



(An ISO 9001 Company)
(Reg. No. R91/904)



SARTHAK INDUSTRIES LIMITED

26th Annual Report
2009-2010

BOARD OF DIRECTORS	: Shri Virendra Kumar Gupta Executive Director Shri Udesb Dassani Director Shri Vijay Rathi Director
COMPANY SECRETARY	: Shri Amit Jain
BANKERS	: State Bank of Indore Punjab National Bank IDBI Bank Ltd.
REGISTERED OFFICE	: 302, Devkrupa Building, 28, Raichur Street, MUMBAI-400009
CORPORATE OFFICE	: 10/1, South Tukoganj, Alumina Tower, INDORE-452001
WORKS	: LPG Cylinder Unit Pithampur Industrial Area, Pithampur, Dist. Dhar (M.P.)
AUDITORS	: M/s Ashok Khasgiwala & Co., Chartered Accountants 317, Chetak Centre Annex, INDORE-452001
REGISTRAR & SHARE TRANSFER AGENT	: M/s Sarthak Global Limited 170/10, Film Colony, R.N.T. Marg, INDORE-452001 (M.P.)

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the members of **Sarthak Industries Limited** will be held at 302, Devkrupa Building, 28, Raichur Street, Mumbai - 400009 on Thursday the 30th of September, 2010 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended 31st March, 2010 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Udesh Dassani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Place: Indore
Dated: 4th September, 2010

(V.K.GUPTA)
Executive Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2010 to 30th September 2010 (both days inclusive).
3. Members are requested to:
 - a. complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

- b. bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c. send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

Regd. Office:

Office No. 302,
Devkrupa Building,
28, Raichur Street,
Mumbai-400009

By order of the Board of Directors

Place: Indore
Dated: 4th September, 2010

(V.K.GUPTA)
Executive Director

SARTHAK INDUSTRIES LIMITED
Regd. Office: 302, Devkrupa Building, 28, Raichur Street, Mumbai, 400009

26th Annual General Meeting

PROXY FORM

Folio No.....

No. of Shares.....

I/We.....
.....of.....
.....In the district
of.....

being a Member/Members hereby appoint of in the
district of or failing him
of.....in the district of as my/our proxy to attend and
vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company to be held on
Thursday, the 30th September, 2010 at 302, Devkrupa Building, 28, Raichur Street, Mumbai-400 009 at
11:00 a.m., and at any adjournment thereof.

Signed this day of, 2010

For office use:

Proxy No.: Date of Receipt: No. of Shares:

N.B.: The instrument appointing proxy shall be deposited at the Secretarial Department of the Company not
later than 48 hours before the commencement of the meeting.

SARTHAK INDUSTRIES LIMITED
Regd. Office: 302, Devkrupa Building, 28, Raichur Street, Mumbai, 400009

26th Annual General Meeting

ATTENDENCE SLIP

Folio No.....

No. of Shares.....

Name of the Member.....

No. of Shares held.....

Name of the Proxy.....
(to be filled only when a proxy attends the meeting)

I hereby record my presence at the 26th Annual General Meeting of the Company to be held on Thursday,
the 30th September, 2010 at 302, Devkrupa Building, 28, Raichur Street, Mumbai-400 009 at 11:00 a.m.

Signature of Member/ Proxy

*This slip may please be handed over at the entrance of the meeting hall.

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 26th Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	2009-10	(Rs.in Lacs) 2008-09
Sales and other Income	5882.86	5003.36
Gross Profit	111.01	83.33
Depreciation	17.13	17.21
Profit before tax	93.88	66.12
Provision for Taxation for the year	15.76	5.12
Profit after Taxation	78.12	71.24
Balance brought forward from previous year	597.75	526.51
Amount available for appropriation	675.87	597.75
APPROPRIATION		
Amount Carried to Balance sheet	675.87	597.75

DIVIDEND

Your Directors have decided to plough back the profits to the operational fund requirement of the Company. Hence, no Dividend has been recommended for the year under review.

OPERATIONS

Sales and other income of the Company stood at Rs. 5882.86 Lacs showing an increasing trend over the previous year. Profit before tax was Rs. 93.88 Lacs as compared to previous year figure of Rs. 66.12 Lacs. Profit after tax increased to Rs. 78.12 Lacs from previous year figure of Rs. 71.24 Lacs. Your Directors are hopeful that in the coming years, the profitability of the Company will increase.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year under review.

INSURANCE

All properties and insurable interests of the company including Building and Plant & Machinery have been adequately insured.

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

Information as per section 217(1)(e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the annexure forming part of this report.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreements with the stock exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of corporate governance are made a part of the annual report.

DIRECTOR'S RESPONSIBILITY STATEMENT

The company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) appropriate accounting policies have been selected and applied 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 or loss of the company for that period;
- (iii) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge and ability;
- (iv) the annual accounts have been prepared on a "going concern basis".

DIRECTORS

Shri Udesb Dassani, Director of the Company retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible offer himself for re-appointment.

AUDITORS & AUDITORS REPORT

M/s. Ashok Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of the forthcoming annual general meeting and are eligible for re-appointment. The company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956, for such appointment.

Regarding the qualification marked by the auditors in their auditors report, the same are self explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENTS

The directors wish to convey their appreciation to all of the company's employees for their enormous personal efforts as well as their collective contribution during the year. The directors would also like to thank the shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continuous support given by them to the company and their confidence in the management.

For and on behalf of the Board of Directors

Place: Indore

Dated: 4th September, 2010

V.K. GUPTA

Executive Director

ANNEXURE TO DIRECTORS' REPORT

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

	Current Year <u>2009-10</u>	Previous Year <u>2008-09</u>
1. CONSERVATION OF ENERGY		
A. Power & Fuel Consumption		
1. Electricity		
(a) Units Purchased	7,07,430	3,96,640
Total Amount (Rs.)	38,89,153	27,65,430
Rate Per Unit(Rs.)	5.50	6.97
(b) Own Generation	N. A.	N.A.
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity in Ltrs	1,06,231	41,784
Total Cost (Rs.)	28,45,237	12,72,834
Rate Per Unit (Rs.)	26.78	30.46
4. Diesel		
Quantity in Ltrs	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Rate per unit (Rs.)	NIL	NIL
B. Consumption per unit of production		
Electricity (Unit)	4.08	6.01
Coal (MT)	NIL	NIL
Furnace Oil(Ltrs)	0.61	0.63
Diesel(Ltr)	NIL	NIL

2. TECHNOLOGY ABSORPTION

No research and development work has been carried out by the company therefore, there is no expenditure on this head or another benefit accrued from it. Future plan of action for research and development is being worked out.

3. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange outgo was **Rs. 20172880** (Previous Year Rs. Nil) and the foreign exchange earning was Rs. **Nil** (Previous year Rs. Nil).

For and on behalf of the Board of Directors

Dated : 4th September, 2010
Place : Indore

(V.K. Gupta)
Executive Director

Management Discussion and Analysis Report

Industrial Structure and Developments:

Your Company is primary engaged in manufacturing of LPG Cylinders. The LPG Cylinders are supplied to Oil Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd. etc. and also to private companies. Apart from this, Company is also engaged in trading of agri-commodities and other businesses on opportunity basis. As a major of diversification, the Company has decided to engage in Mining and Mineral Based Industry in the state of Madhya Pradesh.

During the year 2009-10, the Company performed better than the last year. The Management is hopeful that Company's future is bright in the coming years.

Merchant Trading:

Depending on market opportunities the company is undertaking Merchant Trading activities of various commodities.

Segment-wise or product-wise performance

Your Company has identified two business segments in line with the Accounting Standard on Segment Reporting. These are:

- LPG Cylinders
- Merchant Trading

The segment wise performance in detail is given in Schedule O(B) note 11 to the audited accounts of the Company as available in this Annual Report.

Outlook

During the year 2009-10, the world as well as Indian economy showing the improvement. The Management is hopeful that in future, the Company will grow its manufacturing and trading activities and will get good orders for the manufacturing of cylinders as well as repairing of old cylinders.

Risk and concerns

Profitability may be affected on account of competition from existing and prospective manufacturers of the Company's products. The Company is exposed to risks from Change in policy of similar companies which are major buyers for the company's product, further Increase in input costs, higher levies, and changes in Govt. Policies/laws of land, etc. may affect profitability of the Company.

Internal control system and their adequacy

The Company maintains adequate internal control systems, which provide reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets and compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your Company in their report.

Financials

Your Company has succeeded in achieving satisfactory results for the financial year 2009-2010:

Summarized Profit and Loss Account:

(Rs.in Lacs)

Particulars	2009-10	2008-09
Sales and other Income	5882.86	5003.36
Gross Profit	111.01	83.33
Depreciation	17.13	17.21
Profit before tax	93.88	66.12
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Amount available for appropriation	675.87	597.75
APPROPRIATION		
Amount Carried to Balance sheet	675.87	597.75

Revenue:

Sales and other income of the Company stood at Rs. 5882.86 lacs showing an increasing trend over the previous year. Profit before tax was Rs. 93.88 Lacs as compared to previous year figure of Rs. 66.12 Lacs. Profit after tax increased to Rs. 78.24 Lacs from previous year figure of Rs. 71.24 Lacs.

Material development in Human Resources / Industrial Relations front

Your Company considers the quality of its human resources to be the most important asset and constantly endeavors to attract and recruit best possible talent. Our training programs emphasize on general management perspective to business. The Company continues to empower its people and provide a stimulating professional environment to its officers to excel in their respective functional disciplines.

The industrial relations of the Company continue to remain harmonious and cordial with focus on improving productivity and quality.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY:

Your Company believes that the main aim of Corporate Governance is to achieve high level of transparency and accountability with all its stakeholders together with meeting their aspirations. Also a Company can not perform efficiently in the long run without respecting interests of stakeholders and society as a whole.

In so far as compliance with the requirements of clause 49 of the listing agreement with the Indian stock exchanges is concerned, the company is in full compliance with the norms and disclosures that have to be made on corporate governance format.

BOARD OF DIRECTORS:

The number of independent directors is more than one-third of the total number of directors. The number of non-executive directors is more than 50% of the total number of directors.

None of the directors is on the board of any public limited companies.

The name and categories of the directors on the board, their attendance at board meetings during the year and at the last annual general meeting are given below:

COMPOSITION AND CATEGORY OF DIRECTORS

Name of the Director	Category	Attendance		No. of Directorship / Committee Position held in other Public Limited Companies.		
		Board	Last AGM	Directorship	Committee Chairmanship	Committee Membership
Shri V.K. Gupta	Executive Director	9	Yes	----	----	----
Shri Vijay Rathi	Independent Director	7	Yes	----	----	----
Shri Udesb Dassani	Independent Director	6	Yes	----	----	----

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Shri Udesh Dassani, Director of the Company retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible offer himself for re-appointment.

Shri Udesh Dassani, holding Fellow Membership of The Institute of Chartered Accountants of India, is presently practicing as a Chartered Accountant. He is also a Bachelor of Law.

BOARD PROCEDURE:

During the financial year 2009-10, the Board of Directors met on the following dates: 30th April, 2009, 31st July 2009, 3rd September, 2009, 16th October, 2009, 31st October, 2009, 25th January 2010, 30th January 2010, 10th February, 2010 and 18th February, 2010 . The gap between two meetings did not exceed four months, as mentioned in clause 49 of the listing agreement. The dates of meetings were generally decided in advance. Key information is placed before the board of directors to appraise corporate governance.

The Board has formulated a Code of Conduct for Directors and Senior Management of Company. It is hereby affirmed that all the Directors and the senior management personnel have complied with the code.

AUDIT COMMITTEE:

Brief description of terms of reference:

The terms of reference specified by the board to the audit committee are as contained under clause 49 of the listing agreement with the stock exchanges read with section 292A of the Companies (Amendment) Act, 2000.

Composition of Committee and attendance of members:

The Committee comprises of Shri Vijay Rathi (Chairman of the Committee), Shri Udesh Dassani and Shri V.K. Gupta. The Compliance Officer is Secretary of the Committee. The Committee met on the following dates: 30th April, 2009, 31st July, 2009, 03rd September, 2009, 31st October, 2009 and 30th January 2010. Shri Udesh Dassani attended 3 committee meetings; Shri V.K. Gupta and Shri Vijay Rathi each have attended 4 committee meetings.

DETAILS OF REMUNERATION TO DIRECTORS:

The terms of remuneration of executive director has been fixed by board of directors and approved by shareholders.

The particulars of remuneration of executive director during the financial year 2009-10 are as under:

Name	Designation	Salary & Allowances	Provident Fund Other benefit	Total
Shri V.K. Gupta	Executive Director	383990	88791	472781

As on 31st March 2010, Non executive Directors were holding Nil Shares of the Company.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Brief description of terms of reference:

The committee looks into the redressal of shareholders'/investors' complaints like transfer of shares, non receipt of annual report, non receipt of dividend, etc and improve the efficiency in investors service, wherever possible.

Chairman : Shri Vijay Rathi
Members : Shri V.K. Gupta, Shri Udesb Dassani
Compliance Officer : Shri Amit Jain

The Board has delegated the powers of approving transfer of shares to the Registrar and Share Transfer Agents M/s Sarthak Global Limited.

No investor complaints were received during the financial year 2009-10. All valid share transfers received during the year 2009-10 have been acted upon by the company and as on 31st March, 2010 there were Nil shares pending for transfers.

GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held as under:

YEAR	VENUE	DATE	TIME
2006-07	205, Tulsiani Chambers, Nariman Point, Mumbai-400021	28/09/2007	3.00 p.m.
2007-08	205, Tulsiani Chambers, Nariman Point, Mumbai-400021	30/09/2008	4.00 p.m.
2008-09	302, Devkrupa Building, 28, Raichur Street, Mumbai-400009	30/09/2009	1.00 p.m.

DISCLOSURES:

The company did not have any related party transactions, which may have potential conflict with its interest at large.

The company has complied with the requirements of the regulatory authorities on capital markets and no penalties have been imposed against it in the last three years.

MEANS OF COMMUNICATIONS:

The quarterly and yearly financial results of the Company are published in the newspapers namely Free Press Journal & Navshakti (both Mumbai editions).

GENERAL SHAREHOLDERS INFORMATION:**Date, Time & Venue of the annual general meeting:**

30th September, 2010 at 11:00 a.m.
302, Devkrupa Building,
28, Raichur Street, Mumbai-400009

Financial Calendar:

The Company follows April- March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

Date of Book closure:

28th September, 2010 to 30th September, 2010
(Both days inclusive)

Listing on Stock Exchanges at:

The Stock Exchange, Mumbai. (Stock Code 531930)
Madhya Pradesh Stock Exchange

Details of Delisting:

The application for the voluntary delisting of the securities of the Company is pending with the Madhya Pradesh Stock Exchange Ltd.

Electronic connectivity:

National Security Depository Ltd. & Central Depository Services (India) Ltd.

ISIN No. at NSDL / CDSL

INE 074 H01012

Market Price Data:

The monthly high & low share prices of the company traded at The Stock Exchange, Mumbai from 1st April 2009 to 31st March 2010 are given below:

Month	The Bombay Stock Exchange Ltd.	
	Month High Price (Rs.)	Month Low Price (Rs.)
Apr-09	---	---
May-09	---	---
Jun-09	---	---
Jul-09	----	---
Aug-09	----	---
Sep-09	----	---
Oct-09	30.85	16.95
Nov-09	46.85	30.05
Dec-09	53.55	36.70
Jan-10	53.00	45.30
Feb-10	---	---
Mar -10	47.55	47.55

Distribution of Equity Shareholding and its pattern as on 31st March, 2010

Distribution of Equity Shareholding 31.03.2010			
Share Class		No. of Equity Shares	
No. of Shares	No. of Holders	No. of shares held	Shareholding %
Up to 500	387	181300	3.25
501-1000	174	147000	2.64
1001-2000	10	14800	0.27
2001-3000	9	22900	0.41
3001-4000	3	10300	0.18
4001-5000	3	13750	0.25
5001-10000	3	19660	0.35
Above 10001	22	5159140	92.64
Total	611	5568850	100

Shareholding Pattern		
Category	No. Shares	Shareholding %
Promoters	2788300	50.07
Domestic Corporate Bodies	1425499	25.60
Indian Public	888511	15.95
NRIs/OCBs/FIIs	466540	8.38
Total	5568850	100

Registrar and ShareTransfer Agents

Sarthak Global Limited
170/10, R.N.T. Marg
Film Colony
Indore

Dematerialization of shares and liquidity

The company's shares are traded compulsory in demat mode under ISIN code INE 074 H01012. The National Securities Depository Limited (NSDL) and the Central Depository Services Ltd. (CDSL) are the depositories, holding Company's share in demat mode. As on 31st March, 2010 out of 5568850 equity shares of Rs. 10/- each, 1583200 equity shares which is 28.43% of total equity are now held in electric form.

Plant Locations

Pitampur Industrial Area,
Pitampur, Dist. Dhar (M.P.)

Address for correspondence

10/1, South Tukoganj,
Alumina Tower,
Indore-452001

To the Members of
SARTHAK INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by Sarthak Industries Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of corporate governance as stipulated in the said clause. 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 representations made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

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

For **ASHOK KHASGIWALA & CO.,**
Chartered Accountants
AVINASH BAXI
(Partner)

Place: Indore
Date: 4th September, 2010

AUDITORS' REPORT

**TO
THE MEMBERS OF
SARTHAK INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **SARTHAK INDUSTRIES LIMITED**, as at 31st March, 2010, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003(as amended), issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us ;
 - c) The Balance Sheet, Profit and 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 and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies act, 1956.
 - e) On the basis of written representation received from the director's as on 31st March,2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub- section (1) Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, said accounts **subject to note no. 17 of the schedule O for non filing of form no. 5 for increase in authorized capital and corresponding non provision of registration fees Rs. 100000 and Stamp duty Rs. 40000 which has resulted in increase in profit and current assets by equal amount**, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India ;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For ASHOK KHASGIWALA & CO.
Chartered Accountants
(firm reg. no. 0743C)

Place : Indore
Dated : 4th September 2010

CA Avinash Baxi
Partner
M.No.79722

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- I) In respect of its Fixed Assets:
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Fixed Assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. As informed, no discrepancies were noticed on such verification.
 - c. During the year, the company has not disposed off a substantial part of fixed assets and we are of the opinion that the going concern status of the company is not affected.
- II) In respect of Inventories:
- a. The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- III) (a) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Act., hence provisions of the clauses (iii) (b), (c) and (d) of the Order, are not applicable.
- (b) According to information and explanation given to us, the company has not taken loan secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956. Hence provisions of the clauses (iii)(f) and (iii)(g) of the order are not applicable to the company.
- IV) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system in respect of these areas.
- V) a. According to the information and explanations given to us, we are of the opinion that the company has no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b. In our opinion provisions of clause (V) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, is not applicable to the Company.

- VI) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- VII) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII) We are informed that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the year under review, accordingly the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003, is not applicable.
- IX) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it. There were no arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, particulars of dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited with appropriate authorities on account of any disputes pending, are as under :

Name of the statute	Nature of the disputed dues	Period of which the amount relates	Amount in Rupees	Forum where dispute in pending
Bombay Sales Tax Act, 1959	Sales tax	1998-99	998913	Maharashtra Sales Tax Tribunal Mumbai.
Bombay Sales Tax Act, 1959	Sales tax	2001-02	9231996	Asst. Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales tax	2002-03	18631908	Dy. Commissioner of Sales Tax (Appeal)

- X) The company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- XI) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank. The company has not issued any debentures.
- XII) 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.
- XIII) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV) In our opinion and according to information and explanation given to us, the Company has no dealing in or trading in shares, debentures and other securities. investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV) According to the information and explanations given to us, and the representations made by the management, the company has given guarantee for loan taken by others from bank. However the terms and conditions whereof are not prejudicial to the interest of the company.

- XVI) The company has not raised any term loans during the year under audit.
- XVII) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVIII) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX) According to the information and explanations given to us, the company has not issued any debenture.
- XX) The company has not raised any money by public issues during the year.
- XXI) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and accordingly to the information and explanations given to us, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For ASHOK KHASGIWALA & CO.
Chartered Accountants
(firm reg. no. 0743C)

Place : Indore
Dated : 4th September, 2010

CA Avinash Baxi
Partner
M. No.79722

SARTHAK INDUSTRIES LIMITED
BALANCE SHEET AS AT 31, MARCH, 2010

SCHEDULE	AS AT 31ST MARCH, 2010 RUPEES	AS AT 31ST MARCH, 2009 RUPEES
<u>SOURCES OF FUNDS :</u>		
1. <u>SHARE HOLDERS FUNDS</u>		
a) Equity Share Capital	A	55688500
b) Reserves & Surplus	B	78404147
2. <u>LOAN FUNDS</u>		
a) Secured Loans	C	6316446
b) Unsecured Loans	D	24990100
3. DEFERRED TAX LIABILITY-NET		
		437282
	TOTAL	165836475
<u>APPLICATION OF FUNDS :</u>		
1. <u>FIXED ASSETS</u>		
	E	
a) Gross Block		63075728
b) Less : Depreciation		34530243
c) Net Block		28545485
d) Capital Work in Progress		456276
		29001761
2. <u>INVESTMENTS</u>		
	F	26195562
3. <u>CURRENT ASSETS LOANS & ADVANCES</u>		
	G	
a) Inventories		72711502
b) Sundry Debtors		90532388
c) Cash & Bank Balances		6634760
d) Loans & Advances		117450401
		287329051
Less : Current Liabilities & Provisions	H	176689899
Net Current Assets		110639152
	TOTAL	165836475
ACCOUNTING POLICIES & NOTES TO ACCOUNT:	O	161677035
As per our report of even date For Ashok Khasgiwala & Co. Chartered Accountants		For and on behalf of the Board of Directors
CA AVINASH BAXI Partner Membership No. 79722 Date : 4th September, 2010 Place : Indore		V.K.GUPTA Executive Director
AMIT JAIN Company Secretary		UDESHPASSANI Director

SARTHAK INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-10 RUPEES	2008-09 RUPEES
I. INCOME			
Sales and Services	I	576044478	488764375
Other Incomes	J	12241990	11571878
Increase/(Decrease) in stocks	K	13766208	-1521509
	TOTAL "I"	602052676	498814744
II. EXPENDITURE			
Materials	L	550781556	460338318
Expenses	M	35483683	23090605
Interest and Finance Charges	N	4686019	7053119
Depreciation	-	1713495	1721095
	TOTAL "II"	592664752	492203137
Profit for the year (I-II)		9387924	6611607
Provision for taxation :-			
- Current Tax		1800000	-
- Deferred Tax		224237	592157
- Fringe Benefit Tax		-	80000
Profit after taxation		7812161	7123764
Balance brought forward from previous year		59774710	52650946
Amount available for appropriation		67586871	59774710
APPROPRIATIONS :			
Balance carried to Balance Sheet		67586871	59774710
		67586871	59774710
Earning per share - (Basic & Diluted)		1.40	1.28
ACCOUNTING POLICIES & NOTES TO ACCOUNT: O			
As per our report of even date For Ashok Khasgiwala & Co. Chartered Accountants		For and on behalf of the Board of Director:	
CA AVINASH BAXI Partner Membership No. 79722 Date : 4th September, 2010 Place : Indore		V.K.GUPTA Executive Director	UDESH DASSANI Director
		AMIT JAIN Company Secretary	

SARTHAK INDUSTRIES LIMITED

SCHEDULE "A" TO "O" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	AS AT 31ST MARCH,2010 RUPEES	AS AT 31ST MARCH,2009 RUPEES
<u>SCHEDULE :A: SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
1,10,00,000 (Previous year 1,00,00,000) Equity Share of Rs. 10 each	110000000	100000000
1,00,000 (Previous year Nil) Preference Share of Rs.100 each	10000000	-
	<u>120000000</u>	<u>100000000</u>
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
5568850 Equity Shares of Rs 10 Each fully paid up	55688500	55688500
	<u>55688500</u>	<u>55688500</u>
<u>SCHEDULE :B: RESERVES & SURPLUS</u>		
A. Capital Reserves :-		
Since last year	4536358	4536358
B. Share Premium :-		
Since last year	4632310	4632310
C. General Reserve :-		
Since last year	1648608	1648608
D. Profit & Loss Account Balance	67586871	59774710
	<u>78404147</u>	<u>70591986</u>
<u>SCHEDULE :C: SECURED LOANS</u>		
FROM BANKS :-		
Working Capital Loans	-	-
FROM OTHERS :-		
Against Shares	4592029	7080318
Against Vehicle	1724417	356110
	<u>6316446</u>	<u>7436428</u>
NOTE :-		
1. Working capital loan from bank is secured by hypothecation of Raw Materials, Stores and Spares, Work in Progress, Finished Goods & Book Debts and first charge by way of equitable mortgage on all immovable properties of LPG unit situated at Pithampur Industrial Area, Distt. Dhar, MP together with all the buildings, structures and erection thereon and the plant & machinery installed thereon and personal guarantee of Director and other.		
2. Loan from others are secured against pledge of shares purchased.		
3. Vehicle loan are secured against charge on specific asset/vehicle. (Installment of vehicle loan due within next twelve mont Rs. 478665 (previous year Rs.302100).		
<u>SCHEDULE :D: UNSECURED LOANS</u>		
Indore Development Authority	24990100	27298602
	<u>24990100</u>	<u>27298602</u>

SARTHAK INDUSTRIES LIMITEE

SCHEDULE ' E ' FIXED ASSETS

NAME OF THE ASSETS	GR O S S - B L O C K (A T C O S T)			D E P R I C I A T I O N				N E T - B L O C K		
	AS AT 01 ST APRIL,09	ADDITIONS DURING THE YEAR	DEDUCTION	AS AT 31 ST. MAR.2010	UP TO 31 ST. MAR., 09	FOR THE YEAR 2009-10	DEP. WRITTEN BACK	UP TO 31 ST. MAR.10	AS AT 31 ST MAR.2010	AS AT 31 ST. MAR.2009
Land :										
Free Hold	2937342	-	68443	2868899	-	-	-	-	2868899	2937342
Lease Hold	10000000	-	-	10000000	-	-	-	-	10000000	10000000
Building	7745043	-	-	7745043	5953778	179127	-	6132905	1612138	1791265
Plant & Machinery	32341881	932800	-	33274681	22536763	898403	-	23435166	9839515	9805118
Furniture & Fixtures	283103	234190	-	517293	204826	36584	-	241410	275883	78277
Office Equipments	741612	248284	-	989896	562957	71039	-	633996	355900	178655
Vehicles	4956535	2723381	-	7679916	3558424	528342	-	4086766	3593150	1398111
Current Year	59005516	4138655	68443	63075728	32816748	1713495	-	34530243	28545485	26188768
Previous Year	59274227	102990	371701	59005516	31394946	1721095	299293	32816748	26188768	-

	AS AT 31ST MARCH,2010 RUPEES	AS AT 31ST MARCH,2009 RUPEES
<u>SCHEDULE : F : INVESTMENTS (AT COST)</u>		
<u>A. LONG TERM INVESTMENT</u>		
<u>QUOTED : (OTHER THAN TRADE)</u>		
1950000 Equity Shares of Ruchi Infrastructure Ltd.of Rs. 1 each fully paid up	398075	398075
3000 Equity Shares of Ruchi Soya Industries Ltd. of Rs. 2 each fully paid up	36000	36000
1600 Equity Shares of National Steel & Agro Industries Ltd.of Rs.10 each fully paid up	65272	65272
100 Equity Shares of Ruchi Strips & Alloys Ltd. of Rs.10 each fully paid up	2400	2400
108800 Equity Shares of Sarthak Global Limited of Rs. 10 each fully paid up	1022000	1022000
600620 Equity Shares of Anik Industries Ltd of Rs. 10 each fully paid up	24781829	24781829
500 Equity shares of Kernex Micro Ltd. of Rs.10 each fully paid up	122233	122233
100000 Equity shares of Alka India Ltd of Rs.10 each fully paid up	124643	124643
169 Equity shares of Galaxy I-Fab Ltd of Rs.10 each fully paid up	21801	21801
	<u>26574253</u>	<u>26574253</u>
Less : Provision for diminution in value of investments	<u>402191</u>	<u>402191</u>
	<u>26172062</u>	<u>26172062</u>
{Aggregate Market Value of quoted investments Rs. 155458000 (Pre. Year Rs.29321028)}		
<u>B. UNQUOTED : (AT COST)</u>		
National Saving Certificate VIII issue	<u>23500</u>	<u>23500</u>
	<u>23500</u>	<u>23500</u>
<u>C. Investment in Partnership Firm's</u>		
Capital account with M/s Sunrise Exports	<u>-</u>	<u>200000</u>
	<u>-</u>	<u>200000</u>
Total (A to C)	<u>26195562</u>	<u>26395562</u>

	AS AT 31ST MARCH, 2010 RUPEES	AS AT 31ST MARCH, 2009 RUPEES
SCHEDULE : G : CURRENT ASSETS, LOANS & ADVANCES		
(a) INVENTORIES : (As valued and certified by director)		
Stores, Spares & Consumable	1825614	1652783
Raw Materials	13412384	4657173
Stock in process	4885834	1680780
Finished Goods	12026836	879298
Scrap	569398	1155782
Land	39991436	39991436
	<u>72711502</u>	<u>50017252</u>
(b) SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Over six months	25291039	15145430
Others	65241349	451851078
	<u>90532388</u>	<u>466996508</u>
(c) CASH AND BANK BALANCES :		
i) Cash On Hand	164268	182160
ii) Balance with Scheduled Banks		
a) In Current Account (s)	709961	586911
b) In Deposit Account (s)	5760531	2102555
	<u>6634760</u>	<u>2871626</u>
(d) LOANS AND ADVANCES :		
1. Advance Recoverable in cash or in kind or for which value to be received. (Includes Rs.Nil Previous year Rs.245158 due from M/s Sunrise Exports a firm in which company is partner)	83428479	74768419
2. Deposits	23808309	21906292
3. Balance with central excise	55753	121639
4. Advance Income Tax	10157860	9112687
	<u>117450401</u>	<u>105909037</u>
SCHEDULE : H : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES :		
a) Sundry Creditors (Refer note no.8 schedule 'O')	169786421	511477529
b) Customers Credit Balances	105964	565487
c) Security Deposit	15000	15000
B. PROVISIONS :		
a) Provision for Taxation	5425592	3625592
b) Employees Benefits	1356922	1237886
	<u>176689899</u>	<u>516921494</u>

SARTHAK INDUSTRIES LIMITEC

	2009-2010 RUPEES	2008-2009 RUPEES
SCHEDULE : I : SALES AND SERVICES		
Sales	586603380	492172510
Less : Excise duty	13859065	8009788
	<u>572744315</u>	<u>484162722</u>
Job Work (Gross)(TDS Rs. 131090 Pre.Yr.Rs.185730)	3300163	4601653
	<u>576044478</u>	<u>488764375</u>
SCHEDULE : J : OTHER INCOME		
Agriculture Income (Net of Exp.Rs.56750 Pr.Yr.Rs.50595)	235782	232199
Dividend (gross)	480372	1020602
Miscellaneous Income	3464060	2351009
Vehicle Hire Charges (TDS Rs. 7200 Pre year Rs.8158)	360000	360000
Interest (TDS Rs. 742246 Pre.year Rs.1515048)	6496493	7383853
Profit on Sale of Fixed Assets	1151487	67593
Foreign Exchange Fluctuation	-	156622
Excess Provision of Leave Encashment W/back	53796	-
	<u>12241990</u>	<u>11571878</u>
SCHEDULE : K : INCREASE/(DECREASE) IN STOCK		
Closing Stocks :-		
Finished Goods	12026836	879298
Work in Progress	4885834	1680780
Scrap	<u>569398</u>	<u>1155782</u>
	17482068	3715860
Less : Opening Stocks		
Finished Goods	879298	693603
Work in Progress	1680780	4314829
Scrap	<u>1155782</u>	<u>228937</u>
	3715860	5237369
Increase/(Decrease) in stock	<u>13766208</u>	<u>-1521509</u>
SCHEDULE : L : MATERIALS		
A. RAW MATERIAL		
Opening Stock	4657173	7217423
Add : Purchases	<u>139476764</u>	<u>51929903</u>
	144133937	59147326
Less : Closing Stock	<u>13412384</u>	<u>4657173</u>
	130721553	54490153
B. Purchases of Trading Goods		
	420060003	405848165
	<u>550781556</u>	<u>460338318</u>

	2009-2010 RUPEES	2008-2009 RUPEES
<u>SCHEDULE : M : OTHER EXPENSES :</u>		
Power and Fuel	3889153	2765430
Consumable Stores	1960835	914327
Repairs & Maintenance : -		
- Plant & Machinery	709815	243257
- Others	538347	53800
Factory Expenses	310501	110096
Employees Remuneration & Benefits	6731787	5565385
Staff Welfare	104728	77012
Contribution to Provident & Other Funds	362992	310438
Postage & Telephone	170705	159249
Stationery & Printing	82618	76352
Legal and Professional Charges	1089427	506426
Travelling & Conveyance Expenses	852510	406221
{Incl. Rs. 101207 (Pr.Yr. Rs.47277) for Directors}		
Vehicle Expenses	1726926	1658671
Insurance	315204	298969
Service Charges	5455581	2360037
Rates & Taxes	5243586	2577004
Other Expenses	5938968	3343469
Loss on Sale of Shares	-	1664463
	<u>35483683</u>	<u>23090605</u>

SCHEDULE :N: INTEREST AND FINANCE CHARGES

Interest	3316111	6288155
Bank Commission & Charges	1369908	764964
	<u>4686019</u>	<u>7053119</u>

SCHEDULE : O : ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**(A) ACCOUNTING POLICIES****1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES****a) ACCOUNTING CONVENTION**

The accounts have been prepared in accordance with the historical cost convention.

b) REVENUE RECOGNITION

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis in accordance with the applicable accounting standards.

c) SALES

Sales are inclusive of income from services, excise duty and net off trade discount and rebate.

d) FIXED ASSETS**(i) Fixed assets :-**

Fixed assets are stated at cost of acquisition or construction net of tax and duty credit availed if any including any cost attributable for bringing the assets to its working condition for its intended use ; less accumulated depreciation (except freehold land).

(ii) Capital Expenditure :-

Assets under erection/installation and advance given for capital expenditure are shown as "capital work in progress". Expenditure during construction period are shown as "pre-operative expenses" to be capitalized on erection/installation of the assets.

e) DEPRECIATION

Depreciation is provided on written down value method at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956. Depreciation on assets added/disposed of during the year has been provided on pro-rate basis with reference to the month of addition/disposal.

f) BORROWING COST

Borrowing costs attributable to acquisition and construction of assets are capitalised as a part of the cost of such assets upto the date when such assets is ready for its intended use. Other borrowing costs are charged to profit and loss accounts.

g) INVESTMENTS

Investment are classified into current and long term investments. Long term investments are valued at cost. No provision is made for diminution in the value of long term investments where in the opinion of the board of directors such diminution is temporary. Quoted current investments are stated at lower of cost or market price.

h) VALUATION OF INVENTORIES

Inventories, other than scrap, are valued at lower of cost or net realisable value on FIFO basis. The cost of manufactured products is arrived at including therein direct costs, appropriate overheads, cost of trading items is arrived at FIFO basis & includes therein cost of purchases and other cost of acquisition attributable thereto. Scrap are valued at net realisable value.

i) FOREIGN CURRENCY TRANSACTIONS

a. Transaction in foreign currency are recorded at the rate of exchange prevailing on the date of transaction.

Current assets and current liabilities not covered by forward exchange contract are translated at year end exchange rates and any gain/loss on account of fluctuation in the rate of exchange is recognized in the Profit and Loss account. In case of sale and purchase, the same is included under the respective heads.

b. Loans in foreign currency outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet.

c. Premium/discount in respect of forward foreign exchange contract is recognized over the life of the contract.

j) EMPLOYEE BENEFITS

(a) Post-employment benefit plans.

i) Defined Contribution Plan - Contributions to provident fund Family Pension Fund are accrued in accordance with applicable status and deposited with appropriate authorities.

ii) Defined Benefit Plan - The liability in respect of gratuity is determined using actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognised in full in Profit & Loss Account for the year which they occur.

(b) Short term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for service rendered by employees is recognised during the period when the employees renders the service. These benefits include compensated absence also.

k) TAXES ON INCOME

Provision for current tax is the amount of tax payable on taxable income for the year as determined in accordance with the provision of the Income tax Act, 1961.

Deferred tax is recognized on timing differences. Being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

l) SEGMENT ACCOUNTING

(1) The company has disclosed business segment as the primary segment. Segments have been identified taking into account the type of products, the differing risk and returns and the internal reporting systems. The various segments identified by the company comprise as under :

<u>Name of Segment</u>	<u>Comprises of</u>
Cylinders	LPG Cylinders manufacturing and repairing
Merchant Trading	Vegetable - Crude Oil and Refined Oils Skimmed Milk Powder, Coal

By products related each segment have been included in respective segment.

(2) Segment revenue, segment results, segment assets and segment liabilities include respective amounts

directly identified with the segment and also an allocation on reasonable basis of amounts not directly identified
The expenses which are not directly relatable to the business segment, are of the segments
Are shown as corporate cost. Assets and liabilities that can not be allocated be
unallocable corporate assets and liabilities respectively.

m) **IMPAIRMENT OF ASSETS**

An assets is treated as impaired when the carrying cost of asset exceeds its recoverable value. An
impairment loss is charged to the profit and loss account in the year in which an asset is identified as
impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change
in the estimate of recoverable amount.

(B) **NOTES TO ACCOUNTS**

<u>1. CONTINGENT LIABILITIES</u>	<u>2009-2010</u>	<u>2008-2009</u>
	(Amount in Lacs)	
a) An amount of counter guarantee given by bank to the company	44.00	45.08
b) Disputed liabilities not acknowledged as debts	130.09	130.09
c) Corporate guarantee given on behalf of others	850.00	850.00

2. Balance of Creditors, Debtors, Deposits, Advances are partly confirmed.

3. Earlier year accumulated unprovided Depreciation on Fixed Assets Rs. 4044436 (previous year Rs. 4044436).

4. The Company has availed in earlier year the benefit of Sales Tax deferment scheme as per terms & conditions of Notification No. 3-32-94-ST-V-(5) dated 28/2/95 issued by department of Commercial tax, Govt. of M.P. has been deferred and carried forward as unsecured loan from Govt. of Madhya Pradesh. The necessary exemption / deferment certificate is yet to be received from the concerned authorities. The company has moved an application to Hon'ble Supreme Court of India for grant of exemption certificate, however company has provided for sales tax liability in the books.

5. In the opinion of the Board of Directors the current assets, loans and advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The company has made adequate provision for all known liabilities.

6. Sundry creditors includes Bills payable Rs. 26645524 (Previous Year 13818386).

7. Leases : (where Company is lessee)

Operating Lease

The Company has taken various commercial premises under Cancellable operating leases. These lease agreements are normally renewed on expiry.

8. There are no delay in payment to Micro, Small and Medium enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006. The information given in schedule 'H' current liabilities regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basic of information available with the company. This has been relied upon by the auditors.

9 REMUNERATION TO DIRECTOR

The remuneration under section 198 of the company Act, 1956, paid or provided to the Executive Director.

	2009-10 Rupees	2008-09 Rupees
Salary and allowances	383990	319000
Provident Fund and other benefit	88791	38322
	472781	357322

10 Particulars in respect of Investment in the Capital of Partnership firm - M/s. Sunrise Exports :

2009-2010			2008-2009		
Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss	Name of the Partners	Balance in Capital A/c Rupees	Percentage of Share in Profit/Loss
-	-	-	Sarthak Global Limited	100000	5%
-	-	-	Sarthak Industries Ltd.	200000	15%
-	-	-	Mirage Impex Limited	700000	80%

11 SEGMENT REPORTING

	2009-2010				2008-2009			
	L.P.G. Cylinders	Merchant Trading	Unallow-cable	Total Amount	L.P.G. Cylinders	Merchant Trading	Unallow-cable	Total Amount
(a) Primary Segment - Business								
Segment Revenue	173011443	405647095	9627930	588286468	70629375	418291622	9914247	498835244
Segment Results (PBIT)	21031499	-11615548	3288083	12704034	123650	8433712	4342400	12899762
Profit before Tax				9387924				6611607
Less : Current Tax				1800000				-
Add : Deferred Tax				224237				592157
Less : Fringe Benefit Tax				-				80000
Profit after Tax				7812161				7123764
Segment Assets	67287052	170149306	78894454	316330812	47848944	429117768	175236255	652202967
Segment Liability	36819210	118106720	16338377	171264307	24473895	474082320	14508196	513064411
Cost incurred to acquire Segement fixed assets during the year.	1528143	-	2610512	4138655	79341	-	23649	102990
Segment depreciation	1211220	139924	362351	1713495	1149714	214007	357374	1721095

(b) Secondary Segment - Geographical

The company's all operating facilities are located in India.

12. Disclosure as per AS-15 (Revised) "Employee Benefit"

Defined Benefit Plan

The employees gratuity is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employer benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment recognized in the same manner as gratuity.

	2009-10	2008-09
	Gratuity	Gratuity
	Rs. in lacs	Rs. in lacs
I. Change in Benefit Obligation		
Liability at the beginning of the year	1006394.00	686029.00
Interest Cost	83442.00	58459.00
Current Service Cost	73289.00	64712.00
Past Service Cost (Non Vested Benefit)	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00
Liability Transfer in	0.00	0.00
Liability transfer out	0.00	0.00
Benefit Paid	(6023.00)	(40000.00)
Actuarial (gain)/loss on obligations	22123.00	237194.00
Liability at the end of the year	1179226.00	1006394.00
II. Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	6023.00	40000.00
Transfer from other company	0.00	0.00
Transfer to other company	0.00	0.00
Benefit Paid	(6023.00)	(40000.00)
Actuarial gain/(loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the year	0.00	0.00
Total Actuarial Gain/(Loss) To Be Recognised	(22123.00)	(237194.00)
III. Amount Recognised in the Balance Sheet		
Liability at the end of the year	1179226.00	1006394.00
Fair Value of Plan Assets at the end of the year	0.00	0.00
Difference	(1179226.00)	(1006394.00)
Unrecognised Past Service Cost	0.00	0.00
Un recognised Transition Liability	0.00	0.00
Amount Recognised in the Balance Sheet	(1179226.00)	(1006394.00)
IV. Expenses Recognised in Profit and Loss A/c		
Current Service Cost	73289.00	64712.00
Interest Cost	83442.00	58459.00
Expected Return on Plan Assets	0.00	0.00
Past Service Cost (Non Vested Benefit) Recognised	0.00	0.00
Past Service Cost (Vested Benefit) Recognised	0.00	0.00
Recognition of Transition Liability	0.00	0.00
Actuarial Gain or Loss	22123.00	237194.00
Expense Recognised in P& L	178855.00	360365.00
V Assets Information		
Government of India Assets	0.00	0.00
Corporate Bonds	0.00	0.00
Special Deposits Scheme	0.00	0.00
Equity Shares of Listed Companies	0.00	0.00
Property	0.00	0.00
Other	0.00	0.00
Insurer Managed Funds	0.00	0.00
Total	0.00	0.00
VI. Balance Sheet Reconciliation		
Opening Net Liability	1006394.00	686029.00
Expense as above	178855.00	360365.00
Employers Contribution	(6023.00)	(40000.00)
Amount Recognised in Balance Sheet	1179226.00	1006394.00
VII. Assumptions :		
Discount Rate Prev.	7.75%	8.00%
Rate of Return on Plan Assets Prev	0.00%	0.00%
Salary Escalation Prev.	5.00%	5.00%
Discount Rate Current	8.25%	8.00%
Rate of Return on Plan Assets Current	0.00%	0.00%
Salary Escalation Current	5.00%	5.00%

13. <u>EARNING PER SHARE (EPS) :</u>	2009-10 Rupees	2008-09 Rupees
Net Profit after tax	7812161	7123764
Nominal Value of each equity share	10	10
Weighted average no. of shares	5568850	5568850
Basic and diluted earning per share	1.40	1.28

14. DEFERRED TAX LIABILITIES (NET) :

Particulars	Deferred Ta. As on 31/3/2010	Deferred Tax As on 31/03/2009
<u>Deferred Tax Liabilities :</u>		
Difference between Income tax and Companies Act Depreciation	1478126	1676381
	<u>1478126</u>	<u>1676381</u>
<u>Deferred Tax Assets :</u>		
Disallowance of Gratuity & Leave Encashment provision	419289	310976
Business Loss	621555	703886
	<u>1040844</u>	<u>1014862</u>
Deferred Tax Liabilities (Net)	<u>437282</u>	<u>661519</u>

15. Payment to auditors for audit fees Rs. 55150 (previous year Rs. 44120) and for other services Rs.16607 (previous Year Rs.9989).

16. RELATED PARTY DISCLOSURE

- a. Key management personnel Executive Director
V.K. Gupta
- b. Other Party - Joint Venture. Company is a Partner
Sunrise Exports

Related party relationship as identified by company and relied upon by auditor.

c. Particulars	14 (a)		14 (b)	
	Key Management Person 2009-10	2008-09	Other Party / Associate Concern 2009-10	2008-09
Income :				
Share of profit as partner	-	-	-	943
Expenditure :				
Remuneration	472781	357322	-	-
Out Standing :				
Receivable on current a/c	-	-	-	-
Payable	-	-	-	-

17. Member of their AGM held on 30th September, 2009 have resolved to increase the authorised capital from Rs. 10.00 cror to 12.00 crore wef 30.09.09. It was observed that the form no. 5 and other documents in respect of the above are yet to be filed with competent authorities and provision for registration fees Rs. 100000 and stamp duty Rs. 40000 is also not made in the accounts.

18. Additional information pursuant to Paragraph 3, 4C of Part II of Schedule VI of the Companies Act, 1956,
(as certified by the management).

	<u>2009-10</u>	<u>2008-09</u>		
(A) CAPACITY & PRODUCTION				
a. <u>Installed Capacity</u>				
LPG Cylinders (p.a.) (per shift) Nos.	* 600000	600000		
b. <u>Production</u>				
LPG Cylinders (Nos)	173390	66009		
* As registered with Secretariat of Industrial Approvals.				
** As certified by technical consultant/management & accepted by auditors being technical matter.				
*** Licensed capacity not given since licencing has been abolished.				
<hr/>				
(B) TURNOVER				
	<u>Quantity</u>	<u>Amt.(Rs.)</u>	<u>Quantity</u>	<u>Amt. (Rs.)</u>
(i) <u>SALES ***</u>				
LPG Cylinders (Nos)	168080	168425025	65796	67009314
Skimmed Milk Powder (MT)	3000	375823425	3570	379635000
Coal (MT)	-	-	10000	38500000
Butter Oil (MT)	201.060	29823670	-	-
Others	-	12531260	-	7028196
*** Sales includes shortage/process loss.				
(ii) <u>SERVICES</u>				
Cylinders Repairing (Nos)	32097	3300163	65731	4601653
		<u>589903543</u>		<u>496774163</u>
<hr/>				
C.(a) <u>OP.STOCK OF FINISHED GOODS :</u>				
LPG Cylinders (Nos)	1029	879298	816	696603
Others (MT)	-	1155782	-	228937
		<u>2035080</u>		<u>925540</u>

(b) CLOSING STOCK OF FINISHED GOODS :

LPG Cylinders (Nos)	6339	6529448	1029	879298
Sugar (MT)	240.360	5497388	-	-
Others (MT)	-	569398	-	1155782
		<u>12596234</u>		<u>2035080</u>

(D) PURCHASES (FOR TRADING)

Skimmed Milk Powder (MT)	3000	386799675	3570	373245000
Butter Oil (MT)	201.060	27762940	-	-
Coal (MT)	-	-	10000	32603165
Sugar (MT)	240.360	5497388		
		<u>420060003</u>		<u>405848165</u>

(E) RAW MATERIALS CONSUMED
(100% indigenous)

H.R.Coil (MT)	3174.900	99224300	1155.580	40225485
Others	-	31497253	-	14264668
		<u>130721553</u>		<u>54490153</u>

(F) Stores & Spares Consumed
(100% indigenous)

	-	1960835	-	914327
		<u>1960835</u>		<u>914327</u>

(G) Earnings in foreign currency
FOB value of Export

	-		-	-
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(H) Expenditures in foreign currency
Purchases of finished goods(CIF basis)
Other expenses

	20109633		-	-
	63247		-	-

19. Previous year's figures have been rearranged and regrouped wherever necessary

As per our report of even date
For Ashok Khasgiwala & Co.
Chartered Accountants

For and on behalf of the Board of Directors

CA AVINASH BAXI
Partner
Membership No. 79722
Date : 4th September, 2010
Place : Indore

AMIT JAIN
Company Secretary

V.K.GUPTA
Executive Director

UDESH DASSANI
Director