

15th
ANNUAL REPORT
2009 - 2010



SERVOTECH ENGINEERING INDUSTRIES LTD.
203 CHARTERED HOUSE,
DR. C H STREET,
NEAR MARINLINES,
MUMBAI – 400 002.

SERVOTECH ENGINEERING INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 15th. Annual General Meeting of the members of **SERVOTECH ENGINEERING INDUSTRIES LTD.** will be held at Head. Office of the Company at 203,Chartered House, Dr. C.H. Street, New Marine lines, Mumbai - 400 002, on Tuesday the 29th September, 2010 at 11.00 A.M. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date together with the report of the Directors and Auditors thereon.
2. To appoint Director in place of Shri R.S. Lahoti who retires by rotation and being eligible, offers himself for reappointments. To appoint Director in place of Shri P.G. Jain who retires by rotation and being eligible, offers himself for reappointments
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

NOTES :

BY ORDER OF THE BOARD

**Sd/-
R S LAHOTI
(MG. DIRECTOR)**

PLACE : MUMBAI
DATE : 3rd September, 2010

NOTE :

1. The Register of members and the Transfer Books of the company shall remain closed from Tuesday the **23th September, 2010 to Tuesday the 30th September, 2010** (both days inclusive)
2. members are also hereby informed that the equity shares of the company are available for dematerialisation / rematerialisation under the Depository System. Members desirous of having more information may write to the secretarial Department of the company.
3. Members with identical order of name who are holding shares in multiple folios are requested to write to the Company enclosing their share certificate to enable the company to consolidate their holding in one folio.
4. Members/proxies should bring attendance slip (duly completed) for attending the meeting as well as copy of the annual report.
5. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
6. proxies in order to be effective , should be duly completed, stamped, signed,and mustbe deposited at the registered office of the company not less tha 48 hours before the meeting.

SERVOTECH ENGINEERING INDUSTRIES LIMITED
DIRECTORS REPORT

To
The Members,
Servotech Engineering Industries Ltd.,

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

1. <u>FINANCIAL RESULTS:</u>	<u>Current Year</u> Rupees	<u>Previous Year</u> Rupees
Profit/(Loss) before Depreciation and taxation	44,007	(85,285)
Less : Depreciation	21,101	24,878
Provision for Income Tax FOR FBT	--	200
	-----	-----
Profit/(Loss) After Dep. & Taxation	65,108	(1,10,363)
Add : Balance brought forward from last year	(3,00,90,566)	(2,99,80,203)
	-----	-----
	(3,00,46,559)	(3,00,90,566)
Less : Prior period expenses	----	----
	-----	-----
Profit/(Loss) available for Appropriation	(3,00,46,559)	(3,00,90,566)
	-----	-----
Balance of Loss carried to B/Sheet	(3,00,46,559)	(3,00,90,566)
	=====	=====

2. REVIEW OF OPERATION :

During the year under review, sales and operation income was at Rs.27.02 lacs as against Rs. 0.08 lacs in previous financial year, and incurred Operating profit was at Rs. 0.44 Lacs as against Loss of Rs.0.85 Lacs in the previous year.

3. DIVIDEND :

In view of Current & carried forward losses, your directors regret their inability to recommend any dividend for the year 2009-2010.

4. INSURANCE :

The company has made necessary arrangement for adequately insuring its insurable interest in various assets.

5. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company, Mr. R S Lahoti & Mr. Prakash G Jain retire by rotation at the forthcoming Annual General Meeting. Mr. Radheyshyam Lahoti & Mr. Prakash G Jain has offered themselves for reappointment.

6. **AUDITORS :**

M/s. D.C. Surana & Associates, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The company has received communication from them to the effect that the appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. They are proposed to be appointed as Auditors of the Company for the financial year 2010-2011.

7. **AUDITORS' REPORT :**

The comments and observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217 (4) of the Companies Act, 1956.

8. **PERSONNEL :**

During the year under review, the relations with the employees were extremely cordial. Your Directors would like to place on record their warm appreciation for full co-ordination and devoted services rendered by the Employees of your Company.

9. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption are not applicable to the company except export earnings and expenses during the year are as follows :

Export Earnings	Rs.	Nil/-
Travelling Expenses	Rs.	Nil.

10. **PARTICULARS OF EMPLOYEES U/S 217 (2A) :**

- a). Employees employed throughout the year and were in receipt of remuneration for the period in aggregate of Rs. 6,00,000/- per year..... NIL.
- b). Employees employed for part of the year and were in receipt of remuneration of Rs. 50,000/- per month or more NIL.

11. **DIRECTORS RESPONSIBILITY STATEMENT :**

Your Directors further report that

1. In the Preparation of the annual account, the applicable accounting standard have been followed and that there were no material departure:
2. the accounting policies selected have been applied, on the basis of 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 as at 31st March 2010 and of the Loss of the company for year ended 31.3.2010
3. Proper and sufficient care has been taken for the 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
4. The Directors had prepared the annual accounts on a going concern basis.

12. **FIXED DEPOSITS:**

The company has not accepted any deposit during the year.

13. **ACKNOWLEDGEMENTS :**

Your Directors wish to place on record their appreciation for the valuable support and timely of the financial institutions, government authorities, banks and employees. The co operation and the forbearance of the members are gratefully acknowledged.

For and on behalf of the Board of Directors

**Sd/
R S LAHOTI**
(Director)

**Sd/-
R A LAHOTI**
(Director)

Place : Mumbai
Date : 3rd September, 2010

AUDITOR'S REPORT

To,
The Members
M/s. Servotech Engineering Industries Ltd.

1. We have audited the attached Balance Sheet of M/s SERVOTECH ENGINEERING INDUSTRIES LTD. As the 31st March, 2010 the Profit & Loss Account of the company 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 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 disclosure 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.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government 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 paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we state that
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our Audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts of the Company.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.(Except retirement benefits which are accounted for on cash basis.)
 - e) On the basis of the written representations received from the directors and taken on record by the board of Directors, we report that none of the Directors is disqualified as on March 31, 2009, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.
 - f) *Attention is invited to the following notes in schedule 18 :*
 - i) *Note No. 4 regarding Debts considered doubtful for of recovery amounting to Rs.98,17,159 and Note no - 6 regarding certain advances of Rs 19,25,000/- to contractor for fixed assets for which no provision has been made in accounts*
 - ii) *Note No. 5 regarding Non- Provision of retirement benefits.*

In our opinion and to the best of our information and according to the explanations given to us , *subject to our comments as referred to in (f) above impact of which is presently not ascertainable*, the said accounts read with other notes thereon give the information required by the Companies Act, 1956 in the manner so required give true and fair view and conformity with the general accounting principles accepted in India :

- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
- b) in the case of Profit & Loss Account, of the profit for the year ended on that date .
A N D
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR D.C. SURANA & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : 3rd September, 2010

Sd/-
(Proprietor)
M.No.100-34074
F.R.NO. 115961W

ANNEXURE REFERRED TO THE AUDITORS' REPORT TO THE MEMBERS OF SERVOTECH ENGINEERING IND. LTD. FOR THE YEAR ENDED 31ST MARCH, 2010.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) As explained to us, the fixed assets have been physically verified by the management during the year. The Company has a phased Program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assteded.
c) Company has advanced a sum of Rs. 19,25,000/- to various suppliers for supply of Machineries and same has been shown under the head Fixed Assets as Capital Work in progress. The suppliers have not yet supplied machineries and in our opinion the said advances are doubtful of recovery. If is informed to us the management is trying to recover the money / or get the machineries. Expect there is no material discrepancies were noticed on such physical verification. No Fixed assets were disposed off during the year.
2. The company has no inventory.
3. The Company has granted unsecured loans & Advanced amounting to Rs.19,60,000/- to The companies, covered in the register maintained under section 301 of the Companies Act, 1956. They are not regular in repayment of principle & interest. This is informed to us the management trying to recover the same. The Company has not taken unsecured loan from company's covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods needs to be strengthened.
5. In our opinion, and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of section 301 of the Act have been so entered.
6. The Company has not accepted any deposits from the public and consequently, the directive issued by the Reserve Bank of India, the Provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company dose not have formal internal audit system.
8. The provisions regarding maintenance of cost records are not applicable to the Company.
9. In Respect of Statutory Dues.
 - a) The company is not regular in depositing Provident fund with appropriate authorities a sum of Rs. 2,12,966/- on a/c of provident fund is outstanding as on 31st March 2010
 - b) According to the information and explanations given to us, there are no undisputed amount payable in respect of such statutory due which have remained outstanding as at 31.03.2010 for a period of more than six months from date they become payable Apart from that, a sum of Rs. 2,12,966/- on a/c of provident fund is still outstanding.
 - c) According to the information and explanations given to us, there are no dues of income tax, Wealth Tax, Sales Tax, Excise duty. Custom Duty & Cess which have not been deposited on account of dispute.
10. The Company has accumulated losses of Rs.3,00,46,559/- at the end of the financial year and has not incurred cash losses during the financial year covered by our audit.
11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
12. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund or society. Accordingly, clause 4(xiii) of the order is not applicable.

13. According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly clause 4(xiv) of the order is not applicable.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause 4(xiv) of the order is not applicable.
15. In our opinion, the company has not taken any term loan during the year.
16. On the basis of an over all examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, clause 4(xviii) of the order is not applicable.
18. The Company has not issued any debentures during the year. Accordingly, clause 4(xix) of the order is not applicable.
19. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
20. 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, and according to the Information and explanations given to us, no fraud on or by the company has been noticed or reported during the audit.

**For D C Surana & Associates
Chartered Accountants**

Place : Mumbai
Date : 3rd September, 2010

Sd/-
(D C Surana)
Proprietor
M.No. 100-34074
F.R.No. 115961W

SERVOTECH ENGINEERING INDUSTRIES LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2010

SCHEDULES		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I <u>SOURCE OF FUNDS</u>			
1 <u>Share holders Funds</u>			
Share Capital	1	40,456,166	40,456,166
2 <u>Loan Funds</u>			
Secured Loans	2	-	9,297,388
Unsecured Loans		5,547,000	-
TOTAL		46,003,166	49,753,554
II <u>APPLICATION OF FUNDS</u>			
1 <u>Fixed Assets</u>			
a. Gross Block	3	931,851	931,851
b. Less : Depreciation		794,012	772,910
c. Net Block		137,840	158,941
d. Capital Work in Progress	4	1,925,000	1,925,000
		2,062,840	2,083,941
2 <u>Investments</u>	5	4,100,000	4,100,000
3 <u>Current Assets,Loans & Advances</u>			
a. Inventories		-	-
b. Sundry Debtors	6	9,817,159	11,965,440
c. Cash & Bank Balances	7	217,224	217,243
d. Loans and Advances	8	3,130,522	3,218,852
TOTAL (a)		13,164,905	15,401,535
Less: <u>Current Liabilites & Provisions</u>			
a. Current Liabilities	9	1,810,718	361,868
b. Provisions		212,966	213,166
c. Sales Tax - Deferred	10	1,347,454	1,347,454
TOTAL (b)		3,371,138	1,922,488
Net Current Assets (a - b)		9,793,767	13,479,047
4 <u>Miscellaneous Expenditure</u> (To the extent not written off or adjusted)			
a. Share Issue Expenses		-	-
5 <u>Profit & Loss Account</u>			
		(30,046,559)	(30,090,566)
		46,003,166	49,753,554

Significant Accounting Policies & Notes on Accounts 18

As per our report of even date

FOR D.C. SURANA & ASSOCIATES
Chartered Accountants

Sd/-
D C SURANA
(Proprietor)
Membership No. 100-34074
Firm Reg No. 115961W

For & on behalf of the Board of Directors

Sd/-
R S LAHOTI
(Director)

Sd/-
R A LAHOTI
(Director)

Place : **Mumbai**
Date **3rd September 2010**

SERVOTECH ENGINEERING INDUSTRIES LIMITED

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

PARTICULARS	SCHEDULES	For the year Ended 31.03.2010 Rs.	For the year Ended 31.3.2009 Rs.
<u>INCOME</u>			
Sales	11	-	-
Other Income	12	2,402,732	8,507
Increase Decrease in Stock	13	-	-
	TOTAL (a)	2,402,732	8,507
<u>EXPENDITURE</u>			
Material Consumed	14	-	-
Manufacturing Expenses	15	-	-
Employees Remuneration & Benefits	16	-	-
Administrative, Selling & Distribution and other Expenses	17	2,337,624	93,792
Preliminary/Share Issue Expenses Written off		-	-
	TOTAL (b)	2,337,624	93,792
Profit Before Depreciation & Taxation(a-b)		65,108	(85,285)
Less: Depreciation		21,101	24,878
Profit after Depreciation		44,007	(110,163)
Less: Provision for Income Tax		-	-
Less : Provision for FBT		-	200
Profit after Depreciation & Taxation		44,007	(110,363)
Add : Balance Brouhgt forward from Last Year		(30,090,566)	(29,980,203)
		(30,046,559)	(30,090,566)
Balance Carried to Balance Sheet		(30,046,559)	(30,090,566)

Significant Accounting Policies & Notes on Accounts 18

As per our Report of even date

FOR D.C. SURANA & ASSOCIATES
Chartered Accountants

For & on behalf of the Board of Directors

Sd/-
D C SURANA
(Proprietor)
Membership No. 100-34074
Firm Reg No. 115961W

Sd/-
R S LAHOTI
(Director)

Sd/-
R A LAHOTI
(Director)

Place : **Mumbai**
Date : **3rd September 2010**

SERVOTECH ENGINEERING INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>SCHEDULE 1 : SHARE CAPITAL</u>		
AUTOHRISED		
60,00,000 Equity Shares of Rs. 10 Each	60,000,000	6,00,00,000
ISSUED,SUBSCRIBED & PAID UP		
51,31,400 Equity Shares of 10/- each (Previous Year 51,31,400)		
Fully paid up 5,13,14,000		
Less: Calls-in-Arrears <u>1,08,57,834</u>	40,456,166	4,04,56,166
TOTAL	<u>40,456,166</u>	<u>4,04,56,166</u>
<u>SCHEDULE 2 : SECURED LOANS</u>		
CASH CREDIT ACCOUNT WITH Oriental Bank of Commerce, (Secured by hypothecation of Raw Material, Work - in - Progress, Finished Goods,book debts and personal gaurantee given by Directors)		
	-	92,97,388
<u>SCHEDULE 2 : UNSECURED LOANS</u>		
	5,547,000	-
TOTAL	<u>5,547,000</u>	<u>92,97,388</u>

SERVOTECH ENGINEERING INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31/03/2010

SCHEDULE 3 : FIXED ASSETS

(Amount in Rs.)

SR. NO	ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS At 01.04.09	Add tion	As at 31.03.10	Up to 01.04.09	For the Year	Total up to 31.03.10	As At 31.03.10	As At 31.03.09	Rate of Deprec.
1	COMPUTERS	837180	-	837,180	721,539	18,745	740,284	96,896	115641	16.21%
2	SCOOTER	25,362	-	25,362	19,079	597	19,676	5,686	6,283	9.50%
3	TELEPHONE	50,309	-	50,309	23,724	1,263	24,987	25,322	26,585	4.75%
4	FAX MACHIN	19,000	-	19,000	8,568	496	9,064	9,936	10,432	4.75%
Total	2009-10	931851	-	931,851	772,910	21,101	794,012	137,840	158941	
Total	2008-09	931851	-	931851	748032	24,878	772,910	158941	-	

PARTICULARS	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 4 : CAPITAL WORK - IN PROGRESS		
Payment to Contractors & advance for fixed assets	19,25,000	19,25,000
SCHEDULE 5 : INVESTMENTS (Un quoted long term- at cost)		
52500 shares of M/s Sameto AG Drive Pot Pvt.Ltd Fully paid -up @ 10/- each	-	-
2000 shares of M/s Gujarat chemi plant Pvt.Ltd Fully paid -up @ 100/- each (Previous Year 3000 Shares)	200,000	200,000
190000 shares of M/s City Estate Devlopers Ltd. Fully paid -up @ 10/- each	1,900,000	1,900,000
2000 shares of M/s. Saac Exports Pvt Ltd. Fully Paid- up @ 100/- each	2,000,000	2,000,000
Total	4,100,000	4,100,000
SCHEDULE 6 : SUNDRY DEBTORS (Unsecured)		
Debts Outstanding for a Period exceeding Six Months	9,817,159	11,965,440
Other Debts Considered Good)	-	-
Total	9,817,159	11,965,440
SCHEDULE 7 : CASH AND BANK BALANCES		
a) Cash in Hand	201,694	185,822
b) With Scheduled Banks in Current Accounts	15,530	31,421
Total	217,224	217,243

SERVOTECH ENGINEERING INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 8 : LOANS & ADVANCES		
(Unsecured)		
Advance receivable in Cash or in Kind or for Value to be received	-	-
Loans & Advances	2,976,642	1,016,642
Deposits	146,764	2,195,094
Sales Tax Refundable	7,116	7,116
TOTAL	3,130,522	3,218,852
SCHEDULE 9 : CURRENT LIABILITES AND PROVISIONS		
a) <u>Current Liabilites</u>		
Sundry Creditors for goods	146,254	197,368
Sundry Creditors for Expenses	184,000	164,500
Temporary Bookoverdraft	1,480,464	-
	1,810,718	361,868
b) Outstanding Liabilites & Taxes	212,966	213,166
TOTAL	2,023,684	575,034
SCHEDULE 10 : DEFERRED SALES TAX		
Deferred Sales Tax payments (Interest Free) under Maharastra Govt. 1993 Package Scheme of Incentive as per Sicom Limited eligibilty certificate No Finc(1)/1993/defferal/EC 3809 dtd.12.1.99	1,347,454	13,47,454
TOTAL	1,347,454	13,47,454
SCHEDULE 11 : SALES		
Net Sales	-	-
Taxes	-	-
TOTAL	-	-
SCHEDULE 12 : OTHER INCOME		
Dividend Recd	-	-
Interest (Gross)	54,230	8,507
Cr Balance W/off	2,348,502	-
TOTAL	2,402,732	8,507
SCHEDULE 13 : INCREASE/DECREASE IN STOCK		
<u>FINSIHED GOODS</u>		
Closing Stock (As valued & certified by the Management of the Company)	-	-
Less : Opening stock	-	-
TOTAL	-	-

SERVOTECH ENGINEERING INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

PARTICULARS	For The year Ended 31.03.2010 Rs.	For The year Ended 31.03.2009 Rs.
<u>SCHEDULE 14 : MATERIALS CONSUMED</u>		
Purchase during the year	-	-
TOTAL	-	-
<u>SCHEDULE 15 : MANUFACTURING EXPENDITURE</u>		
Labour Charges		-
TOTAL	-	-
<u>SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS</u>		
Salaries,Wages, Allowances Gratuity & Bonus.	-	-
Staff Welfare Expenses	-	-
TOTAL	-	-
<u>SCHEDULE 17 : ADMINISTRATIVE, SELLING DISTRIBUTION & OTHER EXP.</u>		
Travelling Exepenses	12,103	-
Conveyance Exp.	1,825	2,240
Legal, Professional and Consultancy Charges	19,545	16,236
Lisiting fees	-	15,000
Bank Charges	3,232	1,850
Bank Interest	34,305	-
Membership fees	24,670	7,000
General Expenses	-	684
Auditors Remuneration	19,500	19,500
Debts w/off	2,199,281	-
Share Registrar Charges	23,163	15,731
Advertisement Expenses	-	15,551
TOTAL	2,337,624	93,792

SERVOTECH ENGINEERING INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2010

Sr. No.	Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
A.	CASH FLOW OPERATING ACTIVITIES		
	Net profit / (loss) before tax	44,007	(110,363)
	<u>Adjustment For :</u>		
	Depreciation	21,101	24,878
	Preliminary/Share issue exp. W/off	-	-
	Operating profit/(loss) before working		
	Capital Charges	65,108	(85,485)
	Adjustment for :		
	(Increase) Decrease in Inventories	-	-
	(Increase) Decrease in Sundry Debtors	2,148,281	4,325,000
	(Increase) Decrease in Loans & Advance	88,330	(1,866,507)
	Increase (Decrease) in Current Liabilities	1,448,650	(2,904,223)
	Income Tax		
	NET CASH USED IN OPERATING ACTIVITIES	3,750,369	(531,215)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Investments	-	-
	purchase of Fixed assets	-	-
	(Increase) Decrease in Capital W-I-P	-	-
	NET CASH FLOW FROM INVESTING ACTIVITIES	3,750,369	(531,215)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital	-	-
	Share application Money Received / Adjusted	-	-
	(Increase) Decrease in Unsecured loans	5,547,000	-
	(Increase) Decrease in Secured loans	(9,297,388)	-
	(Increase) Decrease in Investments	-	(525,000)
	(3,750,388)	(3,750,388)	(525,000)
D.	NET CASH FLOW FROM FINANCING ACTIVITIES		
	Net Increase/ Decrease in		
	Cash & Cash Equivalents	(19)	(6,215)
	Cash & Cash equivalents at the beginning of the year	217,243	223,458
	Cash & Cash equivalents at the end of the Year	217,224	217,243

As per our reports of even date attached

FOR D.C. SURANA & ASSOCIATES

Chartered Accountants

For & on behalf of the Board of

Sd/-
D C SURANA
(Propriet
Membership No. 100-34074
Firm Reg No. 115961W

Sd/-
R S Lahoti
Director

Sd/-
R A Lahoti
Director

Place: Mumbai
Date: 3rd September 2010

SERVOTECH ENGINEERING INDUSTRIES LIMITED

SCHEDULE "18"

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting Concepts :

The Company follows the mercantile system of accounting and recognized Income and Expenditure on accrual basis. The accounts are prepared on historical cost convention and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted Accounting Principles.

2. Fixed Assets

Fixed Assets are stated at cost (Including other expenses related to acquisition and installation).Less accumulated Depreciation

3. Depreciation

- i. Depreciation has been provided under W D V method at the rates prescribed in Schedule XIV of the Companies Act, 1956 (as amended).
- ii. Depreciation of fixed assets is provided on Pro-rata basis from the date of their purchase / acquisition / capitalization till the date of disposal.

4. Inventories

- i. Raw materials and stores and spares are valued at Cost or net realizable value. whichever is Lower
- ii. Work-in-Progress is valued at estimated value.
- iii. Finished goods are valued at lower of cost or market price.

5. Turnover

Turnover represented invoice value of goods sold including of sales tax, insurance, packing & forwarding charges and Technical services etc. Sales of goods is recognized on transfer of property of goods as per agreed terms

6. Miscellaneous Expenditure

Miscellaneous Expenditure "consists of preliminary expenses and share issue expenses" which are amortized equally over ten years.

7. Retirement Benefits

These are accounted for as and when paid.

8. Investments

Investments are valued at cost.

NOTES ON ACCOUNTS

1. In the opinion of Board, the current assets are approximately at the value stated except doubtful debts as per notes no.4 & 6, as if realized in the ordinary course of business.

2. Auditors Remuneration consists of :

	<u>Current Year</u>	<u>Previous Year</u>
	Rs.	Rs.
Audit Fees	19,500/-	15,000/-
Tax Audit Fees	---	---
	-----	-----
TOTAL	19,500/-	15,000/-
	=====	=====

3. The Principal & interest thereon payable to Oriental Bank of Commerce on working capital loan had settled with ARCI Ltd with amount of Rs. 70,00,000/-. Apart from that Rs. 50,00,000/- has been already repaid.

4. No provision has been made for Bad debts which are considered as doubtful of recovery.

5. No provision has been made for accrued liability on retirement benefits i.e gratuity and encashment of leave as recommended by the Institute of Chartered Accountants of India vide Accounting standard No. 15, it is the practice of the company to account for this as and when paid.

6. The company has advanced the sum of Rs. 19,25,000/- to contractors towards fixed assets but they have not supplied materials till date. No Provision has been made in books of accounts for Capital work in progress of Rs. 19,25,000/- , which is considered on doubtful for recovery.

7. Provision has been made for Income tax as per the provisions of Income Tax Act 1961.

8. As per the package scheme of Incentives issued by Sicom Ltd. under Rule 31B of the Schedule to Government Notification U/s. 41 vide Certificate No. 401407-S/R-31B/970 dated 24.03.1999. As per the incentive scheme, the company is entitled to defer the Sales Tax liability as per the returns / assessment pertaining to the period from 01.02.1999 to 31.05.2002. The amount of incentives availed during the period will be repaid after expiry of incentive period. The Company has availed the aforesaid incentives as under :

<u>Year</u>	<u>Incentives</u> (Rs.)
1998-1999	4,46,250.00
1998-2000	4,89,641.00
1998-2001	4,11,563.00

	13,47,454.00
	=====

9. In order to comply with the requirement of the Micro, Small and Medium Enterprises Development Act 2006, as the company has not received any memorandum (as required by to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro or medium enterprises the information as required to be given above is considered to be NIL.

10. In accordance with the Accounting Standard on " Related Party Disclosure"(AS-18),the disclosure in respect of transactions with the company's related parties are as follows :
- a) Associate company
(in which some of directors are interested) : Lahoti Exports Pvt Ltd
b) Related Party Transactions : Nil
c) Key Managerial Person: : R S Lahoti (Director)
11. All Balances of sundry Debtors, Creditors, Loan & Advances are subject to confirmations & reconciliation there of whats ever necessary
12. In view of Accounting Standard -22 " Accounting for Taxes on Income", deferred tax Assets has been considering lack of virtual certainty of its realization of losses.
- I) Licensed Capacity : Not applicable
II) Installed : Not applicable
Units Produced : Refer to appoint no. III below
- III) Quantitative details : **Regarding Machineries, Equipments and fabrication works etc.**
regarding opening stock
consumption and Turnover As the Company is engaged in the business of supplying machineries, equipments and other materials as per customers Specifications, it is no possible to give quantitative details of each and every term. The company has not maintained record for raw materials store and spare parts and work in progress.
- IV) Value of Imports : Rs. Nil (Nil)
- V) Expenditure in foreign : Rs. Nil
Currency (Previous year Rs. Nil)
- VI) Earnings in foreign : Rs. Nil
Exchange (Previous year Rs. Nil)
- VII) Amount remitted during : Nil
the year in foreign
Currencies on account
Of dividend
13. Previous year figures have been regrouped and rearranged, wherever necessary.
14. Balance Sheet Abstract and General Profile of the Company is enclosed herewith.

**For D.C. SURANA & ASSOCIATES.
CHARTERED ACCOUNTANTS.**

Sd/-
D. C. Surana
(Proprietor)
M.No. 100-34074
F.R.No.115961W

Sd/-
R S Lahoti
(Director)

Sd/-
R A Lahoti
(Director)

Place : Mumbai
Date : 3rd September, 2010

15. Additional information Pursuant to part IV of Schedule VI to the Companies Act, 1956.

I. <u>Registration Details</u>	
Registration number	11-81857
State Code No.	11
Balance Sheet Date	31.03.2010
II. <u>Capital Raised During the year</u> (Rs. in Thousands)	
Public Issue (Issue through the Prospectus)	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement(Firm allotment to the promoters and Their associates)	NIL
II. <u>Position of Mobilisation & Deployment of Funds</u>	
Total Liabilities	49374
Total Assets	49374
SOURCE OF FUNDS	
Paid up Capital	40456
Reserve & Surplus	----
Secured Loans	----
Unsecured Loans	5547
APPLICATION OF FUNDS :	
Net Fixed Assets	2063
Investment	4100
Net Current Assets	9793
Misc. Expenditure	
Accumulated losses	30047
IV. <u>Performance of Company</u>	
Turnover	2403
Total Expenditure	2359
Profit/(loss) before tax	44
Profit/(loss) after Tax	--
Earnings per share (in Rs.)	
Divided Rate %	Nil
V. <u>Generic Name of Principal Product of Company</u>	

(As per Monetary Terms) : Not applicable
 Item code no. and Product Description :

Manufacturer of turnkey projects of Solvent Extraction plants, Castor Oil Plants, Edible Oil plants, Oil Refinery Plants, Vanaspati Plants, and Dairy & food Processing Plants, Chemical/Petrochemical, Pharmaceutical Plants etc. Distilleries & its all type of equipment's, Accessories, Spare parts & Components.

Signature to Schedule '1' to '18' as per our report of even date

**For D.C. SURANA & ASSOCIATES
 CHARTERED ACCOUNTANTS.**

Sd/-
 D. C. Surana
 (Proprietor)
 M.No. 100-34074
 F.R.No.115961W
 Place : Mumbai
 Date : 3rd September, 2010

Sd/-
 R S Lahoti
 (Mg. Director)

Sd/-
 R A Lahoti
 (Director)

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Servotech Engineering Industries Limited is a professionally managed company, which believes in Corporate Culture, which is possible only by executing the Corporate Governance in true and efficient manner. Servotech Engineering Industries Limited is maintaining good relations with all stakeholders.

Servotech Engineering Industries Limited has a good personnel policy for its employees. Apart from good remuneration, salaries and other facilities, the Company provides pleasant work atmosphere to its employees. The role of each and every employee is well defined in the hierarchy.

For investors' grievances, the Company has established one investor grievances cell which efficiently resolves the problems and queries of the investors of the Company.

Hence, it can be observed that the company has been functioning in a most transparent and fair manner with all its stakeholders i.e. investors, customers, employees, government and Servotech Engineering Industries Limited has a unique distinction of servicing to its stakeholders.

BOARD OF DIRECTORS

During the year under review, 5 Board Meeting were held on 21.04.2009, 09.07.2009, 03.09.2009, 04.10.2009, and 28.01.2010. The composition of the Board, attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting, number of Directorships and memberships / chairmanships in public companies (including the Company) are given below:-

Name of the Director	Category	FY 2009 - 10 Attendance at		No. of Directorships	Committee positions Member Chairman
		Board Meetings	Last AGM		
Mr. Ramawtar Lahoti	Promoter	5	Yes	1	-
Mr. Radheshyam Lahoti	Promoter	5	Yes	2	1
Mr. Prakash G Jain	Independent Director	5	-	-	1
Mr. Rohit Talakchand Doshi	Independent Director	5	Yes	3	1

As may be seen from the above details, the Board of the Company comprises of all Non-Executive Directors only.

In addition to the matters which statutorily required Board's approval, as required by Corporate Laws and other statutory laws, the following matters are regularly placed before the Board:-

- Minutes of Audit Committee Meetings, Remuneration committee Meetings and other committee meetings.
- Recruitment and Remuneration of senior executives below the Board level.
- Disclosure of material regarding related party transactions, if any, with potential for conflict of interest.
- Quarterly details of finance and risk management strategies.
- Compliance with Regulatory and Statutory requirements including listing requirement and shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important.

Information on Directors Re-appointment / Appointments

A brief detail of Director being re-appointed / appointed at the ensuing Annual General Meeting, the nature of their expertise in specific functional areas are furnished hereunder:

Mr. Radheshyam Lahoti & Mr. Prakash G Jain retire by rotation at the forthcoming Annual General Meeting. Mr. Radheshyam Lahoti & Mr. Prakash G Jain have offered themselves for reappointment.

AUDIT COMMITTEE

The Audit Committee of Directors constituted by the Board of Directors of the Company comprises of two non-executive independent directors and one non-executive director. The broad terms of reference of the Audit Committee include review of the Company's financial reporting process, the financial statements and financial/risk management policies, review of the adequacy of the internal control systems and functioning of the Internal Audit team, discussions with the management and the external auditors, the audit plan for the financial year and any Changes in accounting policies and practices.

During the year under review, 5 Audit Committee Meetings were held on 21.04.2009, 09.07.2009, 03.09.2009, 04.10.2009, and 28.01.2010. The composition of the Audit Committee and attendance at its meetings is given hereunder:-

Name of Director	Composition of the Audit Committee	No. Meeting Attended
Mr. Rohit Doshi	Chairman	5
Mr. Radheshyam Lahoti	Member	5
Mr. Prakash G Jain	Member	5

The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

MANAGERIAL REMUNERATION

a. Remuneration committee

The Remuneration committee being non – mandatory requirement has not been formed by the company.

INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee of the Board comprises of Mr. Rohit Talakchand Doshi, Chairman of the Committee, Mr. R S Lahoti and Mr. Prakash G Jain.

Name, Designation and address of Compliance Officer

Mr. Radheshyam Lahoti
 Servotech Engineering Industries Limited
 203, Chartered House,
 Dr.C.H.Street, New Marine lines,
 Mumbai – 400 002.
 E-mail: info@servotech-india.com

The Committee consists of non-executive directors. The Committee is chaired by a non-executive director. This Committee looks into transfer and transmission of shares / debentures bonds etc., issue of duplicate share certificates, consolidation and subdivision of shares and investors grievance. This committee particularly looks into the Investors Grievances and oversees the performance of the Share Department and to ensure prompt and efficient investors services. Since there were no transfer and transmission of shares, issue of duplicate share certificates, consolidation and subdivision of shares, no meeting of the Committee was held during the year 2009-10.

No members' complaints/queries were received during the period under review and no complaints/ queries were pending as on March 31, 2010.

GENERAL BODY MEETINGS

➤ Location and time of Last Three Annual General Meetings:

Year	Type	Date of AGM	Venue	Time
2008-2009	AGM	September 29, 2009	203,CharteredHouse, DR.C.H.Street, New Marine Lines, Mumbai-400002	11.00 am
2007-2008	AGM	September 29, 2008	203,CharteredHouse, DR.C.H.Street, New Marine Lines, Mumbai-400002	11.00 am
2006-2007	AGM	November 23, 2007	203,CharteredHouse, DR.C.H.Street, New Marine Lines, Mumbai-400002	11.00 am

➤ OTHER DISCLOSURES

- During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with its promoter, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.
- The Company has not complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years.

MEANS OF COMMUNICATIONS

Quarterly and half yearly results	Published in English & Regional News Paper
Any website, where displayed	Nil
Whether it also displays official news releases; and the presentations made to institutional investors or to the analysts	Yes.

GENERAL INFORMATION FOR MEMBERS

Annual General Meeting:

- Date and Time : September 29, 2010 at 11.00 a.m.
- Venue : 203, Chartered House, DR.C.H.Street,
New Marine Lines, Mumbai-400002.
Maharashtra

Dividend Payment Date: The Board has not recommended a dividend for the financial year, 2009-2010.

Date of Book Closure : 23th September, 2010 to 30th September, 2010 (inclusive both days).

Financial Calendar : Financial reporting for the quarter ending September 30, 2010 - End October 2010
Financial reporting for the quarter ending December 31, 2010- End January, 2011
Financial reporting for the quarter ending March 31, 2011- End April 2011
Financial reporting for the quarter ending June 30, 2011- End July 2011

➤ **Listing:**

The Stock Exchanges on which the Company's securities are listed and the Company's Stock Code is given below:

The Bombay Stock Exchange,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 531944

➤ **Market Information:**

The trading in the shares of the Company has been suspended by BSE. Therefore, Market Price data – monthly high/low and trading volumes during the last financial year on the BSE /depicting liquidity of the Company's Ordinary Shares on the said exchange are not available.

Registrar and Transfer Agents:

Members are requested to correspond with the Company's Registrar & Transfer Agents – System Support Services, at the following addresses:

System Support Services
89, Andheri-Kurla Road,
Next to Logitech Park,
Above McDonalds,
Sakinaka, Andheri (E).
Tel No. 28500835
Mumbai - 400072

➤ **Share Transfer system:**

Shares lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respect. All requests for dematerialisation of shares are processed and the confirmation is usually given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares. Grievance received from Members and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 30 days.

➤ **Shareholding Pattern as on March 31, 2010:**

Category	As on March 31, 2010	
	No. of Shares	%
Individuals	3512900	68.46
Companies, Mutual Funds & Trusts	1308400	25.50
Directors and relatives	85100	1.66
NRIs & Foreign Companies	25000	0.49
Government & Public Financial Institutions	200000	3.90
Clearing Members	Nil	Nil

Address for Correspondence:

Servotech Engineering Industries Limited
203, Chartered House,
Dr.C.H.Street, New Marine lines,
Mumbai – 400 002.
E-mail: info@servotech-india.com

For and on behalf of the Board of Directors

Sd/-
R. S. Lahoti.
Managing Director

Place: Mumbai.

Date: 03rd September, 2010

CERTIFICATION BY MANAGING DIRECTOR:

I, Radheshyam Lahoti, Chairman & Managing Director of M/s. Servotech Engineering Industries Ltd., to the best of our knowledge and belief, certify that:

- a. We have reviewed the balance sheet and profit and loss account and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
- b. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
- c. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
- d. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- e. We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or purpose to take steps to rectify these deficiencies.
- f. We have indicated, wherever applicable, to the Auditors and the Audit Committee:
 - i. Significant changes in Internal Control over financial reporting during the period; and
 - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement;

For SERVOTECH ENGINEERING INDUSTRIES LTD.

Sd/-
Chairman & Managing Director

Place: Mumbai
Date: 03/09/2010

DECLARATION

As per Clause 49 of the Listing Agreement with the Stock Exchange, this is to confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of the Company for the financial Year 2009-10.

For SERVOTECH ENGINEERING INDUSTRIES LTD.

Sd/-
Chairman & Managing Director

Place: Mumbai
Date: 03/09/2010

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Board of Directors,
Servotech Engineering Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Servotech Engineering Industries Limited ("the Company") for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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 explanation given to us, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated in the above mentioned List Agreement.

We state that no investor grievance is pending for a period exceeding one month as per the records maintained by the Share Transfer and investor grievance committee.

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

FOR D.C. SURANA & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : 03/09/2010

Sd/-
(Proprietor)
M.No.100-34074
F.R.NO. 115961W

SERVOTECH ENGINEERING INDUSTRIES LTD.

Regd. Office : 203 Chartered House, Dr. C. H. Street, New Marinelines Mumbai – 400 002.

ATTENDENCE SLIP

To be handed over at the meeting hall.

Name of the Shareholder (IN BLOCK LETTERS)
Member's Folio Number
Name of the Proxy (In block Letters) to be filled if the Proxy attends instead of the member.....
No. of Shares Held.

I hereby record my presence at the 14th Annual General Meeting held at 203, Chartered House, Dr. C. H. Street, New Marinelines, Mumbai – 400 002. on Saturday 29th September, 2010 at 10.00 A.M.

Member's Proxy's Signature

NOTES :

- 1. To be signed at the time of handing over this slip
- 2. Shareholders are requested to advise, indicating their folio numbers, the change in their address if any to the company.

SERVOTECH ENGINEERING INDUSTRIES LTD.

Regd. Office : 203 Chartered House, Dr. C. H. Street, New Marinelines Mumbai – 400 002.

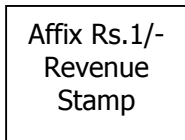
PROXY SLIP

Member's Folio Number

I/We
Of.....
Being a member/members of the above named Company, hereby appoint.....
Of
Or falling him
As my / our proxy to attend and vote for me/us on my/ our behalf at the 14th Annual General meeting of the Company to be held at 203, Chartered House, Dr. C. H. Street, New Marinelines, Mumbai – 400 002. on Saturday, 29th September, 2010 at 4.00 P.M.

Signed.....

Date.....



NOTE :

- 1. The instrument of Proxy form shall be deposited at the registered office of the Company not less than 48 Hours before the holding of the meeting.
- 2. The form should be signed across the stamp as per specification signature registered with the company
- 3. A Proxy need not be a Member.