Dated : 25 November, 2011

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, 2011	Year ended 31st March, 2011	Year ended 30th Sept. 2011	Year ended 30th Sept. 2011
3.	Holding Company's interest	Holds 19,99,900 Equity shares of Rs.10 each out of the issued & subscribed equity share capital of 20,00,000 equity shares. (Rs. in lacs)	Holds 1,00,000 equity shares of Rs. 10 each out of the issued & subscribed equity share capital of 1,00,000 equity shares. (Rs. in lacs)	Holds 70,99,900 equity shares of Rs. 10 each out of the issued & subscribed equity share capital of 70,99,900 equity shares. (Rs. in lacs)	Holds 50,000 equity shares of Rs.10 each out of issued & subscribed equity share capital of 50,000 equity shares (Rs. in lacs)
4.	Total advances made by the holding company to the subsidiary companies stood as at the close of financial year's ended 31st March, 2011 of Isgec Covema Limited & Isgec Exports Limited and as at the close of financial year ended 30th September 2011	596.19	Nil	986.12	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;	1.50	3.11	1,318.40	0.10
	ii) For subsidiary's Previous Financial years since it became subsidiary:	93.26	18.26	5,499.50	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				

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**60 ISGEC HEAVY ENGINEERING LIMITED**

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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, 2011 (end of financial year of holding company)	532.46	NIL	N.A.	N.A.

(There is no material change in other borrowing of subsidiary companies)

**Sanjay Kumar**  
Asstt. General Manager(Accounts)

**Kishore Chatnani**  
Head - Corporate Accounts & Treasury

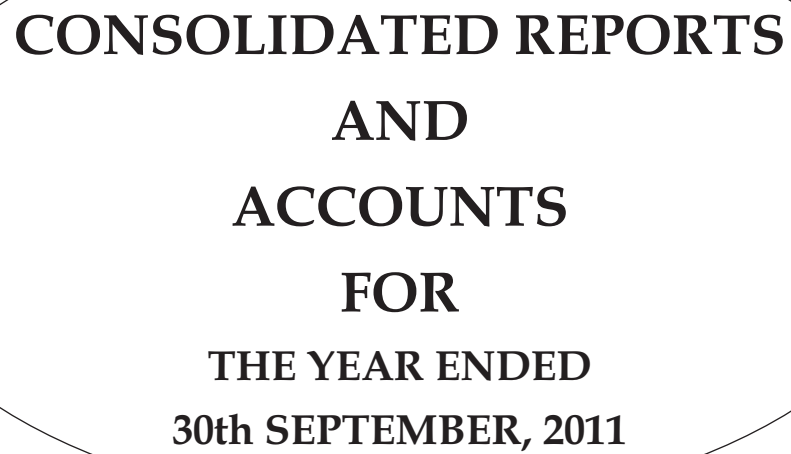
**S. K. Khorana**  
Executive Director & Company Secretary

**Vinod K. Nagpal**  
Director

**Aditya Puri**  
Managing Director

Place : Noida  
Dated : 25 November, 2011

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**CONSOLIDATED REPORTS  
AND  
ACCOUNTS  
FOR  
THE YEAR ENDED  
30th SEPTEMBER, 2011**

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**AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF  
ISGEC HEAVY ENGINEERING LIMITED  
(formerly THE SARASWATI INDUSTRIAL SYNDICATE LIMITED)  
AND ITS SUBSIDIARIES**

**The Board of Directors,**

**ISGEC HEAVY ENGINEERING LIMITED (formerly THE SARASWATI INDUSTRIAL SYNDICATE LIMITED)**

We have audited the attached consolidated Balance Sheet of ISGEC HEAVY ENGINEERING LIMITED (formerly THE SARASWATI INDUSTRIAL SYNDICATE LIMITED) and its subsidiaries (hereinafter referred to as "the ISGEC group") as at 30<sup>th</sup> September, 2011, the consolidated Profit and Loss account and the consolidated Cash Flow Statement for the year then ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.1412.22 lacs and total liabilities of Rs.1043.82 lacs as at 30<sup>th</sup> September, 2011 and total revenue of Rs.500.73 lacs and total expenses of Rs.598.56 lacs for the year ended on that date. The financial statements of ICL and IEL have been made and audited up to 31<sup>st</sup> March, 2011, significant group transactions between the date of these financial statements and that of Company's financial statement have been given effect to in these financial statements. These financial statement have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

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 ISGEC 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 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:

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- a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the ISGEC Group as at 30<sup>th</sup> September,2011;
- b) in the case of Consolidated Profit & Loss Account, of the consolidated results of the ISGEC Group for the year ended on that date; and
- c) in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the ISGEC Group for the year ended on that date.

**For S.S. Kothari Mehta & Co.**

Chartered Accountants

Firm Regn. No.000756N

**(K. K. TULSHAN)**

Partner

Membership No. 085033

Place: New Delhi

Date: 25 November,2011

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## CONSOLIDATED BALANCE SHEET as at 30th September, 2011

	Schedule No.	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	736.95	736.95
Reserves & Surplus	B	55,061.06	47,082.47
		<u>55,798.01</u>	<u>47,819.42</u>
<b>Loan Funds</b>			
Secured Loans	C	13,121.33	12,681.15
Unsecured Loans	D	10,824.40	9,380.95
		<u>23,945.73</u>	<u>22,062.10</u>
<b>Deferred Tax Liability(Net)</b>		1,888.07	1,840.96
[ Refer note 15(b) on Schedule IX and note 7 on Schedule X ]			
<b>TOTAL</b>		<u>81,631.81</u>	<u>71,722.48</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	72,410.08	66,545.24
Less: Depreciation		<u>28,648.97</u>	<u>23,942.73</u>
Net Block		43,761.11	42,602.51
Capital Work in Progress		<u>4,557.48</u>	<u>1,816.13</u>
		48,318.59	44,418.64
<b>Investments</b>	F	17,141.32	15,159.83
<b>Current Assets, Loans and Advances</b>			
Inventories	G	54,375.27	44,385.97
Sundry Debtors	H	64,734.75	54,785.10
Cash & Bank balances	I	15,076.77	4,657.38
Other Current Assets	J	230.32	28.09
Loans & Advances	K	<u>19,754.84</u>	<u>14,045.04</u>
		154,171.95	117,901.58
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	L	120,690.49	93,329.02
Provisions	M	<u>17,311.39</u>	<u>12,430.38</u>
		138,001.88	105,759.40
Net Current Assets		16,170.07	12,142.18
Miscellaneous Expenditure(to the extent not written off or adjusted)		1.83	1.83
<b>TOTAL</b>		<u>81,631.81</u>	<u>71,722.48</u>
<b>Statement on Significant Accounting Policies</b>	IX		
<b>Notes to Accounts</b>	X		

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)

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

Kishore Chatnani  
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

K.K. Tulshan  
Partner  
M.No. 085033

S. K. Khorana  
Executive Director & Company Secretary

Aditya Puri  
Managing Director

Place : Noida  
Dated : 25 November, 2011

Vinod K. Nagpal  
Director

**CONSOLIDATED PROFIT & LOSS ACCOUNT For The Year Ended 30th September, 2011**

	Schedule No.	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>INCOME</b>			
Sale, Services and related income	I	279,856.47	216,151.16
Less : Excise Duty		9,927.80	7,643.10
		<u>269,928.67</u>	<u>208,508.06</u>
Other Income	II	3,978.38	4,593.88
Profit from Farm Operations	III	(0.01)	3.55
Increase/(Decrease) in stock of Finished goods and Work-in-progress	IV	7,956.30	9,941.83
<b>TOTAL</b>		<u>281,863.34</u>	<u>223,047.32</u>
<b>EXPENDITURE</b>			
Cost of Goods Resold (Refer note 18(II) on Schedule X)		107,934.93	82,036.26
Purchase of Trading Goods		79.29	-
Erection & Civil Cost		16,357.83	13,370.42
Manufacturing expenses	V	99,101.21	83,338.42
Employee cost	VI	19,372.51	15,983.84
Administration & Selling expenses	VII	17,705.97	10,626.04
Interest and Financial Charges	VIII	3,647.59	3,623.65
Depreciation		4,917.29	4,167.72
<b>TOTAL</b>		<u>269,116.62</u>	<u>213,146.35</u>
Profit / (Loss) for the year before tax		12,746.72	9,900.97
Provision for Tax			
- Current Tax			
[Refer note 15(a) on Schedule IX]		3,856.56	3,406.32
- Wealth Tax		7.96	8.75
- Deferred Tax			
(Refer note 15(b) on Schedule IX and note 7 on Schedule X)		<u>47.11</u>	<u>(129.18)</u>
Profit / (Loss) after tax		8,835.09	6,615.08
Balance in Profit & Loss Account brought forward from last year		32,540.75	27,162.20
Prior period loss of Joint Venture reversed		-	332.99
Amount available for appropriation		41,375.84	34,110.27
Proposed Dividend		736.95	73.70
Interim Dividend		-	663.25
Corporate Dividend Tax (Refer note 21 on Schedule X)		119.55	12.24
Transferred to General reserve		883.06	820.33
Balance carried to Balance Sheet		<u>39,636.28</u>	<u>32,540.75</u>
Basic/Diluted Earnings / (Loss) per share (Rs.)		119.89	89.76
(Refer Note 13 on Schedule X)			
<b>Statement on Significant Accounting Policies</b>	<b>IX</b>		
<b>Notes to Accounts</b>	<b>X</b>		

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

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

Sanjay Kumar  
Asstt. General Manager(Accounts)

Kishore Chatnani  
Head - Corporate Accounts & Treasury

For and on behalf of Board of Directors

K.K. Tulshan  
Partner  
M.No. 085033

S. K. Khorana  
Executive Director & Company Secretary

Aditya Puri  
Managing Director

Place : Noida  
Dated : 25 November, 2011

Vinod K. Nagpal  
Director

## Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011

	(Rs. in Lacs)	
	As At 30.09.2011	As At 30.09.2010
<b>Schedule 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
85,00,000 Equity Shares (Previous year 85,00,000 of Rs.10/- each)	<u>850.00</u>	<u>850.00</u>
<b>Issued, Subscribed and Paid up :</b>		
73,69,540 Equity Shares (Previous year 73,69,540 of Rs.10/- each fully paid up)	<u>736.95</u>	<u>736.95</u>
	<u><u>736.95</u></u>	<u><u>736.95</u></u>

Notes:

- i) 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

- 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, 2011

### Schedule 'B'

#### RESERVES AND SURPLUS

				(Rs. in Lacs)
	As At 01.10.2010	Additions	Deductions	As At 30.9.2011
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)**	( - )
General Reserve	14,089.91	883.06	-	14,972.97
	(13,263.08)	(826.83)	( - )	(14,089.91)
Profit and Loss Account Balance	32,540.75	8,835.09	1,739.56	39,636.28
[Refer note No. 2(c) of Schedule X]	(27,162.20)	(6,948.07)*	(1,569.52)	(32,540.75)
	47,082.47	9,718.15	1,739.56	55,061.06
	(40,883.59)	(7,774.90)	(1,576.02)	(47,082.47)

\* 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.

	As at 30.09.2011	(Rs. in Lacs) As at 30.09.2010
	<b>Schedule 'C'</b>	
<b>SECURED LOANS</b>		
[Refer note 11 on Schedule IX]		
From Banks and Financial Institutions:		
- Cash Credit Accounts (Refer Note 1 & 4)	4,041.70	3,033.54
- Term Loans (Refer Note 2 & 5)	607.60	2,277.38
- External Commercial Borrowings (Refer Note 3 & 5)	8,472.03	7,370.23
	13,121.33	12,681.15

#### Notes:-

- 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.
- Secured by residual mortgage on immovable properties of the Company located at Yamunanagar, both present and future and mortgage / hypothecation of movable assets (Save and except book debts and inventories charged in favour of company's bankers for working capital requirements).
- Amount of Rs.2,814.03 Lacs (Previous year Rs.4,541.23 Lacs) secured by pari passu first charge on fixed assets, both present and future, of unit at Dahej, Gujarat and amount of Rs.5,658 Lacs (Previous year Rs.2,829 Lacs) secured by first pari passu charge on assets purchased/ to be purchased out of the said loan.
- Secured by second charge on immovable properties of the company, both present and future and mortgage / hypothecation of movable assets.
- Amount repayable within one year Rs.3,191.04 Lacs (Previous year Rs.3,185.92 Lacs).

### Schedule 'D'

#### UNSECURED LOANS

[Refer note 11 on Schedule IX]

Fixed Deposits	9,168.10	9,023.95
Sugar Development Fund (For cane development)	187.50	357.00
Short Term Loans and Advances	1,468.80	-
Other Loans and Advances	-	-
	10,824.40	9,380.95

#### Note :

Fixed deposits include deposits received from Directors Rs.35.76 Lacs (Previous year Rs.60.84 Lacs).

### Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011

Particulars	Cost		Depreciation		Net Block				
	As at Ist Oct. 2010	Additions/ Transfers during the year	Deductions during the year	As at 30th Sept. 2011	Upto 30th Sept. 2010	During the year	Upto 30th Sept. 2011	As at 30th Sept., 2011	As at 30th Sept., 2010
Land (Free Hold)	3,606.82	226.62	3,833.44					3,833.44	3,606.82
Land (Lease Hold)	2,767.39		2,767.39	75.34	242.86	75.34	318.20	2,449.19	2,524.53
Buildings and Roads	14,223.35	781.33	15,004.68	905.44	3,999.57	905.44	4,905.01	10,099.67	10,223.78
Plant and Machinery	36,128.94	4,113.78	40,094.38	148.34	15,896.39	2,804.54	18,590.46	21,503.92	20,232.55
Furniture & Fixtures	1,063.92	169.24	1,225.47	7.69	632.13	98.14	723.38	502.09	431.79
Vehicles	1,299.68	299.53	1,484.06	115.15	722.26	187.64	840.63	643.43	577.42
Office equipments	2,303.68	369.94	2,644.90	28.72	1,584.69	255.18	1,815.38	829.52	718.99
Intangible Assets									
- Goodwill	342.10		342.10		342.10		342.10		
- Software	766.69	183.53	950.22		360.73	161.96	522.69	427.53	405.96
- Technical Know-how	4,042.67	20.77	4,063.44		162.00	429.12	591.12	3,472.32	3,880.67
<b>Total:</b>	66,545.24	6,164.74	72,410.08	299.90	23,942.73	4,917.36	28,648.97	43,761.11	42,602.51
<b>Capital work in progress</b>								4,557.48	1,816.13
<b>Previous Year</b>	57,569.39	10,724.12	66,545.24	1,748.27	20,045.41	4,168.06	23,942.73	44,418.64	44,418.64

#### 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.
- Depreciation during the year includes Rs.0.18 Lacs (Previous year 0.26 Lacs) taken under pre-operative expenses.
- Cost of software includes Purchase Price, Duties & Taxes (Other than refundable from taxing authorities).
- Possession and right to use of land amounting to Rs.1304.05 lacs for which advances have been paid is with the company as per sale agreement and title is yet to be transferred in the name of the company.
- Capital work-in-progress includes pre-operative expenses amounting to Rs. 90.41 Lacs (Previous year Rs. 24.94 Lacs) and includes Capital advance Rs.473.99 Lacs (Previous year Rs.243.88 Lacs).
- Borrowing cost capitalised during the year Rs.60.36 Lacs (Previous year Nil)
- Figures have been re-grouped wherever necessary.

## Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011

( Rs. in Lacs)

As At                      As At  
30.09.2011              30.9.2010

**Schedule 'F'**

**INVESTMENTS** [Refer note 8 on Schedule IX ]

**Non-Trade Investments :**

**Long Term, At Cost**

**Unquoted:**

Post Office National Saving Certificate (Unquoted)	0.60	0.60
(Pledged as security with various Government Departments)		

**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
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Less : Provision for diminution in the value of Investment [Market value Nil (Previous year Nil)]	(0.25)	(0.25)
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704 (Previous year 704) Equity Shares of Rs. 10/-each fully paid up of Reliance Industries Ltd. [Market value Rs.5.69 Lacs (Previous year Rs.6.95 Lacs)] (See Note 1 )	3.36	3.36
---	------	------

872 (Previous year 872) Equity Shares of Rs.10/- each fully paid up of Reliance Power Ltd. [Market value Rs.0.67 Lacs (Previous year Rs. 1.40Lacs)]	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 Rs.133.69 Lacs (Previous year Rs.230.28 Lacs)]	304.75	304.75
--	--------	--------

**Unquoted: Joint Venture company**

Nil (Previous year 80,13,362) Equity Shares of Rs. 10/- each of ISGEC HACO Metal Forming Machinery Private Limited [Refer note 2(b) on Schedule X]	-	801.34
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**Current, At Cost**

**Mutual Funds:**

- SBI-SHDF-Ultra Short Fund Institutional Plan-Daily Dividend [Nil, (Previous year 3,00,97,420.7670) units of Rs.10/- each]	-	3,011.55
- Reliance Monthly Interval Fund Series I-Institutional Dividend Plan [Nil, (Previous year 2,50,60,458.182) units of Rs.10/- each]	-	2,506.83
- Reliance Monthly Interval Fund Series II-Institutional Dividend Plan [Nil, (Previous year 1,51,71,672.416) units of Rs.10/- each]	-	1,517.43
- Reliance Quarterly Interval Fund Series II-Institutional Dividend Plan [Nil, (Previous year 89,97,099.527) units of Rs.10/- each]	-	900.10
- Reliance Money manager Fund- Institutional Option-Daily Dividend Plan [Nil, (Previous year 1,89,927.181 ) units of Rs.1,000/- each]	-	1,901.87
- Kotak Floater Long Term Daily Dividend [Nil, (Previous year 4,642.158) units of Rs.10/- each]	-	0.47
- Kotak Quarterly Interval Plan Series I-Dividend	-	1,200.15

[Nil, (Previous year 1,20,01,456.318) units of Rs.10/- each]		
- Kotak Quarterly Interval Plan Series 8 - Dividend [Nil, (Previous year 1,99,99,600.007) units of Rs.10/- each]	-	2,000.00
- ICICI Prudential Flexible Income Plan Premium-Daily Dividend [Nil, (Previous year 4,80,306.700) units of Rs.10/- each]	-	507.85
- ICICI Prudential Blended Plan B-Institutional Dividend [Nil, (Previous year 48,30,712.748) units of Rs.10/- each]	-	501.07
- SBI-SHF-Ultra Short Term Fund-Institutional Plan-Growth (17934318.542 (Previous year Nil) units of Rs. 10/- each)	2,375.75	-
- SBI-Debt Fund Series-13 Months-11-Growth (5000000.000 (Previous year Nil) units of Rs. 10/- each)	500.00	-
- SBI Premier Liquid Fund - Super Institutional - Growth (6213959.0376 (Previous year Nil) units of Rs. 10/- each)	1,000.00	-
- Reliance Fixed Horizon Fund-XX-Series 3- Growth Plan (15134532.829 (Previous year Nil) units of Rs. 10/- each)	1,513.45	-
- Reliance Liquid Fund-Cash Plan-Growth Option-Growth Plan (8459940.932 (Previous year Nil) units of Rs. 10/- each)	1,400.00	-
- Reliance Money Manager Fund-Institutional Option -Growth (85575.629 (Previous year Nil) units of Rs. 1000/- each)	1,183.98	-
- Kotak Floater Long Term- Growth (14687312.480 (Previous year Nil) units of Rs. 10/- each)	2,378.94	-
- Kotak FMP-Series-59-Growth (5000000.000 (Previous year Nil) units of Rs. 10/- each)	500.00	-
- Kotak Quarterly Interval Plan Series-2-Growth (3711484.074 (Previous year Nil) units of Rs. 10/- each)	500.00	-
- Kotak Liquid-Institutional Premium Plan - (Growth) (4817419.790 (Previous year Nil) units of Rs. 10/- each)	1,000.00	-
- ICICI Prudential Flexible Income Plan Premium - Growth (1569616.039 (Previous year Nil) units of Rs. 100/- each)	2,977.55	-
- ICICI Prudential Liquid Super Institutional Plan-Growth (331657.798 (Previous year Nil) units of Rs. 100/- each)	500.00	-
- DSP Blackrock FMS S5-3M-Growth (2000000.000 (Previous year Nil) units of Rs. 10/- each)	100.48	-
- DSP BlackRock Liquidity Fund- Institutional Plan-Growth (47926.828 (Previous year Nil) units of Rs. 1000/- each)	700.00	-
- HDFC FMP 92D August 2011 (1)- Growth (2000000.000 (Previous year Nil) units of Rs. 10/- each)	200.00	-
	<u>17,141.32</u>	<u>15,159.83</u>

**Aggregate Book Value of Investments :**

Unquoted	16,830.75	14,849.26
Quoted	310.57	310.57
	<u>17,141.32</u>	<u>15,159.83</u>
Aggregate Market Value of Quoted Investments	140.05	238.63

**Note:** For sale and purchase of Mutual Fund investment during the year refer Note 15 on Schedule 'X'.



**Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011**

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>Schedule 'G'</b>		
<b>INVENTORIES</b>		
[Refer note 4 on Schedule IX]		
Raw Materials (Including in transit Rs. 684.87 Lacs, Previous year Rs. 1,660.73 Lacs)	13,956.14	12,593.76
Stores and Spare Parts (Including in transit Rs. 6.49 Lacs, Previous year Rs. 7.69 Lacs)	2,686.08	4,005.26
<u>Work-in-Progress :</u>		
i) Sugar	18.39	25.77
ii) Engineering Goods	<u>26,554.71</u>	<u>19,268.00</u>
Standing Crops	8.46	6.85
<u>Finished Stock :</u>		
i) Sugar	8,449.55	6,882.03
ii) Molasses	67.31	282.88
iii) Engineering goods	<u>16.89</u>	<u>771.16</u>
Goods for Resale in Transit	2,538.45	550.26
Trading Goods	79.29	-
	<u><u>54,375.27</u></u>	<u><u>44,385.97</u></u>
<b>Schedule 'H'</b>		
<b>SUNDRY DEBTORS</b>		
[Refer note 9 on Schedule IX]		
<b>(Unsecured)</b>		
Debts outstanding for a period exceeding six months		
- Considered good	19,340.65	15,158.56
- Considered doubtful	89.02	186.51
Other Debts - Considered good	<u>45,394.10</u>	<u>39,626.54</u>
	<u>64,823.77</u>	<u>54,971.61</u>
Less : Provision for Doubtful Debts	89.02	186.51
	<u><u>64,734.75</u></u>	<u><u>54,785.10</u></u>

## Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011

	As At 30.09.2011	(Rs. in Lacs) As At 30.09.2010
<b>Schedule 'I'</b>		
<b>CASH AND BANK BALANCES</b>		
[Refer note 9 on Schedule IX]		
Cash in Hand	56.38	30.81
Cheques in Hand / Funds in Transit	1,773.74	352.72
With Scheduled Banks in :		
- Current Accounts	1,051.22	1,367.48
- Cash Credit Accounts	42.18	-
- Unclaimed Dividend Accounts	74.38	78.52
- Term Deposits with Banks	11,988.15	1,156.60
Margin Money with Banks (Against Bank Guarantees and Letter of Credit issued by Banks)	90.72	1,671.25
	<u>15,076.77</u>	<u>4,657.38</u>
<b>Schedule 'J'</b>		
<b>OTHER CURRENT ASSETS</b>		
<b>(Unsecured, Considered Good)</b>		
Interest accrued but not due on Deposits / Margin Money	230.32	28.09
	<u>230.32</u>	<u>28.09</u>
<b>Schedule 'K'</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured, except to the extent stated &amp; Considered Good)</b>		
[Refer note 9 on Schedule IX]		
Security Deposits	532.10	394.07
Advances recoverable in cash or in kind or for value to be received	15,193.79	11,048.20
[Include surplus Gratuity plan assets over actuarial liability Nil (Previous year Rs.266.54 Lacs)- also refer Schedule M]		
Deposit with Housing Development Finance Corporation Ltd.	2,000.00	-
Balance with Government Departments and Others	1,954.21	1,986.92
Claims Receivable	74.74	615.85
	<u>19,754.84</u>	<u>14,045.04</u>

## Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th September, 2011

	(Rs. in Lacs)	
	As At 30.09.2011	As At 30.09.2010
<b>Schedule 'L'</b>		
<b>CURRENT LIABILITIES</b>		
[Refer note 9 on Schedule IX]		
Sundry Creditors (Refer note 8 on Schedule X)		
- Dues to Micro, Small & Medium Enterprises	72.57	112.57
- Others	55,942.90	42,912.26
Advances from Customers	60,994.94	46,573.51
Investor Education and Protection Fund:		
- Unpaid dividend	74.38	78.52
- Unpaid Matured Deposits	89.25	187.72
- Interest accrued on the above	27.87	55.72
Other Liabilities	2,014.67	2,420.36
Security and Other Deposits	125.43	120.61
Interest Accrued but not due on Loans	1,348.48	867.75
	<b>120,690.49</b>	<b>93,329.02</b>

**Notes:**

1. Sundry Creditors include:
  - (a) Balance in Director's Current Account Rs.0.63 Lac (Previous year Rs.0.02 Lac). Maximum amount outstanding during the year Rs.5.34 Lacs (Previous year Rs.3.80 Lacs).
  - (b) Rs.669.79 Lacs (Previous year Rs.443.92Lacs) payable as commission to Directors.
2. Amounts under Investor Education & Protection Fund are not due for deposit.

**Schedule 'M'**

**PROVISIONS**

[Refer notes 10(b), 10(c), 10(d) and 15(a) on Schedule IX and notes 9(b) & 18 on Schedule X]

Provision for Taxation	2,505.32	1,814.47	
Less : Prepaid Tax	1,559.24	1,394.68	
	946.08	419.79	
Provision for Tax on Proposed Dividend	119.55	1,065.63	432.03
Provision for Leave Encashment	1,058.41	902.35	
Provision for Pension	3,332.32	2,875.00	
Provision for Gratuity (Net of Gratuity Plan Assets- also refer Schedule K)	29.90	39.99	
Provision for Contingencies, Performance Warranties and After Sales Service	11,088.18	8,107.31	
Proposed Dividend	736.95	73.70	
	<b>17,311.39</b>	<b>12,430.38</b>	

## Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011

			(Rs. in Lacs)	
	Year ended		Year ended	
	30.09.2011		30.09.2010	
<b>Schedule 'I'</b>				
<b>SALE, SERVICES AND RELATED INCOME</b>				
[Refer note 7 on Schedule IX]				
<b>Sugar Business:</b>				
Sugar	32,382.62		29,745.61	
Molasses	3,212.61		3,316.53	
Other By Products	394.21	35,989.44	693.39	33,755.53
<b>Engineering Business :</b>				
Sale of Engineering Goods		226,261.56		168,748.90
Sale of Scrap and Waste		1,081.17		674.42
Erection, Commissioning and Other Receipts		14,245.24		12,152.68
Export Incentives		2,279.06		819.63
		<u>279,856.47</u>		<u>216,151.16</u>
<b>Schedule 'II'</b>				
<b>OTHER INCOME</b>				
[Refer note 7 and 9 of Schedule IX]				
Dividend Income from Investments				
- Long Term - Non trade		0.06		17.33
- Current- Non trade		644.69		350.72
Interest				
- On Govt. Securities	0.01		0.01	
- From Tax Authorities	11.59		4.57	
- Others [Tax deducted at source Rs. 26.89 Lacs, (Previous year Rs. 35.02 Lacs)]	360.23	371.83	330.72	335.30
Reimbursement of Interest on Excise Duty Term Loans		272.53		489.78
Sundry Balances Written Back		52.38		306.14
Foreign Exchange Fluctuation		-		1,624.59
[Net of expense of Nil (Previous year Rs. 2,856.08 Lacs)]				
Excess Provisions of Earlier Years Written Back		740.40		480.96
[Includes provision for doubtful debts written back Rs.95.98 Lacs (Previous year Rs.1.85 Lacs)]				
Profit on Sale of Fixed Assets		13.36		37.37
Profit on Sale of Investments		727.09		-
(Refer note 15 on Schedule X)				
Profit on sale of Stores		2.69		2.23
Insurance Claim Receipts		16.54		21.04
Transportation & Buffer Stock Subsidy		-		-
Premium on Export Entitlement		531.42		-
Miscellaneous Income		605.39		928.42
		<u>3,978.38</u>		<u>4,593.88</u>

## Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011

	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>SCHEDULE 'III'</b>		
<b>PROFIT FROM FARM OPERATIONS</b>		
<b>Income</b>		
Sale of Farm Produce	4.51	10.18
Miscellaneous Income	0.50	-
(Increase)/Decrease in stock	1.61	(0.41)
	6.62	9.77
<b>Expenditure</b>		
Salaries, Wages and Bonus	0.58	0.53
Contribution to Provident and Other Fund	0.02	0.02
Cultivation Expenses	5.42	4.94
Office & Miscellaneous Expenses	0.23	0.19
Repairs and Maintenance:		
- Machinery and Tractors	0.30	0.17
- Building	0.01	0.29
Depreciation	0.07	0.08
	6.63	6.22
Profit carried to Profit and Loss Account	(0.01)	3.55
 <b>Schedule 'IV'</b>		
<b>(INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS</b>		
[Refer note 4 on Schedule IX]		
<b>Closing Stock :</b>		
Finished Goods	8,533.75	7,936.07
Work-in-progress	26,573.10	19,293.77
Trading Goods	79.29	-
	35,186.14	27,229.84
<b>Less: Opening Stock:</b>		
Finished Goods	7,936.07	2,298.94
Work-in-progress	19,293.77	14,989.07
	27,229.84	17,288.01
Increase/(Decrease) in stock of Finished Goods & Work-in-Progress	7,956.30	9,941.83

## Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011

	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>Schedule 'V'</b>		
<b>MANUFACTURING EXPENSES</b>		
[Refer note 18 on Schedule X]		
Raw Materials & Components of Engineering Business	52,105.24	35,504.20
Cane Consumed	27,050.94	30,844.73
Raw Sugar Purchased	-	708.83
Consumption of Stores and Spares	6,277.48	6,588.71
Power & Fuel	2,080.19	1,926.30
Other Expenses	11,629.60	7,536.06
Increase/(Decrease) in Excise Duty Provision in Opening and Closing Stock of Finished Goods	(42.24)	229.59
	<u>99,101.21</u>	<u>83,338.42</u>
<b>Schedule 'VI'</b>		
<b>EMPLOYEE COST</b>		
[Refer notes 10 of Schedule IX and 9 & 19 on Schedule X]		
Salaries, Wages & Bonus	17,482.81	14,589.10
Contribution to Provident and Other Funds	1,296.23	931.49
Workmen and Staff Welfare Expenses	593.47	463.25
	<u>19,372.51</u>	<u>15,983.84</u>

**Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011**

	Year ended 30.09.2011	(Rs. in Lacs) Year ended 30.09.2010
<b>Schedule 'VII'</b>		
<b>ADMINISTRATION AND SELLING EXPENSES</b>		
[Refer notes 9 on Schedule IX and 12, 14 & 19 on Schedule X]		
Rent	407.87	219.90
Rates and Taxes	190.17	272.36
Electricity and Water Charges	190.02	124.79
Royalty	542.19	334.84
Packing, Forwarding and Transportation Expenses	2,571.59	792.21
Repair & Maintenance of :		
- Buildings	508.52	352.47
- Plant & Machinery	603.82	476.41
- Others	54.93	33.39
Insurance	376.91	177.69
Traveling Expenses	2,913.42	2,444.22
Donation	15.40	21.40
Office and Miscellaneous Expenses	4,725.59	2,813.87
Managerial Remuneration	1,198.68	1,279.17
Directors' Commission / Fee	4.83	6.10
Bad Debts Written Off	126.93	15.97
Loss on Assets Sold / Written Off	39.46	62.88
Loss on Sales/Disposal of Stores	4.62	14.43
Commission to Selling Agents and Others	2,491.14	945.55
Rebate and Discount	125.49	238.39
Foreign Exchange Fluctuation	614.39	-
[Net of income of Rs.6,254.87 Lacs (Previous year Nil)]	17,705.97	10,626.04
<b>Schedule 'VIII'</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
[Refer note 11 on Schedule IX ]		
On Term Loans	940.66	905.51
On Fixed Deposits	1,096.47	997.02
On Other Loans/ Working Capital Borrowings	301.89	195.74
Bank Charges	1,308.57	1,525.38
	3,647.59	3,623.65

## Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011

### Schedule 'IX'

#### Statement on Significant Accounting Policies

##### 1. Principles of consolidation

The consolidated financial statements relate to ISGEC Heavy Engineering 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.

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#### **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.

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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.

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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**

Provision for taxation for the Group's financial year ended September 30<sup>th</sup> 2011, being different from tax year which is financial year, has been determined based on the results for the six months ended March 2011 (Assessment year 2011-2012) based on actual tax return filed and for the six months ended 30<sup>th</sup> September 2011 (Assessment year 2012-2013) based on results for the period. The ultimate liability for the assessment year 2012-2013 however will be determined on the total income of the respective entities of the Group for the year ending March 31, 2012.

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

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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.

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## Schedules annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th September, 2011

### 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 ISGEC Heavy Engineering Limited (Formerly 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, 2011	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 ended 30.09.2010, the Joint Venture Company's (ISGEC Haco Metal Forming Machinery Private Limited) financial statements were not consolidated by using exclusion clause in AS - 27 that interest in jointly controlled entity was 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 was not consolidated during the year ended 30.09.2010, Prior period loss of Rs 332.99 lacs in Joint Venture Company was eliminated from the Consolidated Financial Statements for the year ended 30.09.2010.

c) The reporting dates for all the above companies are 31st March 2011, except for Saraswati Sugar Mills Limited and ISGEC Engineering & Projects Limited which are 30th September, 2011. 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.

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	As at 30.09.2011 (Rs in lacs)	As at 30.09.2010 (Rs in lacs)
<b>3</b>	<b><u>Contingent Liabilities:</u></b>	
a)		
Claims against the Group not acknowledged as debts (including sales tax under dispute)	1,055.22	1,463.36
b)		
Guarantees furnished by the bankers on behalf of the Group and counter indemnity furnished by the Group to bankers for the same amount.	126,083.06	88,166.09
c)		
Bonds executed in favour of President of India against EPCG licence	1,968.50	1,740.35
<b>4</b>	<b>10,332.95</b>	<b>9,702.80</b>
<b>5</b>		
<b>Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)</b>	<b>2,222.43</b>	<b>3,525.40</b>
<b>6</b>		
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. During the year, the case filed by us has been transferred to Supreme Court.		
b)		
The Group and other Parties challenged the levy of Local Area Development Tax under The Haryana Local Area Development Tax Act, 2000 and the Haryana Entry of Goods Into The Local Areas Act, 2008 in the High Court of Punjab & Haryana. The High Court decided the matter in favour of the Group, hence no liability has been accounted for. However subsequently the Supreme Court has, through an interim order, on the appeal of the State Government directed all the assesseees to file the returns under the Local Area Development Tax Act. The Group has since filed the returns.		
<b>7</b>		
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	(Rs in lacs)				
	As at 01.10. 2009	Credit/ (Charge) during the year	As at 01.10.2010	Credit/ (Charge) during the year	As at 30.09.2011
<b>Depreciation</b>	(2,953.66)	(26.75)	(2,980.41)	(106.89)	<b>(3,087.30)</b>
<b>Other Timing Differences</b>	948.27	191.18	1,139.45	59.78	<b>1,199.23</b>
<b>Accumulated Losses</b>	35.26	(35.26)	(0.00)	(0.00)	<b>(0.00)</b>
<b>Net Deferred Tax</b>	<b>(1,970.14)</b>	<b>129.17</b>	<b>(1,840.96)</b>	<b>(47.11)</b>	<b>(1,888.07)</b>

**8 Micro, Small & Medium Enterprises**

	As at 30.09.2011 (Rs in lacs)	As at 30.09.2010 (Rs in lacs)
a) <u>Amount Remaining Unpaid to any Supplier</u>		
Principal Amount	72.57	112.57
Interest due Thereon	NIL	NIL
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	0.01	0.02
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 identified as "Micro, Small and Medium Enterprises as defined under the aforesaid Act on the basis of information available with the Group.

**9 Employee Benefits:**

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

a) **Defined Contribution Plan:**

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

	(Rs in lacs)			
	2010-11	2009-10	2008-09	2007-08
Provident Fund	887.11	764.70	636.46	601.60
Employees State Insurance	108.11	72.07	71.23	84.75
<b>Total</b>	<b>995.22</b>	836.77	707.69	686.35

b) **Defined Benefits Plan :**

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

	(Rs in lacs)							
Description	Gratuity (Funded)				Leave Encashment (Non-funded)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
<b>i. Change in Present value of Obligation</b>								
a. Present Value of Obligation at the beginning of the year	3,020.30	2,724.70	2,571.90	2,383.30	902.35	698.38	640.84	476.21
b. Interest cost	247.63	216.53	210.00	191.52	71.92	55.30	51.03	36.44
c. Current service cost	259.19	197.79	172.55	160.08	209.85	156.21	118.15	117.28
d. Benefits paid	(227.11)	(208.88)	(263.14)	(143.70)	(244.03)	(182.06)	(148.79)	(145.39)
e. Actuarial (gain) / loss	404.26	90.17	34.28	(19.30)	118.33	174.52	40.02	156.30
f. Present Value of Obligation at the end of the year	<b>3,704.27</b>	3,020.30	2,725.59	2,571.90	<b>1,058.41</b>	902.35	701.25	640.84

(Rs in lacs)

Description	Gratuity (Funded)				Leave Encashment (Non-funded)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
<b>ii. Change in the Fair Value of Plan Assets</b>								
a. Fair Value of Plan Assets at the beginning of the year	3,246.85	2,912.03	2,603.43	2,147.75	N.A.	N.A.	N.A.	N.A.
b. Expected Return of Plan Assets	303.45	261.99	225.23	186.47	-	-	-	-
c. Contributions	347.90	171.62	400.59	382.48	-	-	-	-
d. Benefits paid	(227.11)	(208.88)	(263.14)	(143.70)	-	-	-	-
e. Actuarial Gain / (Loss) on Plan Assets	3.26	110.10	(54.08)	30.44	-	-	-	-
f. Fair Value of Plan Assets at the end of the year	3,674.36	3,246.85	2,912.03	2,603.43	-	-	-	-
<b>iii. Reconciliation of Fair Value of Assets and Obligations</b>								
a. Fair Value of Plan Assets at the end of the year	3,674.36	3,246.85	2,912.03	2,603.43	-	-	-	-
b. Present Value of Obligation at the end of the year	3,704.27	3,020.30	2,725.59	2,571.90	1,058.41	902.35	701.25	640.84
c. Amount recognised in the Balance Sheet	(29.90)	226.55	186.44	31.53	(1,058.41)	(902.35)	(701.25)	(640.84)
<b>iv. Expenses recognised in the statement of Profit &amp; Loss</b>								
a. Current Service Cost	259.19	197.79	172.55	160.08	209.85	156.21	118.15	117.28
b. Interest Cost	247.63	216.53	210.00	191.52	71.92	55.30	51.03	36.44
c. Expected Return on Plan Assets	(303.45)	(261.99)	(225.23)	(186.47)	-	-	-	-
d. Actuarial (Gain) / Loss	401.00	(19.93)	88.36	(49.74)	118.33	174.52	40.02	156.30
e. Expenses recognised in the Profit & Loss	604.37	132.40	245.68	115.39	400.10	386.03	209.20	310.02
<b>v. Actuarial Assumptions</b>								
a. Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
b. Estimated Rate of return on Plan Assets (p.a)	9.00%	8.55%	8.00%	8.00%	-	-	-	-
c. Rate of Escalation in Salary (p.a)	6.50%	5.50%	5.50%	5.50%	6.50%	5.50%	5.50%	5.50%

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

Particulars	Gratuity (Funded)				Leave Encashment (Non-funded)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	3,704.28	3,020.30	2,725.59	2,571.90	1,058.41	902.35	701.25	640.84
Plan Assets	3,674.38	3,246.85	2,912.03	2,603.43	-	-	-	-
Surplus / (Deficit)	(29.90)	226.55	186.44	31.53	(1,058.41)	(902.35)	(701.25)	(640.84)
Experience adjustment on Plan Liabilities	(228.69)	(90.17)	(34.28)	19.30	(118.33)	(174.52)	(40.02)	(156.30)
Experience adjustment on Plan Assets	14.21	121.99	(54.08)	30.44	-	-	-	-

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



**10 Segment Reporting**

**A. Information about Primary segments**

	Sugar	Engineering	Unallocated	Eliminations	(Rs. in Lacs)
					<b>Total</b>
<b>Revenue</b>					
External	35,487.27	236,403.57	-	-	271,890.84
	(33,180.20)	(1,78,739.79)	(-)	(-)	(2,11,919.99)
Inter-segment	-	200.44	-	(200.44)	-
	(-)	(306.68)	(-)	(-306.68)	-
<b>Total revenue</b>	<b>35,487.27</b>	<b>236,203.13</b>	<b>-</b>	<b>(200.44)</b>	<b>271,890.84</b>
	<b>(33,249.82)</b>	<b>(1,78,731.54)</b>	<b>(-)</b>	<b>(306.68)</b>	<b>(2,12,288.04)</b>
<b>Results</b>					
Segment result	2,900.41	10,489.41	-	-	13,389.82
	(412.71)	(10,629.58)	(-)	(-)	(11,042.29)
Unallocated expenditure net of unallocated income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Interest Expense</b>					
a) External	(664.77)	(1,994.53)	-	-	(2,659.30)
	(-720.10)	(-1,614.35)	(-)	(-)	(-2,334.45)
b) Inter Segment	(320.28)	-	-	320.28	-
	(-236.18)	(-)	(-)	(236.18)	(-)
<b>Profit on Sale of Investments</b>					
a) External	7.87	719.22	-	-	727.09
	(-)	(-)	(-)	(-)	(-)
<b>Dividend Income</b>					
a) External	26.11	618.64	-	-	644.75
	(69.62)	(298.43)	(-)	(-)	(368.05)
<b>Interest income</b>					
a) External	14.02	630.34	-	-	644.36
	(194.66)	(630.42)	(-)	(-)	(825.08)
b) Inter Segment	-	(320.28)	-	320.28	-
	(-)	(-236.18)	(-)	(236.18)	(-)
Profit / Loss(-) before taxation and exceptional items	1,963.36	10,142.80	-	-	12,746.72
	(-279.29)	(9,707.90)	(-)	(-)	(9,900.97)
Provision for Deferred tax	16.71	30.40	-	-	47.11
	(-206.17)	(76.99)	(-)	(-)	(-129.18)
Provision for Income tax	628.25	3,236.27	-	-	3,864.52
	(145.00)	(3,270.07)	(-)	(-)	(3,415.07)
Profit / Loss(-) after taxation and before exceptional items	1,318.40	6,876.13	-	-	8,835.09
	(-218.12)	(6,360.84)	(-)	(-)	(6,615.08)
<b>Other Information</b>					
Segment assets	24,653.90	196,108.42	-	(1,130.46)	219,631.86
	(24,877.52)	(154,050.26)	(-)	(-1,447.91)	(177,479.87)
Segment liabilities	10,164.01	153,945.63	-	(1,130.46)	162,979.18
	(11,706.03)	(117,477.45)	(-)	(-1,447.91)	(127,735.57)
Capital expenditure-External	898.42	7,807.23	-	-	8,705.65
	(810.07)	(10,085.44)	(-)	(-)	(10,895.51)
Inter-segment	200.44	-	-	(200.44)	-
	(306.68)	(-)	(-)	(-306.68)	(-)
Depreciation	1,107.55	3,809.74	-	-	4,917.29
	(1,093.77)	(3,073.95)	(-)	(-)	(4,167.72)

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	191,944.96 (179,563.65)	79,945.88 (32,724.39)	271,890.84 (212,288.04)
<b>Total</b>	<b>191,944.96</b> <b>(179,563.65)</b>	<b>79,945.88</b> <b>(32,724.39)</b>	<b>271,890.84</b> <b>(212,288.04)</b>
Carrying amount of segment assets	219,605.18 (177,432.65)	26.68 (47.22)	219,631.86 (177,479.87)
Addition to fixed assets	8,705.65 (10,895.51)	- -	8,705.65 (10,895.51)

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.

**11 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**

<b>Holding Company</b>	None
<b>Entities over which Directors and their relatives can exercise significant influence</b>	Yamuna Syndicate Limited Kamla Puri Charitable Trust Kamla Puri Charitable Foundation Blue Water Enterprises
<b>Key Management Personnel</b>	Mr. Aditya Puri (Managing Director) Mrs. Nina Puri (Wholetime Director)
<b>Relatives of Key Management Personnel</b>	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**

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>i) Purchase of goods</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	408.18	408.85
<b>-Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	1.47	2.36
<b>-Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	0.98	1.96
Total	410.63	413.17
<b>ii) Sale of goods</b>		
-Entities over which key management personnel can exercise significant influence	-	-
-Key management personnel	-	-
-Relatives of Key management personnel	-	-
Total	-	-
<b>iii) Services Rendered</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	19.69	16.92
Total	19.69	16.92

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>iv) Services received</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	9.07	9.37
Total	<u>9.07</u>	<u>9.37</u>
<b>v) Commission Paid</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	8.96	6.29
Total	<u>8.96</u>	<u>6.29</u>
<b>vi) Rent received</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	0.38	0.38
Total	<u>0.38</u>	<u>0.38</u>
<b>vii) Rent Paid</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Blue Water Enterprises	47.95	50.41
Total	<u>47.95</u>	<u>50.41</u>
<b>viii) Remuneration to Directors</b>		
<b>-Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	599.35	639.59
Mrs. Nina Puri (Wholetime Director)	599.34	639.58
<b>-Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	0.55	1.25
Total	<u>1,199.24</u>	<u>1,280.42</u>
<b>ix) Interest paid</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	0.12	0.12
<b>-Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	1.18	1.32
Mrs. Nina Puri (Wholetime Director)	0.05	0.05
<b>-Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	1.44	2.79
Mr. Ranjit Puri (HUF)	0.06	0.07
Total	<u>2.85</u>	<u>4.35</u>

x) <b>Amount payable as at year end</b>		
<b>-Entities over which key management personnel can exercise significant influence</b>		
Yamuna Syndicate Limited	8.89	9.29
<b>-Key management personnel</b>		
Mr. Aditya Puri (Managing Director)	335.60	229.57
Mrs. Nina Puri (Wholetime Director)	344.23	225.52
<b>-Relatives of Key management personnel</b>		
Mr. Ranjit Puri (Chairman)	0.25	25.58
Mr. Ranjit Puri (HUF)	0.66	0.66
Total	689.64	490.61
xi) <b>Entities over which key management personnel can exercise significant influence</b>		
Blue Water Enterprises	15.27	11.52
Total	15.27	11.52

**12** 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	87.72	66.52
b) Commercial premises	315.29	150.27
c) Plant and machinery	4.86	3.11
<b>Total</b>	<b>407.87</b>	<b>219.90</b>

**13** 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 tax).	8,835.09	6,615.08
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.)	119.89	89.76

**14 Auditor's Remuneration included in miscellaneous expenses.**

a) Audit Fee	8.97	8.98
b) Other Certification Work	2.87	1.30
c) Reimbursement of Expenses	0.87	1.37

## 15 Details of investment in Mutual Fund purchased &amp; sold during the year:

Name of the Fund	2010-11		2009-10	
	No.	Amount (Rs in lacs)	No.	Amount (Rs in lacs)
<b>SBI-Magnum Insta Cash Fund</b>				
ACQUIRED*	46245194.63	7,746.21	26868210.37	4,500.51
SOLD	46245194.63	7,746.21	26868210.37	4,500.51
<b>SBI-Ultra Short Term Fund</b>				
ACQUIRED*	93906898.37	9,396.32	22122483.80	2,213.61
SOLD	93906898.37	9,396.32	22122483.80	2,213.61
<b>SBI-SHF-Ultra Short Term Fund-Institutional Plan-Growth</b>				
ACQUIRED*	43320020.83	5,587.10	NIL	NIL
SOLD	43320020.83	5,619.65	NIL	NIL
<b>SBI-Magnum Income Fund FR Savings Plus Bond Plan - Growth</b>				
ACQUIRED*	9136358.97	1,402.36	NIL	NIL
SOLD	9136358.97	1,414.84	NIL	NIL
<b>SBI-Debt fund Series-90 Days-41-Growth</b>				
ACQUIRED*	10000000.00	1,000.00	NIL	NIL
SOLD	10000000.00	1,024.02	NIL	NIL
<b>SBI-Debt fund Series-90 Days-44-Growth</b>				
ACQUIRED*	10240200.00	1,024.02	NIL	NIL
SOLD	10240200.00	1,048.00	NIL	NIL
<b>SBI Premier Liquid Fund - Institutional - Growth</b>				
ACQUIRED*	12403254.61	2,000.00	NIL	NIL
SOLD	12403254.61	2,000.48	NIL	NIL
<b>Reliance Liquid Fund-Treasury Plan-Institutional Option</b>				
ACQUIRED*	24697651.28	3,775.63	158157459.40	24,178.03
SOLD	24697651.28	3,775.63	158157459.40	24,178.03
<b>Reliance Money Manager Fund-Retail</b>				
ACQUIRED*	NIL	NIL	46.37	0.46
SOLD	NIL	NIL	46.37	0.46
<b>Reliance Money Manager Fund-Institution</b>				
ACQUIRED*	1063178.95	10,646.37	1967312.681	19,697.47
SOLD	1063178.95	10,646.37	1967312.681	19,697.47
<b>Reliance Monthly Interval Fund Series-I-Institutional Dividend Plan</b>				
ACQUIRED*	2520711.11	252.15	NIL	NIL
SOLD	2520711.11	252.19	NIL	NIL
<b>Reliance Monthly Interval Fund Series-II-Institutional Dividend Plan</b>				
ACQUIRED*	10532982.76	1,053.49	NIL	NIL
SOLD	10532982.76	1,054.22	NIL	NIL
<b>Reliance Quarterly Interval Fund Series-II-Institutional Dividend Plan</b>				
ACQUIRED*	264187.88	26.43	NIL	NIL
SOLD	264187.88	26.43	NIL	NIL
<b>Reliance Interval Fund Quarterly Plan- Series-I-Institutional Dividend Plan</b>				
ACQUIRED*	9123327.23	913.33	NIL	NIL
SOLD	9123327.23	913.33	NIL	NIL
<b>Reliance Fixed Horizon Fund-XVIII-Series-4 Dividend Plan</b>				
ACQUIRED*	15716406.95	1,571.64	NIL	NIL
SOLD	15716406.95	1,571.64	NIL	NIL

<b>Reliance Liquid Fund-Cash Plan-Growth Option-Growth Plan</b>				
ACQUIRED*	18551745.97	3,012.72	NIL	NIL
SOLD	18551745.97	3,014.17	NIL	NIL
<b>Reliance Monthly Interval Fund-Series I-Institutional Growth Plan</b>				
ACQUIRED*	11086099.62	1,500.71	NIL	NIL
SOLD	11086099.62	1,512.72	NIL	NIL
<b>Reliance Monthly Interval Fund-Series II-Institutional Growth Plan</b>				
ACQUIRED*	2917812.26	375.05	NIL	NIL
SOLD	2917812.26	382.92	NIL	NIL
<b>Reliance Money Manager Fund-Institutional Option -Growth</b>				
ACQUIRED*	346635.73	4,716.02	NIL	NIL
SOLD	346635.73	4,800.00	NIL	NIL
<b>Kotak Liquid Institutional Premium</b>				
ACQUIRED*	NIL	NIL	86490515.05	10,576.15
SOLD	NIL	NIL	86490515.05	10,576.15
<b>Kotak Liquid Institutional Daily Dividend</b>				
ACQUIRED*	2862633.92	350.05	NIL	NIL
SOLD	2862633.92	350.05	NIL	NIL
<b>Kotak Floater Long Term daily Dividend</b>				
ACQUIRED*	8473598.73	854.12	NIL	NIL
SOLD	8473598.73	854.12	NIL	NIL
<b>Kotak Floater Long Term</b>				
ACQUIRED*	43756033.24	4,410.52	106177346.92	10,702.46
SOLD	43756033.24	4,410.52	106177346.92	10,702.46
<b>Kotak Quarterly Interval Plan Series-1</b>				
ACQUIRED*	NIL	NIL	10001174.34	1,007.31
SOLD	NIL	NIL	10001174.34	1,007.31
<b>Kotak Quarterly Interval Plan Series-6</b>				
ACQUIRED*	NIL	NIL	10000000.00	1,011.18
SOLD	NIL	NIL	10000000.00	1,011.18
<b>Kotak Floater Long Term- Growth</b>				
ACQUIRED*	18824160.40	2,972.57	NIL	NIL
SOLD	18824160.40	3,001.00	NIL	NIL
<b>Kotak Quarterly Interval Plan Series-5- Dividend</b>				
ACQUIRED*	7000000.00	700.00	NIL	NIL
SOLD	7000000.00	700.00	NIL	NIL
<b>Kotak Quarterly Interval Plan Series-7- Dividend</b>				
ACQUIRED*	29998886.56	3,000.28	NIL	NIL
SOLD	29998886.56	3,000.03	NIL	NIL
<b>Kotak Quarterly Interval Plan Series-10- Dividend</b>				
ACQUIRED*	3501428.78	350.14	NIL	NIL
SOLD	3501428.78	350.14	NIL	NIL
<b>Kotak FMP- 6M-Series-11- Growth</b>				
ACQUIRED*	10000000.00	1,000.00	NIL	NIL
SOLD	10000000.00	1,051.52	NIL	NIL
<b>Kotak Quarterly Interval Plan Series-4- Growth</b>				
ACQUIRED*	4847631.18	607.76	NIL	NIL
SOLD	4847631.18	638.35	NIL	NIL

<b>Kotak Quarterly Interval Plan Series-7- Growth</b>				
ACQUIRED*	16679521.40	2,000.03	NIL	NIL
SOLD	16679521.40	2,046.68	NIL	NIL
<b>ICICI Liquid Super Institutional Plan</b>				
ACQUIRED*	4808840.24	4,809.93	6499275.37	2,000.29
SOLD	4808840.24	4,809.93	6499275.37	2,000.29
<b>ICICI Flexible Income Plan</b>				
ACQUIRED*	NIL	NIL	4729731.256	500.22
SOLD	NIL	NIL	4729731.256	500.22
<b>ICICI Flexible Income Plan Premium</b>				
ACQUIRED*	4655775.70	5,457.80	4369078.25	4,619.64
SOLD	4655775.70	5,457.80	4369078.25	4,619.64
<b>ICICI Liquid Institutional Plus Plan Daily Dividend</b>				
ACQUIRED*	32118.86	390.55	NIL	NIL
SOLD	32118.86	390.55	NIL	NIL
<b>ICICI Prudential-Blended Plan B-Institutional- Dividend</b>				
ACQUIRED*	59995.15	6.22	NIL	NIL
SOLD	59995.15	8.54	NIL	NIL
<b>ICICI Prudential Interval Fund-II Quarterly Interval Plan-C-Institutional Dividend</b>				
ACQUIRED*	25414214.67	2,541.50	NIL	NIL
SOLD	25414214.67	2,541.50	NIL	NIL
<b>ICICI Prudential Interval Fund- Quarterly Interval Plan-1-Institutional Dividend</b>				
ACQUIRED*	3029209.38	303.03	NIL	NIL
OLD	3029209.38	302.92	NIL	NIL
<b>ICICI Prudential Flexible Income Plan Premium - Growth</b>				
ACQUIRED*	2061352.88	3,822.45	NIL	NIL
SOLD	2061352.88	3,900.00	NIL	NIL
<b>ICICI Prudential Interval Fund-II Quarterly Interval Plan-D-Institutional Growth</b>				
ACQUIRED*	9613443.44	1,000.00	NIL	NIL
SOLD	9613443.44	1,049.57	NIL	NIL
<b>DSP Blackrock Money Manager Fund-Institutional Plan-Growth</b>				
ACQUIRED*	7125.27	100.00	NIL	NIL
SOLD	7125.27	100.48	NIL	NIL
<b>Total</b>				
ACQUIRED*	517698636.95	90,676.51	437382633.81	81,007.33
SOLD	517698636.95	91,162.85	437382633.81	81,007.33

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

	2010-11 (Rs in lacs)	2009-10 (Rs in lacs)
<b>16 Revenue Expenditure on Research &amp; Development:</b>		
a) Salary	4.97	6.07
b) Contribution to Provident Fund	0.28	0.36
c) Others	-	-
<b>Total</b>	5.25	6.43



17 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)	183.53	198.53
b) Technical Know How (Useful Life 10 years)	20.77	3,809.60

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

**I Movement for provision for Liabilities:**

a) Opening Balance	8,107.31	6,877.41
b) Provided for during the year	4,841.74	2,837.76
c) Used during the year	1,475.26	1,054.11
d) Reversed during the year	385.62	553.74
e) Closing Balance	11,088.18	8,107.31

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 Resold	4,420.94	2,767.70
b) Manufacturing expenses	420.80	70.06

Refer Note 2(b) on Schedule 'X'

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

Amount brought forward from last year	24.94	68.02
Add: Expenditure incurred during the year		
Salaries & Wages	-	11.39
Depreciation	-	0.26
Repair & Maintenance	-	-
Electricity Expenses	-	-
Travelling Expenses	0.45	3.72
Bank Charges	-	0.07
Professional Fees	1.16	-
Interest on Loan	60.36	-
Exchange Fluctuations	-	-
Rates & Taxes	-	-
Rent	2.75	-
Others	12.25	30.58
Total	101.92	114.04
Less: Capitalized during the year	11.51	89.10
Amount carried forward to Capital work in progress	90.41	24.94

**20 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.

	<b>As at</b>	<b>As at</b>
	<b>30.09.2011</b>	<b>30.09.2010</b>
	<b>(Rs in lacs)</b>	<b>(Rs in lacs)</b>
I a) The particulars of forward contracts entered into for hedging purpose outstanding as at year end are as under:		
i) For receivables	<b>11,472.15</b>	5,632.78
ii) For loans	<b>9,971.13</b>	7,370.23
iii) For hedging interest payments on loans	<b>30.79</b>	55.19
b) Unhedged foreign currency exposures as at year end are as under:		
i) Receivables	<b>3,890.53</b>	2,319.44
II As per announcement issue by Institute of Chartered Accountants of India on disclosure of derivatives 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		

**21 Information for Subsidiaries**

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

Description	2010-11				2009-10			
	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering, & Projects Ltd	ISGEC Covema Ltd.	ISGEC Exports Ltd.	Saraswati Sugar Mills Ltd.	ISGEC Engineering & Projects Ltd.
1 Name of The Subsidiary Companies	Year Ended 31st March 2011 (Rs. in lacs)	Year Ended 31st March 2011 (Rs. in lacs)	Year Ended 30th September 2011 (Rs. in lacs)	Year Ended 30th September 2011 (Rs. in lacs)	Year Ended 31st March 2010 (Rs. in lacs)	Year Ended 30th September 2010 (Rs. in lacs)	Year Ended 30th September 2010 (Rs. in lacs)	Year Ended 30th September 2010 (Rs. in lacs)
2 Financial year of the Subsidiary Companies								
3 Capital	200.00	10.00	709.99	5.00	200.00	10.00	709.99	5.00
4 Reserves	94.76	80.01	13,779.90	0.28	93.26	76.91	12,461.50	0.18
5 Total Assets	1,407.44	90.54	24,653.90	3.37	2,239.06	87.16	24,877.52	3.23
6 Total Liabilities	1,112.68	0.53	10,164.01	0.10	1,945.80	0.25	11,706.03	0.06
7 Detail of Investments								
a. Deposit with Post Office			0.60				0.60	
b. Investment in Other Companies			304.75				304.75	
8 Turnover	495.66	4.86	35,535.27	0.21	1,713.52	6.01	33,444.48	0.21
9 Profit/(Loss) for the year before Tax	1.83	4.50	1,963.36	0.14	54.19	5.70	(279.29)	0.01
10 Provision for Taxation								
a. Current Tax	0.34	1.39	628.25	0.04	16.74	(2.76)	145.00	
b. Deferred Tax	(0.01)		16.71		0.01		(206.17)	
11 Profit/(Loss) for the year after Tax	1.50	3.11	1,318.40	0.10	37.45	8.46	(218.12)	0.01
12 Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**22** 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, 2011

	Year Ended 30.09.2011	(Rs. in Lacs) Year Ended 30.09.2010
<b>A. Cash flow from Operating activities:</b>		
Net (loss)/profit before tax but after exceptional /extraordinary items	12,746.72	9,900.97
<b>Adjustments for:</b>		
Depreciation	4,917.29	4,167.72
Interest Expense	3,647.59	3,623.65
Interest Income	(644.36)	(825.08)
Income from Investment - Dividends	(644.75)	(368.05)
(Profit)/Loss on Sale/Revaluation of store	1.93	12.20
(Profit)/Loss on Fixed Assets sold (Net)	26.10	25.51
(Profit)/Loss on Sale of Investment	(727.09)	-
Debts / Advances Written off	126.93	15.97
Provision for Bad & Doubtful Debts	(97.49)	(1.85)
Liability no longer required written back	(792.78)	(785.25)
Any other non cash Item		
<b>Operating profit before working capital changes</b>	<b>18,560.08</b>	<b>15,765.79</b>
<b>Adjustments for changes in working capital :</b>		
- (INCREASE)/DECREASE in Sundry Debtors	(9,979.09)	(9,737.85)
- (INCREASE)/DECREASE in Other Receivables	(3,709.80)	(5,448.16)
- (INCREASE)/DECREASE in Inventories	(9,991.23)	(16,608.13)
- INCREASE/(DECREASE) in Trade, Other Payables and Provisions	31,289.67	36,934.72
<b>Cash generated from operations</b>	<b>26,169.63</b>	<b>20,906.36</b>
- Taxes (Paid) / Received (Net of TDS)	(3,350.47)	(4,233.77)
<b>Net cash from operating activities</b>	<b>22,819.16</b>	<b>16,672.60</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of fixed assets	(8,906.02)	(11,155.45)
Proceeds from Sale of fixed assets	62.68	2,429.14
(Investment)/Repayment of Inter Corporate Deposit	(2,000.00)	-
Sale/(Purchase) of Investments	(1,254.40)	(10,351.48)
Dividend Received	644.75	368.05
Interest Received (Revenue)	442.13	851.22
<b>Net cash used in investing activities</b>	<b>(11,010.86)</b>	<b>(17,858.52)</b>

**C Cash flow from Financing activities:**

Proceeds/(Repayment) from Secured loans	440.18	689.99
Proceeds/(Repayment) of unsecured loans	1,443.45	2,253.50
Interest Paid	(3,194.70)	(3,560.26)
Dividend & Dividend Tax Paid	(77.84)	(1,610.75)
<b>Net cash used in financing activities</b>	<b>(1,388.91)</b>	<b>(2,227.52)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>10,419.39</b>	<b>(3,413.44)</b>
<b>Cash and cash equivalents as at 30.09.2010</b>	<b>4,657.38</b>	<b>8,070.82</b>
<b>Cash and cash equivalents as at 30.09.2011</b>	<b>15,076.77</b>	<b>4,657.38</b>
<b>Cash and cash equivalents comprise</b>		
Cash, Cheques & Drafts (in hand) and Remittances in transit	1,830.12	383.53
Current accounts(dividend account)	74.38	78.52
Balance with Scheduled Banks	1,093.40	1,367.48
Term Deposit & Margin Money with Banks	12,078.87	2,827.85
(against Bank Guarantees & Letter of Credit issued by Bank)		
	<b>15,076.77</b>	<b>4,657.38</b>

**Notes :**

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

**As per our report of even date.**  
**for S.S. Kothari Mehta & Co.**

Chartered Accountants  
(Firm Registration No. 000756N)

**Sanjay Kumar**  
Asstt. General Manager(Accounts)

**Kishore Chatnani**  
Head - Corporate Accounts & Treasury

**For and on behalf of Board of Directors**

**K.K. Tulshan**  
Partner  
M.No. 085033

**S. K. Khorana**  
Executive Director & Company Secretary

**Aditya Puri**  
Managing Director

Place : Noida  
Dated : 25 November, 2011

**Vinod K. Nagpal**  
Director

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