



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



SARTHAK INDUSTRIES LIMITED

24th Annual Report
2007-2008

Sarthak Industries Limited

BOARD OF DIRECTORS	: Shri V.K. Gupta Executive Director
	Shri Udesb Dassani Director
	Shri Vijay Rathi Director
COMPANY SECRETARY	: Shri Amrish Kumar Chourasia
BANKERS	: State Bank of Indore Punjab National Bank
REGISTERED OFFICE	: 205, Tulsiani Chambers Nariman Point, MUMBAI - 400021
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.)

CONTENTS	
NOTICE TO THE MEMBERS	01
DIRECTOR'S REPORT	03
MANAGEMENT DISCUSSION & ANALYSIS REPORT	06
CORPORATE GOVERNANCE REPORT	08
AUDITOR'S REPORT	12
BALANCE SHEET	15
PROFIT & LOSS ACCOUNT	16
SCHEDULES	17
ADDITIONAL INFORMATION	31
CASH FLOW STATEMENT	32

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of Sarthak Industries Limited will be held at 205, Tulsiani Chambers, Nariman Point, Mumbai -400 021 on Tuesday the 30th of September, 2008 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended 31st March, 2008 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Udesb 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.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force) the members of the Company hereby accords their approval to the re-appointment of Shri V.K.Gupta as the Executive Director of the Company for a period of 5 years with effect from 2nd January,2008 on the terms and conditions including those of remuneration as approved by the Board of Directors and set out in the draft agreement, copy whereof is placed before the meeting.

RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of appointment of Shri V.K.Gupta including remuneration payable to him in accordance with the provisions of Schedule XIII of the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed to by Shri V.K.Gupta.

RESOLVED FURTHER THAT the Board of Directors of the Company and /or any other person authorised by the Board in this regard be and is hereby severally authorised to do all such acts and things as may be necessary, desirable or expedient for giving effect to this resolution."

Regd. Office:
205, Tulsiani Chambers,
Nariman Point
Mumbai-400021

By order of the Board of Directors

Place :Indore
Dated: 4th September, 2008

(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 16th October, 2008 to 17th October 2008 (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.

ANNEXURE TO NOTICE

ITEM NO. 4

Explanatory Statement to Special Business pursuant to Section 173(2) of The Companies Act, 1956)

The Board of Directors of the Company feels that under the initiative and directions of Shri V.K.Gupta, the Company has attained its present position in the industry. His devotion, vision, skill and management are essential for the growth of the Company. Hence, the Board of Directors have re-appointed Shri V.K.Gupta as Executive Director of the Company for a further period of 5 years with effect from 2nd January, 2008 subject to the approval of members on the remuneration mentioned below:

- Salary Rs.19,000/- per month with an annual increment as may be decided by the Board of Directors / Remuneration committee from time to time, subject to maximum annual increment of Rs.5000/- per month.
- House Rent allowance: Rs.3000/- per month.
- Conveyance allowance: Rs.2400/- per month.
- Other allowance: Rs.600/- per month.
- Provident Fund: Company's contribution towards provident fund as per the rules of the Company for the time being in force.
- Medical Reimbursement: Reimbursement of expenses incurred for self and family subject to the ceiling of 6 months salary in a year.
- Leave Travel Concession: Reimbursement of expenses incurred for self and family once in a year in accordance with the rules of the Company.
- Bonus, Gratuity & Leave Encashment: As per rules of the Company and subject to provisions of respective statutory enactment.

So long as he functions, as Executive Director he shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof from the date of his re-appointment

The re-appointment of Shri V.K.Gupta, as Executive Director of the Company is in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

According to the provisions of Schedule XIII to the Companies Act, 1956, the re-appointment requires approval of the members of the Company. The explanatory statement together with the accompanying notice should be treated as an abstract of the variation of contract of appointment of Executive Director. The Board of Directors recommends the proposed resolution for your approval.

None of the Directors of the Company Except Shri V.K.Gupta is concerned or interested in the said resolution.

Regd. Office:

205, Tulsiani Chambers,
Nariman Point
Mumbai-400021

By order of the Board of Directors

Place: Indore

Dated: 4th September, 2008

(V.K.GUPTA)
Executive Director

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting Twenty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs.in Lacs)

Particulars	2007-08	2006-07
Sales and other Income	6138.82	3102.95
Gross Profit	112.18	96.12
Depreciation	30.60	23.92
Profit before tax	81.58	72.20
Provision for Taxation for the year	7.04	(3.60)
Profit after Taxation	88.62	68.60
Balance brought forward from previous year	437.90	369.30
Amount available for appropriation	526.51	437.90
APPROPRIATION		
Amount Carried to Balance sheet	526.51	437.90

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. 6138.82 Lacs showing a Increasing trend over the previous year. However profitability is increased and Profit before tax was Rs. 81.58 Lacs as compared to previous year figure of Rs. 72.20 Lacs. Profit after tax increased to Rs. 88.62 Lacs from previous year figure of Rs. 68.60 Lacs.

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.

Place : Indore

Dated : 4th September, 2008

By order of the Board of Directors

(V.K.GUPTA)

Executive Director

ANNEXURE TO DIRECTOR'S 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 Director's) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2008.

S.No.	Particulars	Current Year 2007-08	Previous Year 2006-07
1.	CONSERVATION OF ENERGY		
A	Power & Fuel Consumption		
1.	Electricity		
a.	Units Purchased	5,49,440	4,82,207
	Total Amount (Rs.)	29,74,918	30,23,270
	Rate Per Unit (Rs.)	5.41	6.27
b.	Own Generation	N.A.	N.A.
2.	Coal	Nil	Nil
3.	Furnace Oil		
	Quantity in Ltrs.	89,266	71,968
	Total Cost (Rs.)	18,26,849	13,21,226
	Rate Per Unit (Rs.)	20.47	18.36
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)	5.20	4.80
	Coal (MT)	Nil	Nil
	Furnace Oil (Ltrs.)	0.84	0.72
	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. Nil (Pre. Year Rs. 33,607) and the foreign exchange earning on exports was Rs. 30,43,890 (Pre. Year Rs. 8,23,112).		

For and on behalf of the Board of Directors

Place : Indore
Date : 4th September, 2008

V.K.GUPTA
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

General Economic Environment

The year 2007-08 has seen an annual growth rate in Gross Domestic Product of around 9%, rising foreign exchange reserves and increase in Foreign Direct Investment inflow. With such fundamental strength, the Country has emerged as one of the fastest growing major economies in the world.

Although in 2007-08, overall industrial production grew by around 8%; the primary driver of economic growth was the services sector which grew by 10.4% during 2007-08 riding on the back of 11.4% growth during the previous year.

The year 2008-09 has, however, started with certain concerns like: possible impact of slow-down witnessed in the USA and Europe, crisis in global financial market, fluctuation in crude oil price, fluctuation in exchange rate of Indian Rupee vis-à-vis major foreign currencies and high cost of domestic fund arising out of the sustained high inflation rate. The Government has initiated several counter measures to improve the position including reduction of import duties for some food items, prohibiting futures trading in certain commodities, imposing liquidity norms for banks and implementing duty rationalization to cushion inordinate rise in price of crude oil which is now showing signs of tapering off. As of now, the general outlook has been quite competitive for the country in general and business in particular.

The business activities of your Company are as under:-

LPG Cylinder business:

As far as our company is concerned, there was some major improvement in the LPG Cylinder manufacturing business as compared to the last year. In the previous years many vendors have failed to supply cylinders at the tender price due to financial crisis, increase in cost of raw materials, etc., that situation has resulted in exit of many players out of market. However, we stood in the market due to our financial strength and by doing the repairs work. In view of all these factors, the performance of the LPG Cylinder unit of the company can be considered satisfactory.

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 13 to the audited accounts of the Company as available in this Annual Report.

Outlook

During 2007-08, the steel industry around the globe faced pressure on margins arising from cost increases in iron ore and coking coal. For the most part, these increases were absorbed by the market through increase in steel price. Escalation in input costs, especially steel and paint has often resulted in less than commensurate product price adjustments. Since the company is having clean track record of supplies and performance, it is expected that the Company will be benefited in future

The company has been able to get orders for the manufacturing of 1.50 lacs cylinders in good price. Also the Company is expecting huge repair orders for old cylinders.

Sarthak Industries Limited

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 2007-2008:

Summarized Profit and Loss Account:

Particulars	(Rs.in Lacs)	
	2007-08	2006-07
Sales and other Income	6138.82	3102.95
Gross Profit	112.18	96.12
Depreciation	30.60	23.92
Profit before tax	81.58	72.20
Provision for Taxation for the year	7.04	(3.60)
Profit after Taxation	88.62	68.60
Balance brought forward from previous year	437.90	369.30
Amount available for appropriation	526.51	437.90
APPROPRIATION		
Amount Carried to Balance sheet	526.51	437.90

Revenue:

Sales and other income of the Company stood at Rs. 6138.82 Lacs showing an Increasing trend over the previous year. However profitability is increased and Profit before tax was Rs. 81.58 Lacs as compared to previous year figure of Rs. 72.20 Lacs. Profit after tax increased to Rs. 88.62 Lacs from previous year figure of Rs. 68.60 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 Positions held in other Public Limited Companies		
		Board	Last AGM	Directorship	Committee Chairmanship	Committee Membership
Shri V.K. Gupta Executive Director	Executive Director	6	Yes	—	—	—
Shri Vijay Rathi Director	Independent Director	4	Yes	—	—	—
Shri Udesb Dassani Director	Independent Director	5	Yes	—	—	—

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

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.

Shri Udesb Dassani, holding Fellow Membership of The Institute of Chartered Accountants of India, is presently practicing as a Chartered Accountant and is Bachelor of Law also. He is not on the Board of any public limited company.

BOARD PROCEDURE:

During the financial year 2007-08, the board of directors met on the following dates: 17th April, 2007, 30th April, 2007, 31st July 2007, 3rd September, 2007, 21st October, 2007, 31st October, 2007, 31st January 2008. The gap between two meetings did not exceed three 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.

Sarthak Industries Limited

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 Udesb Dassani and Shri V.K. Gupta. The compliance officer is secretary of the committee. The committee met on the following dates: 30th April, 2007, 31st July 2007, 3rd September, 2007, 31st October, 2007, 31st January 2008. Shri Udesb 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 2007-08 are as under:

Name	Designation	Salary & Allowances	Provident Fund Other benefit	Total
Shri V.K. Gupta	Executive Director	3,18,992	96,072	4,15,064

As on 31st March 2008, 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 Vijay Agarwal

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 2007-08. All valid share transfers received during the year 2007-08 have been acted upon by the company and as on 31st March, 2008 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
2004-2005	706, Tulsiani Chambers, Nariman Point, Mumbai	28/9/2005	4.00 p.m.
2005-2006	518-B, Dalamal Tower, Nariman Point, Mumbai-400 021	30/9/2006	3.00 p.m.
2006-2007	205, Tulsiani Chamber, Nariman Point, Mumbai	28/9/2007	3.00 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, 2008 at 4.00 p.m.

205, Tulsiani Chambers,
Nariman Point, Mumbai

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:

16th October, 2008 to 17th October, 2008

(Both days inclusive)

Listing on Stock Exchanges at:

The Stock Exchange, Mumbai. (Stock Code 531930)

Madhya Pradesh Stock Exchange Ltd.

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

INE074 H01012

Sarthak Industries Limited

Market Price Data: The companies shares were not traded at any of the stock exchange during the financial year 2007-08.

Distribution of Equity Shareholding and its pattern as on 31st March, 2008

Distribution of Equity Shareholding				Shareholding Pattern		
Share Class	No. of Holders	Equity Shares		Category	No. of Shares	Shareholding %
		Share held	Shareholding %			
Up to 500	382	185400	3.33	Promoters	2788300	50.07
501-1000	177	150100	2.70	Domestic	925700	16.62
1001-2000	7	10000	0.18	Corporate Bodies		
2001-3000	5	12600	0.23	Indian Public	877110	15.75
3001-4000	4	14200	0.25	NRI/OCBs/FIIs	977740	17.56
4001-5000	3	14150	0.25			
5001-10000	2	14260	0.26			
Above 10001	29	5168140	92.80			
Total	609	5568850	100	Total	5568850	100

Registrar and Share Transfer 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, 2008 out of 5568850 equity shares of Rs. 10/- each, 81500 equity shares which is 1.46% of total equity are now held in electric form.

Address for correspondence

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

Plant Locations

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

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, 2008 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

Place : Indore

Date : 4th September, 2008

CA AVINASH BAXI
(Partner)

AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of SARTHAK INDUSTRIES LIMITED as at 31st March, 2008, 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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 read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with 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, 2008 :
 - 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

CA AVINASH BAXI

Partner

Membership No. 79722

Place : Indore

Date : 4th September, 2008

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 responsible 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 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 use, 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 the clauses (iii) (b), (c) and (d) of the Order, are not applicable.
(b) According to information and explanation given to use, 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 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, 2008 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 dispute dues	Period of which the amount relates	Amount in Rupees	Forum where dispute are pending
Bombay Sales Tax Act, 1959	Sales Tax	1998-99	9,98,913	Maha. Sales Tax Tribunal Mumbai
Bombay Sales Tax Act, 1959	Sales Tax	2001-02	92,31,996	Asst. Commissioner of Sales Tax
Bombay Sales Tax Act, 1959	Sales Tax	2002-03	1,86,31,908	Dy. Commissioner of Sales Tax (Appeal)

- X) The company has not accumulated losses as at 31st March, 2008 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 issue 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, the Company has dealing in or trading in shares and other securities. Company has maintained proper records of the transactions and contracts and timely entries have been made therein. Shares and other securities are held in the name of company. However company has no dealing in or trading in debentures and other investments.
- 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 where of 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 debentures.
- 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

Place : Indore
Date : 4th September, 2008

CA AVINASH BAXI
Partner
Membership No. 79722

BALANCE SHEET AS AT 31ST MARCH, 2008

		SCHEDULE	AS AT 31 ST MARCH, 2008 RUPEES	AS AT 31 ST MARCH, 2007 RUPEES
SOURCES OF FUNDS :				
1.	SHARE HOLDERS FUNDS			
a)	Equity Share Capital	A	5,56,88,500	5,56,88,500
b)	Reserves & Surplus	B	6,34,68,222	5,46,07,192
2.	LOAN FUNDS			
a)	Secured Loans	C	4,43,93,975	2,11,09,320
b)	Unsecured Loans	D	2,83,66,168	3,03,42,278
3.	DEFERRED TAX LIABILITY-NET		12,53,676	26,46,021
		TOTAL	<u>19,31,70,541</u>	<u>16,43,93,311</u>
APPLICATION OF FUNDS :				
1.	FIXED ASSETS	E		
a)	Gross Block		5,92,74,227	9,90,90,375
b)	Less : Depreciation		3,13,94,946	3,03,16,940
c)	Net Block		<u>2,78,79,281</u>	<u>6,87,73,435</u>
d)	Capital Work in Progress		<u>2,19,776</u>	<u>2,19,776</u>
			2,80,99,057	6,89,93,211
2.	INVESTMENTS	F	3,92,11,546	6,00,43,258
	CURRENT ASSETS LOANS & ADVANCES	G		
a)	Inventories		5,39,08,813	1,62,58,171
b)	Sundry Debtors		51,69,27,680	4,45,76,182
c)	Cash & Bank Balances		57,07,546	71,58,240
d)	Loans & Advances		10,04,14,808	11,77,22,094
			<u>67,69,58,847</u>	<u>18,57,14,687</u>
	LESS:CURRENT LIABILITES & PROVISIONS	H	<u>55,10,98,909</u>	15,03,57,845
	Net Current Assets		12,58,59,938	3,53,56,842
		TOTAL	<u>19,31,70,541</u>	<u>16,43,93,311</u>
ACCOUNTING POLICIES & NOTES TO ACCOUNTS		O		

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, 2008

Place : Indore

AMRISH KUMAR CHOURASIA

Company Secretary

V.K.GUPTA
Executive Director

UDESH DASSANI

Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

		SCHEDULE	2007-2008 RUPEES	2006-2007 RUPEES
I.	INCOME			
	Sales and Services	I	60,55,26,394	29,50,27,626
	Other Incomes	J	83,56,009	1,52,67,858
	Increase/(Decrease) in stocks	K	4,87,365	29,07,906
		TOTAL "I"	<u>61,43,69,768</u>	<u>31,32,03,390</u>
II.	EXPENDITURE			
	Materials	L	56,50,74,087	27,47,73,333
	Expenses	M	3,28,62,381	2,18,69,696
	Interest and Finance Charges	N	52,15,686	69,48,475
	Depreciation	-	30,60,089	23,92,266
		TOTAL "II"	<u>60,62,12,243</u>	<u>30,59,83,770</u>
	Profit for the year (I-II)		81,57,525	72,19,620
	Provision for taxation :-			
	- Current Tax		6,00,000	7,70,000
	- Deferred Tax		13,92,345	500,349
	- Fringe Benefit Tax		84,000	90,000
	- Income Tax for Earlier Year		4,840	-
	Profit after taxation		88,61,030	68,59,969
	Balance brought forward from previous year		4,37,89,916	3,69,29,947
	Amount available for appropriation		<u>5,26,50,946</u>	<u>4,37,89,916</u>
	APPROPRIATIONS :			
	Balance carried to Balance Sheet		5,26,50,946	4,37,89,916
			<u>5,26,50,946</u>	<u>4,37,89,916</u>
	Earning per share - (Basic & Diluted)		1.59	1.20

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS O

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

For and on behalf of the Board of Directors

V.K.GUPTA
Executive Director

CA AVINASH BAXI

Partner
Membership No. 79722
Date : 4th September, 2008
Place : Indore

AMRISH KUMAR CHOURASIA
Company Secretary

UDESH DASSANI
Director

Sarthak Industries Limited**SCHEDULE "A" TO "O" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	AS AT 31 ST MARCH,2008 RUPEES	AS AT 31 ST MARCH,2007 RUPEES
<u>SCHEDULE :A: SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
10000000 Equity Share of Rs. 10 each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
5568850 Equity Shares of Rs 10 Each fully paid up	<u>5,56,88,500</u>	<u>5,56,88,500</u>
	<u>5,56,88,500</u>	<u>5,56,88,500</u>
<u>SCHEDULE :B: RESERVES & SURPLUS</u>		
A. Capital Reserves		
Since last year	45,36,358	45,36,358
B. Share Premium :-		
Since last year	46,32,310	46,32,310
C. General Reserve :-		
Since last year	16,48,608	16,48,608
D. Profit & Loss Account Balance	5,26,50,946	4,37,89,916
	<u>6,34,68,222</u>	<u>5,46,07,192</u>
<u>SCHEDULE :C: SECURED LOANS</u>		
FROM BANKS :-		
Working Capital Loans	-	9,43,180
FROM OTHERS :		
Shares	4,37,80,096	2,01,66,140
Vehicle	6,13,879	-
	<u>4,43,93,975</u>	<u>2,11,09,320</u>
NOTE :-		
1.	Working capital loan 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 assets purchased. (Installment of term loan due within next twelve month Rs. 3,02,100 (Previous year Nil)	
<u>SCHEDULE :D: UNSECURED LOANS</u>		
Indore Development Authority	2,83,66,168	3,03,42,278
	<u>2,83,66,168</u>	<u>3,03,42,278</u>

SCHEDULE ' E ' FIXED ASSETS

(Amount in Rupees)

NAME OF THE ASSETS	Gross-Block (At Cost)			Depreciation			Net-Block			
	AS AT 01 ST APRIL, 07	ADDITIONS DURING THE YEAR	DEDU- CTION AS AT 31 ST , MAR. 2008	AS AT 31 ST , MAR. 2007	UP TO 31 ST , MAR. 07	FOR THE YEAR 2007 - 08	DEP. WRITTEN BACK	UP TO 31 ST , MAR. 08	AS AT 31 ST , MAR. 2008	AS AT 31 ST , MAR. 2007
Land :										
Free Hold	29,37,342	-	-	29,37,342	-	-	-	-	29,37,342	29,37,342
Lease Hold	5,19,73,519	-	4,19,73,519	1,00,00,000	5,82,966	13,99,117	19,82,093	-	1,00,00,000	5,13,90,553
Building	77,45,043	-	-	77,45,043	55,33,605	2,21,144	-	57,54,749	19,90,294	22,11,438
Plant & Machinery	3,15,26,190	7,36,350	-	3,22,62,540	2,06,27,056	9,84,863	-	2,16,11,919	1,06,50,621	1,08,99,134
Furniture & Fixtures	2,83,103	-	-	2,83,103	1,66,404	21,123	-	1,87,527	95,576	1,16,699
Office Equipments	6,56,763	61,200	-	7,17,963	4,55,784	50,240	-	5,06,024	2,11,939	2,00,979
Vehicles	39,68,415	13,59,821	-	53,28,236	29,51,125	3,83,602	-	33,34,727	19,93,509	10,17,290
Current Year	9,90,90,375	21,57,371	41973519	5,92,74,227	3,03,16,940	30,60,089	19,82,093	3,13,94,946	2,78,79,281	6,87,73,435
Previous Year	4,69,21,023	5,21,69,352	-	9,90,90,375	2,79,24,674	23,92,266	-	3,03,16,940	6,87,73,435	-

Sarthak Industries Limited

	AS AT 31 ST MARCH,2008 RUPEES	AS AT 31 ST MARCH,2007 RUPEES
SCHEDULE :F: INVESTMENT (AT COST)		
A. LONG TERM INVESTMENT		
QUOTED : (OTHER THAN TRADE)		
48750 Equity Shares of Ruchi Infrastructure Ltd. of Rs. 10 each fully paid up	3,98,075	3,98,075
600 Equity Shares of Ruchi Soya Industries Ltd. of Rs.10 each fully paid up	36,000	36,000
1600 Equity Shares of National Steel & Agro Industries Ltd. of Rs.10 each fully paid up	65,272	65,272
100 Equity Shares of Ruchi Strips & Alloys Ltd. of Rs.10 each fully paid up	2,400	2,400
108800 Equity Shares of Sarthak Global Limited of Rs. 10 each fully paid up	10,22,000	10,22,000
574582 Equity Shares (Pre. Year 574157) of Anik Industries Ltd. of Rs. 10 each fully paid up	2,38,25,859	1,54,27,431
Nil (Pre. Year 20000) Equity Shares of BPL Ltd. of Rs. 10 each fully paid up	-	1,590,395
Nil (Pre. Year 925) Equity Shares of Rolta India Ltd. of Rs. 10 each fully paid up	-	3,09,095
500 (Pre. Year 19882) Equity Shares of Kernex Micro Ltd. of Rs. 10 each fully paid up	1,22,233	53,46,506
Nil (Pre. Year 7000) Equity Shares of Shreyans Shipping Ltd. of Rs. 10 each fully paid up	-	13,78,264
Nil (Pre. Year 350000) Equity Shares of Teledata Ltd. of Rs. 10 each fully paid up	-	1,84,11,600
Nil (Pre. Year 11000) Equity Shares of Ansal Properties & Infrastructure Ltd. of Rs. 10 each fully paid up	-	54,24,123
100000 Equity Shares of Alka India Ltd. of Rs. 10 each fully paid up	1,24,643	-
169 Equity shares of Galaxy I-Fab Ltd. of Rs. 10 each fully paid up	21,801	-
63000 Equity Shares of Nagarjuna Fertilizer Ltd. of Rs. 10 each fully paid up	16,42,579	-
139470 Equity Shares of National Fertilizer Ltd. of Rs. 10 each fully paid up	1,09,52,491	-
529375 (Pre. Year 29375) Equity Shares of Kothari Sugar & Chem. Ltd. of Rs. 10 each fully paid up	95,84,150	6,85,996
Nil (Pre. Year 25000) Equity Shares of Polaris Software Lab Ltd. of Rs. 5 each fully paid up	-	29,08,650
Nil (Pre. Year 1877) Equity Shares of Ramco System Ltd. of Rs. 10 each fully paid up	-	4,36,719

Annual Report 2007-2008

	AS AT 31 ST MARCH, 2008 RUPEES	AS AT 31 ST MARCH, 2007 RUPEES
Nil (Previous year 132653) Equity Shares of Sona Koyo Steering Ltd. of Rs. 10 each fully paid up	-	56,46,540
	<u>4,77,97,502</u>	5,90,89,066
Less : Provision for diminution in value of investments	<u>95,11,862</u>	-
	<u>3,82,85,640</u>	<u>5,90,89,066</u>
<p>{Aggregate Market Value of quoted investment Rs. 4,01,02,311 (Pre. Year Rs. 5,96,53,551)}</p>		
B. <u>OTHERS : CURRENT INVESTMENTS</u>		
3316.750 Units of Birla Advantage Fund	2,00,000	2,00,000
15380.734 Units of Birla India Opportunities Fund (Formerly Birla IT Fund)	4,00,000	4,00,000
5245.214 Units of Birla MNC Fund	<u>2,00,000</u>	<u>2,00,000</u>
	<u>8,00,000</u>	<u>8,00,000</u>
Less : Provision for diminution in value of investments	<u>97,594</u>	69,308
	<u>7,02,406</u>	<u>7,30,692</u>
Total (A+B)	<u>3,89,88,046</u>	5,98,19,758
<p>{Aggregate NAV of units of mutual funds Rs. 9,29,649 (Pre. Year Rs. 9,17,102)}</p>		
C. <u>UNQUOTED : (AT COST)</u>		
National Saving Certificate VIII issue	<u>23,500</u>	23,500
	<u>23,500</u>	<u>23,500</u>
D. Investment in Partnership Firm's Capital account with M/s Sunrise Exports	<u>2,00,000</u>	2,00,000
	<u>2,00,000</u>	<u>2,00,000</u>
Total (A to D)	<u>3,92,11,546</u>	<u>6,00,43,258</u>
<u>SCHEDULE : G : CURRENT ASSETS, LOANS & ADVANCES</u>		
(a) <u>INVENTORIES :</u>		
(As valued and certified by director)		
Stores, Spares & Consumable	14,62,585	1458724
Raw Materials	72,17,423	1,00,49,443
Stock in process	43,14,829	32,44,843
Finished Goods	6,93,603	10,49,305
Scrap	2,28,937	4,55,856
Land	<u>3,99,91,436</u>	-
	<u>5,39,08,813</u>	<u>1,62,58,171</u>
(b) <u>SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)</u>		
Over six months	1,12,00,498	90,40,257
Others	<u>50,57,27,182</u>	<u>3,55,35,925</u>
	<u>51,69,27,680</u>	<u>4,45,76,182</u>
(c) <u>CASH AND BANK BALANCES :</u>		
i) Cash On Hand	75,453	88,096
ii) Balance with Scheduled Banks		
a) In Current Account (s)	26,98,204	27,17,152
b) In Deposit Account (s)	29,33,889	43,52,992
	<u>57,07,546</u>	<u>71,58,240</u>

Sarthak Industries Limited

	AS AT 31 ST MARCH,2008 RUPEES	AS AT 31 ST MARCH,2007 RUPEES
(d) LOANS AND ADVANCES ;		
1. Advance Recoverable in cash or in kind or for which value to be received. (Includes Rs. 2,45,158 Pre. Year Rs. 2,44,215 due from M/s Sunrise Exports a firm in which company is partner)	7,28,31,044	10,17,45,644
2. Deposits	2,02,17,056	96,48,879
3. Balance with central excise	1,00,183	43,712
4. Advance Income Tax	72,66,525	56,19,560
	<u>10,04,14,808</u>	<u>11,70,57,795</u>
SCHEDULE : H : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES :		
a) Sundry Creditors (Refer note no. 8 Schedule O)	54,65,18,492	14,61,85,918
b) Customers Credit Balances	3,33,796	6,30,048
c) Security Deposit	15,000	15,000
B. PROVISIONS :		
a) Provision for Taxation	35,45,592	28,83,592
b) Provision for Gratuity	6,86,029	6,43,287
	<u>55,10,98,909</u>	<u>15,03,57,845</u>
SCHEDULE : I : SALES AND SERVICES		
Sales	61,67,61,720	30,29,67,263
Less : Excise duty	1,50,57,231	1,23,15,579
	60,17,04,489	29,06,51,684
Job Work (Gross)(TDS Rs.1,62,474 Pre. Year Rs. 1,46,888)	38,21,905	43,75,942
	<u>60,55,26,394</u>	<u>29,50,27,626</u>
SCHEDULE : J : OTHER INCOME		
Agriculture Income (Net of Exp.Rs. 41,383 Pre. Year Rs. 34,845)	1,99,830	1,58,485
Dividend (gross)	10,48,911	15,75,512
Miscellaneous Income	8,50,000	8,50,000
Vehicle Hire Charges (TDS Rs. 5,438 Pre. Year Rs.5,386)	2,40,000	2,40,000
Profit on Sale of Shares (Net)	59,23,540	1,20,60,612
Share of Profit from Partnership Firm	943	519
Excess Provision for Diminution in Investment W/back	-	3,82,730
Excess Provision for Excise Duty on Finished Goods W/back	92,785	-
	<u>83,56,009</u>	<u>1,52,67,858</u>
SCHEDULE : K : INCREASE/(DECREASE) IN STOCKS		
Closing Stocks :-		
Finished Goods	6,93,603	10,49,305
Work in Progress	43,14,829	32,44,843
Scrap	2,28,937	4,55,856
	<u>52,37,369</u>	<u>47,50,004</u>

Annual Report 2007-2008

	AS AT 31 ST MARCH,2008 RUPEES	AS AT 31 ST MARCH,2007 RUPEES
Less : Opening Stocks		
Finished Goods	10,49,305	6,11,150
Work in Progress	32,44,843	11,97,169
Scrap	4,55,856	33,779
	<u>47,50,004</u>	<u>18,42,098</u>
Increase/(Decrease) in stock	<u>4,87,365</u>	<u>29,07,906</u>
<u>SCHEDULE : L : MATERIALS</u>		
A. RAW MATERIAL		
Opening Stock	1,00,49,443	20,02,125
Add : Purchases	7,86,71,689	8,16,77,463
	<u>8,87,21,132</u>	<u>8,36,79,588</u>
Less : Closing Stock	72,17,423	1,00,49,443
	<u>8,15,03,709</u>	<u>7,36,30,145</u>
B. Purchases of trading goods	48,35,70,378	20,11,43,188
	<u>56,50,74,087</u>	<u>27,47,73,333</u>
<u>SCHEDULE : M : OTHER EXPENSES :</u>		
Power and Fuel	29,74,918	30,23,270
Consumable Stores	10,30,911	10,00,264
Repairs & Maintenance : -		
- Plant & Machinery	5,75,810	3,67,822
- Others	19,908	-
Factory Expenses	1,01,876	58,406
Employees Remuneration & Benefits	51,51,063	44,72,910
Staff Welfare	52,090	55,817
Contribution to Provident & Other Funds	2,90,247	2,44,947
Postage & Telephone	2,20,286	2,40,591
Stationery & Printing	78,443	40,847
Legal and Professional Charges	20,02,940	6,19,630
Travelling & Conveyance Expenses {Incl. Rs. 55,913 (Pre. Year Rs. 1,86,904) for Directors}	4,93,383	7,77,886
Vehicle Expenses	4,63,552	12,30,126
Insurance	1,81,175	1,68,735
Service Charges	24,94,837	23,01,922
Rates & Taxes	38,92,175	61,76,733
Other Expenses	32,98,619	10,89,790
Diminution in Value of Shares	95,40,148	-
	<u>3,28,62,381</u>	<u>2,18,69,696</u>
<u>SCHEDULE :N: INTEREST AND FINANCE CHARGES</u>		
Bank Commission & Charges	10,03,892	10,94,262
Interest	1,04,24,310	92,12,768
	<u>1,14,28,202</u>	<u>1,03,07,030</u>
Less : Interest Received (TDS Rs. 12,25,188 Pre. Year Rs. 7,73,500)	62,12,516	33,58,555
	<u>52,15,686</u>	<u>69,48,475</u>
	<u>52,15,686</u>	<u>69,48,475</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

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 values.

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 in which they occur.
- b. Short term employment benefits
The un-discounted 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 recognised 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 :

Sarthak Industries Limited

Name of segment	Comprises of
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 shown as unallocated corporate cost. Assets and liabilities that can not be allocated between the segments are shown as 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>2007-2008</u>	<u>2006-2007</u>
1. CONTINGENT LIABILITIES		(Amount in Lacs)
a) An amount of counter guarantee given by bank to the company.	45.83	52.03
b) Disputed liabilities not acknowledged as debts	130.09	47.60
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. 40,44,436 (Pre. Year Rs. 40,44,436).		
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. 1,79,11,712 (Pre. Year 21,672,282).		
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. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid/payable under this Act have not been given.		

9. Following Investments were Purchased and Sold during the year :-

Eq. Shares Name of Company	Qty.(Nos)	Face Value (Rs.)	Amount (Rs.)
Andhra Petro	25000	10	5,51,526
Arvind Mills Ltd.	100003	10	75,49,166
Bombay Dyeing & Mfg. Co. Ltd.	5000	10	30,06,508
Dredgeing Corp.	2000	10	15,56,066
Educomp Solutions Ltd.	1000	10	22,76,211
Eicher Motors Ltd.	26557	10	1,15,84,717
Electrotherm India Ltd.	500	10	2,64,972
Essar Steel Ltd.	10000	10	4,03,668
Fact Ltd.	25000	10	8,42,720
Godrej Indus. Ltd.	25000	1	1,15,84,941
Gremac Infra	30000	10	90,61,733
Gujarat Mineral Developer	20500	2	88,10,090
Gujarat Nre Coke	100700	10	1,02,74,223
Hdfc Ltd.	2000	10	38,61,631
Housing Development & Ind Ltd. (HDIL)	10000	10	99,49,134
IDBI	25525	10	40,34,186
Idea Cellular Ltd.	50000	10	69,05,579
India Bulls Realested	5000	2	27,21,673
Ispat Industries Ltd.	502002	10	1,12,77,454
JBF Industries Ltd.	5000	10	7,91,666
Mahindra Gesco Development Ltd.	3500	10	21,33,208
Mastek Ltd.	10000	1	32,22,350
Mindree Conslt Ltd.	10000	10	60,80,413
NDTV Ltd.	11000	4	43,24,318
Network 18 Fincap Ltd.	2000	5	9,18,499
Nitiin Fire Prot Ind.	1498	10	6,24,761
Orbit Corporation	16000	10	56,87,084
PNB	4000	10	21,46,005
Power Grid Corporation	130000	10	1,37,47,935
Reliance Industries Ltd.	115000	10	2,29,43,645
Reliance Nat. Resources	1001	5	1,52,479
Reliance Energy Ltd.	5000	10	68,95,546
Reliance Petroleum Ltd.	105000	10	2,27,04,593
Roman Tarmat Ltd.	10500	10	23,43,113
SAL Steel Ltd.	1000	10	26,462
SpiceTele	10000	3	6,24,525
Tata Consultancy Ltd.	4000	1	46,12,488
Tourism Finance	40000	10	8,23,661
TTML	1150000	10	4,76,27,421
Unity Infraprojects	20583	10	1,59,81,761
Videocon Industries	20000	10	80,78,097

10. Company has no policy for payment of leave encashment benefit to its employees.

11. REMUNERATION TO DIRECTOR

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

	2007-08	2006-07
	Rupees	Rupees
Salary and allowances	3,18,992	2,17,995
Provident Fund and other benefit	96,072	29,310
	4,15,064	2,47,305

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

2007-2008			2006-2007		
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	1,00,000	5%	Sarthak Global Limited	1,00,000	5%
Sarthak Industries Ltd.	2,00,000	15%	Sarthak Industries Ltd.	2,00,000	15%
Mirage Impex Ltd.	7,00,000	80%	Mirage Impex Ltd.	7,00,000	80%

Sarthak Industries Limited

13 SEGMENT REPORTING :

Particulars	2007-2008				2006-2007			
	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	9,70,76,953	50,84,49,441	83,56,009	61,38,82,403	8,46,05,798	21,04,21,828	1,52,67,858	31,02,95,484
Segment Results (PBIT)	2,31,607	2,07,36,299	(85,98,587)	1,23,69,319	(35,49,525)	67,63,720	98,59,637	1,30,73,832
Profit before Tax	-	-	-	81,57,525	-	-	-	72,19,620
Less : Current Tax	-	-	-	6,00,000	-	-	-	7,70,000
Add : Deferred Tax	-	-	-	13,92,345	-	-	-	5,00,349
Less : Fringe Benefit Tax	-	-	-	84,000	-	-	-	90,000
Less : Income tax for earlier year	-	-	-	4,840	-	-	-	-
Profit after Tax	-	-	-	88,61,030	-	-	-	68,59,969
Segment Assets	4,81,50,761	48,62,03,544	17,07,03,599	70,50,57,904	5,03,35,412	11,57,40,777	8,86,31,709	25,47,07,898
Segment Liability	2,71,32,924	45,17,66,114	6,79,68,250	54,68,67,288	2,99,73,512	9,76,08,319	1,92,49,135	14,68,30,966
Cost incurred to acquire Segment fixed assets during the year.	7,36,350	7,97,768	6,23,253	21,57,371	9,563	-	1,86,270	1,95,833
Segment depreciation	12,42,922	1,26,291	16,90,876	30,60,089	13,52,748	1,51,599	8,87,919	23,92,266
Non cash expenditure other								

(b) Secondary Segment - Geographical

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

14 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 to employee 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.

Particulars	2007-08	
	Gratuity	Leave Encashment
I. Change in Benefit Obligation	Rupees	Rupees
Liability at the beginning of the year	6,43,287.00	84,305.00
Interest Cost	59,692.00	14,372.00
Current Service Cost	1,02,868.00	95,343.00
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer in	-	-
Liability transfer out	-	-
Benefit Paid	-	-
Actuarial (gain)/loss on obligations	(1,19,818.00)	(4,789.00)
Liability at the end of the year	6,86,029.00	1,89,231.00
II. Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Transfer from other company	-	-
Transfer to other company	-	-
Benefit Paid	-	-
Actuarial gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-
Total Actuarial Gain/(Loss) To Be Recognised	-	-

Particulars	2007-08	
	Gratuity	Leave Encashment
III. Amount Recognised in the Balance Sheet		
Liability at the end of the year	6,86,029.00	1,89,231.00
Fair Value of Plan Assets at the end of the year	-	-
Difference (6,86,029.00)	(1,89,231.00)	-
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(6,86,029.00)	(1,89,231.00)
IV. Expenses Recognised in Profit and Loss Account		
Current Service Cost	1,02,868.00	95,343.00
Interest Cost 59,692.00	14,372.00	-
Expected Return on Plan Assets	-	-
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognition of Transition Liability	-	-
Actuarial Gain or Loss	(1,19,818.00)	(4,789.00)
Expense Recognised in P&L	42,742.00	1,04,926.00
V Assets Information		
Government of India Assets	-	-
Corporate Bonds	-	-
Special Deposits Scheme	-	-
Equity Shares of Listed Companies	-	-
Property	-	-
Other	-	-
Insurer Managed Funds	-	-
VI. Balance Sheet Reconciliation		
Opening Net Liability	6,43,287.00	84,305.00
Expense as above	42,742.00	1,04,926.00
Employers Contribution	-	-
Amount Recognised in Balance Sheet	6,86,029.00	1,89,231.00
VII. Assumptions:		
Discount Rate Prev.	8.00%	8.00%
Rate of Return on Plan Assets Prev	-	-
Salary Escalation Prev.	5.00%	5.00%
Discount Rate Current	8.00%	8.00%
Rate of Return on Plan Assets Current	-	-
Salary Escalation Current	5.00%	5.00%

	2007-08 Rupees	2006-07 Rupees
15. EARNING PER SHARE (EPS):		
Net Profit after tax	88,61,030	68,59,969
Nominal Value of each equity share	10	10
Weighted average no. of shares	55,68,850	55,68,850
Basic and diluted earning per share	1.59	1.23

Particulars	Deferred Tax As on 31/03/2008	Deferred Tax As on 31/03/2007
Deferred Tax Liabilities:		
Difference between Income tax and Companies Act Depreciation	21,85,878	35,63,695
	<u>21,85,878</u>	<u>35,63,695</u>
Deferred Tax Assets:		
Disallowance of Gratuity provision	2,33,181	2,18,653
Business Loss	6,99,021	6,99,021
	<u>9,32,202</u>	<u>9,17,674</u>
Deferred Tax Liabilities (Net)	<u>12,53,676</u>	<u>26,46,021</u>

Sarthak Industries Limited

17. Payment to auditors for audit fees Rs. 44,944 (Pre. Year Rs. 34,832) and for other services Rs. 13,481 (Pre. Year Rs.12,720).

18. RELATED PARTY DISCLOSURE

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

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

c. Particulars	14(a)		14 (b)	
	Key Management Person 2007-08	2006-07	Other Party/ Associate Concern 2007-08	2006-07
Income :				
Share of profit as partner	-	-	943	519
Expenditure :				
Receiving of Services	4,15,064	2,47,305	-	-
Out Standing :				
Receivable on current a/c	-	-	-	-
Payable	-	-	-	-

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

	2007-2008	2006-2007
(A) CAPACITY & PRODUCTION		
a. Installed Capacity		
LPG Cylinders (p.a.) (per shift) Nos.	* 6,00,000	6,00,000
b. Production		
LPG Cylinders (Nos)	1,05,674	1,00,529

* As registered with Secretariat of Industrial Approvals.

** As certified by technical consultant/management & accepted by auditors being technical matter.

*** Licenced capacity not given since licencing has been abolished.

(B) TURNOVER	Quantity	Amt.(Rs.)	Quantity	Amt. (Rs.)
(i) SALES ***				
LPG Cylinders (Nos)	106060	9,85,69,010	100046	8,65,34,936
Skimmed Milk Powder (MT)	2325.00	30,34,12,500	1890.00	20,71,76,664
Iron & Steel (MT)	-	-	83.05	24,22,052
Coal (MT)	53199.00	20,19,93,051	-	-
Others	-	1,27,87,159	-	68,33,611

*** Sales includes shortage/process loss.

(ii) SERVICES				
Cylinders Repairing (Nos)	65744	38,21,905	115995	43,75,942
		<u>62,05,83,625</u>		<u>30,73,43,205</u>
C. (a) OP.STOCK OF FINISHED GOODS :				
LPG Cylinders (Nos)	1202	10,21,701	719	6,11,150
Others (MT)	-	4,55,856	-	33,779
		<u>14,77,557</u>		<u>6,44,929</u>
(b) CLOSING STOCK OF FINISHED GOODS :				
LPG Cylinders (Nos)	816	6,93,603	1202	10,21,701
Others (MT)	-	2,28,937	-	4,55,856
		<u>9,22,540</u>		<u>14,77,557</u>
(D) PURCHASES (FOR TRADING)				
Skimmed Milk Powder (MT)	2325.00	30,22,50,000	1890.000	19,80,15,775
Iron & Steel (MT)	-	-	83.050	23,84,620
Others	-	27,12,223	-	7,42,793
Coal (MT)	53191.00	17,86,08,155		-
		<u>48,35,70,378</u>		<u>20,11,43,188</u>
(E) RAW MATERIALS CONSUMED (100% indigenous)				
H.R.Coil (MT)	1800.24	5,93,67,571	1697.64	4,69,58,237
Others	-	2,21,36,138	-	2,66,71,908
		<u>8,15,03,709</u>		<u>7,36,30,145</u>
(F) Stores & Spares Consumed (100% indigenous)	-	10,30,911	-	10,00,264
		<u>10,30,911</u>		<u>10,00,264</u>
(G) Earnings in foreign currency FOB value of Export		30,43,890		8,23,112
(H) Expenditures in foreign currency Purchases of finished goods(CIF basis)		-		-
Other expenses		-		33,607

20. 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

V.K.GUPTA
Executive Director

CA AVINASH BAXI

Partner
Membership No. 79722
Date : 4th September, 2008
Place : Indore

AMRISH KUMAR CHOURASIA
Company Secretary

UDESH DASSANI
Director

Sarthak Industries Limited**ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

State Code		11
Registration No.		L99999MH1982PLC136834
Balance Sheet Date		31.03.2008

II. Capital Raised during the year

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilization and Deployment of Funds (Rupees)

Total Liabilities	Rs. 19,31,70,541	Total Assets	Rs. 19,31,70,541
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Sources of Funds

Paid-up Capital	Rs. 5,56,88,500	Reserves & Surplus	Rs. 6,34,68,222
Secured Loans	Rs. 4,43,93,975	Unsecured Loans	Rs. 2,83,66,168
Deferred Tax Liability			

Application of Funds

Net Fixed Assets	Rs. 2,80,99,057	Investments	Rs. 3,92,11,546
Net Current Assets	Rs. 12,58,59,938	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company

Turnover & Other Income	Rs. 61,38,82,403	Total Expenditure	Rs. 60,57,24,878
Profit Before Tax	Rs. 81,57,525	Profit After Tax	Rs. 88,61,030
Earning Per Share in	Rs. 1.59	Dividend Rate %	Nil

V. Generic Names of Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)	73110001
Product Description	LPG Cylinders

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-08 RUPEES	2006-07 RUPEES
A. Cash Flow from Operating activities		
a. Net Profit before Tax & Extraordinary item	81,57,525	72,19,620
Adjustment for :		
Depreciation	30,60,089	23,92,266
Interest paid	1,04,24,310	92,12,768
Dividend income	(10,48,911)	(15,75,512)
Income from partnership firm	(943)	(519)
Profit on sale of shares	(59,23,540)	(1,20,60,612)
Diminution in value of investments	95,40,148	0
Interest Received	(62,12,516)	(33,58,555)
b. Operating profit before working capital changes		
Adjustment for :		
Trade and Other receivables	(45,34,23,143)	(5,76,78,972)
Inventories	(3,76,50,642)	(1,11,97,228)
Trade and other payables	40,00,79,064	10,03,85,473
c. Cash generated from Operations		
Direct Taxes paid	(16,46,965)	(15,81,438)
d. Cash flow before Extraordinary item		
Extraordinary item		
Net Cash Flow from Operating activities	(7,46,45,524)	3,17,57,291
B. Cash flow from investing activities		
Interest Received	62,12,516	33,58,555
Dividend	10,48,911	15,75,512
Purchase of Fixed Assets	(21,57,371)	(5,21,69,352)
Sale of Fixed Assets	3,99,91,436	0
Purchase of New Investments	(3,00,38,096)	(1,05,99,970)
Sale of Investments	4,72,53,199	1,20,61,132
Net Cash Flow from Investing activities	6,23,10,595	(4,57,74,123)
C. Cash flow from Financing activities		
Interest paid	(1,04,24,310)	(92,12,768)
Proceeds from borrowings	2,32,84,655	3,28,23,715
Repayment of borrowings	(19,76,110)	(80,15,067)
Net Cash flow from Financing activities	1,08,84,235	1,55,95,880
D. Net Increase / (Decrease) in Cash and Cash Equivalent	(14,50,694)	15,79,048
Cash and Cash Equivalent at the beginning of the year	71,58,240	55,79,192
Cash and Cash Equivalent at the end of the year	57,07,546	71,58,240

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

For and on behalf of the Board of Directors

V.K.GUPTA
Executive Director

CA AVINASH BAXI

Partner
Membership No. 79722
Date : 4th September, 2008
Place : Indore

AMRISH KUMAR CHOURASIA
Company Secretary

UDESH DASSANI
Director

SARTHAK INDUSTRIES LIMITED

Regd. Office : 205, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

**24th Annual General Meeting
PROXY FORM**

Folio No.....

No. of Shares.....

I/We..... of.....

In the district of.....

being a Member/Members hereby appointof 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 24th
Annual General Meeting of the Company to be held on Tuesday, the 30th September, 2008 at 205, Tulsiani
Chambers, Nariman Point, Mumbai-400 021 at 4:00 p.m., and at any adjournment thereof.

Signed this day of, 2008

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 : 205, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

**24th Annual General Meeting
ATTENDANCE 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 24th Annual General Meeting of the Company on Tuesday the 30th September,
2008 at 205, Tulsiani Chambers, Nariman Point, Mumbai-400 021 at 4:00 p.m.

Signature of Member/ Proxy

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

If undelivered please return to:

SARTHAK GLOBAL LIMITED

Unit: **SARTHAK INDUSTRIES LIMITED**

170/10, Film Colony, R.N.T. Marg,

Indore-452 001