



**SER
INDUSTRIES
LIMITED**

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43rd ANNUAL REPORT

2005-2006



BOARD OF DIRECTORS

Sri Narendra Goel
Sri G P Goyal
Sri V G Rangnekar
Sri Jayant Mitra

AUDITORS

M/s. G. V. Sunder and Company,
Chartered Accountants,
3/5, IV Floor, Tower Block, Unity Buildings,
J. C. Road, Bangalore - 560 002.
Ph. 080 22275160

BANKERS

Bank of Maharashtra,
Nariman Point,
Mumbai - 400021.

ICICI Bank Limited
CA 2 P1, Bidadi Industrial Area,
Near Toyota Kirloskar Motors Pvt. Ltd.
Ramanagara Taluk,
Bangalore - 562 109.

REGISTERED OFFICE

Chikkakuntanahalli Village,
Bidadi Hobli,
Ramanagara Taluk,
Bangalore- 562 109.
Ph. 080 27280314

CORPORATE OFFICE

107-108, Mittal Chambers, Nariman point,
Mumbai- 400 021, Ph. 022 22813137/8

REGISTRAR AND SHARE TRANSFER AGENT

TSR Darashaw Limited (formerly Tata Share Registry Limited)
Army and Navy Building,
148, M G Road, Fort,
Mumbai-400 001. Ph. 022 6656 8484

43rd Annual Report**NOTICE**

Notice is hereby given that the Forty third Annual General Meeting of the Members of SER Industries Limited will be held at Registered Office of the Company at Chikkakuntanahalli Village, Bidadi Hobli, Ramanagara Taluk, Bangalore- 562 109 on Wednesday, September 27, 2006 at 11:30 AM to transact the following business: -

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jayant Mitra, who retires by rotation and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. G.P. Goyal, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Notes:

- i) A member entitled to attend and vote is entitled to appoint a Proxy or Proxies to attend and vote instead of himself and a Proxy need not be member. Proxies in order to be effective must be received by the company not less than 48 hours before the time of holding the meeting.
- ii) The Register of Members and Share Transfer Books will remain closed from September 19, 2006 to September 27, 2006, both days inclusive in connection with Annual General Meeting.
- iii) Members are requested to notify change in their address, if any, to the Company's Registrar and Share Transfer Agent, M/s TSR Darashaw Limited Army and Navy Building, 148, M G Road, Fort, Mumbai - 400 001.
- iv) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business is annexed hereto.
- v) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.

For and on behalf of the Board

Place: Bangalore

Date: 31.07.2006

NARENDRA GOEL
Chairman

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DIRECTOR'S REPORT

Your directors take great pleasure in bringing you this report for the financial year 2005-2006

Financial Highlights:

(Rs. In lakhs)

| Year ended March 31 | 2006 | 2005 |
|--------------------------------------|--------|--------|
| Turnover | 582.09 | 519.37 |
| Other income | 29.01 | 28.60 |
| Profit before Depreciation | 11.49 | 12.24 |
| Depreciation | 4.69 | 5.18 |
| Profit before tax | 6.80 | 7.06 |
| Provision for tax (Current-Deferred) | -0.20 | 0.55 |
| Profit after tax | 7.00 | 6.51 |

Performance

Your company has registered a total revenue of Rs.582.09 lakhs and net profit of Rs.7.00 Lakhs during the period under review. No dividend has been declared during the year.

Directors

Mr. Jayant Mitra and Mr. G.P. Goyal will retire at the ensuing Annual General Meeting and are eligible for reappointment. Notices have been received from members, pursuant to Section 257 of the Companies Act, 1956 proposing the reappointment of Mr. Jayant Mitra and Mr. G.P. Goyal

Mr. K.P. Pandey and Mr. Vijay Kumar, Directors of the company were resigned as Directors as on 28.12.2005

Auditors

M/s G V Sunder and Company, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment. The retiring Auditors have furnished a certificate of their eligibility for reappointment under section 224 (1B) of the Companies Act, 1956 and have indicated their willingness to continue.

The Auditors have continued to report that the company has not made any provision for diminution in the value of investments in equity shares in Haryana Steel & Alloys Limited amounting to Rs.28.00 lakhs and your company is taking necessary measures in this regard.

The auditors have also reported that no-provision has been made for gratuity liability amounting to Rs. 2,94,255/-. This matter will be taken up in the forthcoming Board Meeting to Consider providing such provision.

Your Company is taking necessary steps to strengthen the Internal Audit and internal control systems.

Dematerialization of shares

61.89% of the total shares of the Company have been dematerialized as on 31.03.2006. Members holding shares in physical form are advised to dematerialize their shares to trade and hold the equity shares in electronic form. The Equity shares of your Company are continued to be listed on Stock Exchange- Mumbai, Bangalore Stock Exchange and Calcutta Stock Exchange Association Limited.

Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange Earnings and Outgo:

The particulars prescribed under clause (e) of sub-section (1) of Section 217 of the Indian Companies Act, 1956 read with the Companies (Disclosure of particulars in Report of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure A of this Report.

Employee Particulars in terms of Section 217(2A) of Indian Companies Act, 1956:

As there were no employees drawing remuneration more than the limit prescribed under sub-section 2 (A) of Section 217 of Indian companies Act, 1956 and the Companies (particulars of Employees) Rules, 1975 as amended from time to time, statement under section 217(2A) is not annexed.

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Secretarial Compliance Certificate:

A secretarial Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is attached as Annexure B.

Directors Responsibility Statement:

Your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material department.
- ii) That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That they had prepared the annual accounts on a going concern basis.

Acknowledgments:

Your Directors thank all customers, dealers, suppliers, financial institutions, bankers, members and others connected with the business of the Company for their cooperation. Your Directors thank all the employees for their teamwork, commitment and support.

For and on behalf of the Board of Directors

Place: Bangalore
Date: 31.07.2006

Narendra Goel
Director

V.G. Ranganekar
Director

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Annexure A

Particulars furnished pursuant to Companies (Disclosure of particulars in Report of Particulars in Report of Board of Directors) Rules, 1988.

- A. Conservation of Energy:** The Company is not a manufacturing company and hence details in respect of the above are not applicable.
- B. Research and Development:** The Company has not undertaken any R & D activity in any specific area during the year under review and hence no cost has been incurred towards the same.
- C. Technology absorption:** Nil.
- D. Foreign Exchange Earning:** Rs. Nil
Foreign Exchange outgo: Rs. Nil

Annexure B

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company- 4604

Authorized Capital: 6,00,00,000

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To the Members
SER Industries Limited
Chikkakuntanahalli Village,
Bidadi Hobli
Ramanagara Taluk, Bangalore- 562 109

I have examined the registers, records, books and papers of SER Industries Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period ended March 31, 2006. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met five times on 29.4.2005, 22.7.2005, 31.10.2005, 28.12.2005 and 27.01.2006 in respect of which meetings proper notices were given and proceedings were properly recorded and signed including the circular resolution passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members and Share Transfer Books from 19.09.2006 to 27.09.2006 (both days inclusive)
6. The Annual General Meeting for the financial year ended on 31.03.2005 was held on 15.09.2005 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its Directors or persons or firms or companies referred under section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling under the preview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has issued thirty duplicate share certificates during the year & has duly complied with the provisions of section 84 (2) of the Act.
13. The Company has:
 - a. delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
 - b. has not declared any dividend including interim dividend during the financial year.
 - c. The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - d. has transferred Rs. 67,900/- in unpaid dividend account which has remained unclaimed or unpaid for a period of seven year to Investor Education and Protection Fund on 30.12.2005 and has not transferred any other amount in application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven year to Investor Education and Protection fund during the financial year.
 - e. duly complied with the requirements of Section 217 of the Act.

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14. The Board of Directors of the Company is duly constituted and no appointment of additional Director during the year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. No approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act are necessary to be taken during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any fixed deposit including any unsecured loan falling within the provisions of Section 58 A of the Companies Act.
24. The Company borrowings made during the financial year are within the provisions of Section 293 (1) (d) of the Act.
25. The Company has not made any loan or advances or given guarantee or provided securities to other bodies corporate and consequently no entry has been made in the register kept for the purpose.
26. The Company has not altered the provisions of memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment has been imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the year under certificate.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Bangalore
Date : 31.07.2006

Name of the Practising Company
Secretary : Sumana Rao
C P No : 4854

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Annexure- A

Registers as maintained by the Company:

| Sl. No. | Section Number | Name of the Register |
|---------|----------------|---|
| 1. | 108 | Share Transfer Register |
| 2. | 150 | Register of Members |
| 3. | 163 | File regarding copies of Annual Returns |
| 4. | 193 | Minutes of all meetings of Board of Directors |
| 5. | 193(1) | Minutes of General Meeting |
| 6. | 299 | Disclosure of interest |
| 7. | 301 | Register of Contracts |
| 8. | 303 | Register of Directors |
| 9. | 307 | Register of Directors shareholding |
| 10. | 372(6) | Register of investments. |
| 11. | - | Board Meeting attendance register |
| 12. | - | General Meeting attendance register |

Annexure- B

Returns/Documents/Forms filed with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2006.

REGISTRAR OF COMPANIES

| Sl. No. | Section | Description | Date of Filing | Whether filed in prescribed Time | If delay in filing whether Additional Fee paid |
|---------|---------|---------------------------------------|----------------|----------------------------------|--|
| 1 | 220(1) | Balance sheet made upto 31.3.2005 | 14.10.2005 | Yes | Nil |
| 2 | 383A | Secretarial compliance report | 14.10.2005 | Yes | Nil |
| 3 | 159(1) | Schedule V made up to 15.9.2005 | 14.10.2005 | Yes | Nil |
| 4 | | Transfer to Investors protection fund | 30.12.2005 | Yes | Nil |

REGIONAL DIRECTOR
NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES
NIL

OTHER AUTHORITIES
NIL

Place: Bangalore
Date : 31.07.2006

Name of the Practising Company
Secretary : Sumana Rao
C P No. : 4854