



**SER
INDUSTRIES
LIMITED**

43rd ANNUAL REPORT
2005-2006



**SER
INDUSTRIES
LIMITED**

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
CA2 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

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

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.

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

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

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.

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

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

AUDITOR'S REPORT

We have audited the attached Balance Sheet of SER INDUSTRIES LIMITED, Chikkakuntanahalli Village, Bidadi Hobli, Ramanagara Taluk, Bangalore Rural District - 562 109 as at 31st March 2006 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

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

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 to the extent applicable.

Further to our comments in the Annexure referred to in paragraph 3 above, we state that :

- a. We have obtained all the information and explanations, which to the best of our Knowledge and belief were necessary for the purpose of audit.
- b. In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of the books.
- c. The Balance Sheet, Profit and Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts.
- d. In our opinion, the Balance Sheet, Profit & Loss Account & the 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 the written representations received from the Directors and taken on record by the Board Of Directors, we report that none of the Directors is disqualified as on 31st March 2006 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. In our opinion and as per the information and explanations, given to us, the said Balance Sheet and the Profit and Loss Account, read together with the notes thereon, and subject to,
 - i. Note No.17 of Notes on accounts: 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.
 - ii. Note No.18 regarding non-provision for gratuity liability amounting to Rs.2,94,255/- which is not inconsistency with the Accounting Standard No.15 prescribed by the Institute of Chartered Accountants of India.give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of Balance Sheet, of the state of affairs of the Company as on 31st March 2006
 - ii. In the case of Profit and Loss Account of the profit of the Company 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 G. V. Sunder & Co.
Chartered Accountants.

Place : Bangalore
Date : 31.07.2006

G. V. Sunder
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF THE SER INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH 2006

1. a) The Company has maintained proper records showing full particulars including quantitative details and location of the fixed assets.
 - b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the period.
 - c) During the year the company has not sold any Fixed assets of material value.
2. a. Inventories (Store & Spares) have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The Procedures of physical verification of stocks (Store & Spares) followed by the management are adequate in relation to the size of the company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of Account.
3. a. The Company has not accepted any loan during the period from parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. The Company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act 1956. As there is no loans accepted / granted by the company, no comments are made on sub clause (b), (c) and (d) of this clause.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores and spares, plant and machinery, equipment and other assets and with regard to freight collection. There is no major weakness in the internal control procedures. Since the Company is not carrying on any manufacturing / trading activities, there are no purchase and sale.
5. a. All the transactions with parties covered under section 301 of the Companies Act, 1956 have been properly entered, if and when transactions takes place, in the register maintained under section 301 of the Act.
 - b. In our opinion and according to the information and explanations given to us, the Company has entered into transactions of purchase of goods, materials or services, and sale of goods, materials or services made, in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, are made at prices which are reasonable having regard to prevailing market prices.
6. The company has not accepted any deposits from the public during the year.
7. *The Company has an internal audit system. However, in our opinion, the same is not commensurate with the size and nature of its business.*
8. Maintenance of cost records as per clause (d) of sub-section (1) of section 209 of the Companies Act, is not applicable to the Company.
9. a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Service Tax with appropriate authorities. The Company is not covered under the provisions of Wealth Tax, Custom Duty, Excise Duty and Sales Tax provisions.
 - b. No Dues are pending to be deposited on account of disputes pending at various forums.
10. The Company has not incurred loss during the year under review and in the immediately preceding financial year. The Company also does not have any accumulated losses during the year under review.

11. The Company has not obtained any facility from any banks / financial institutions nor has any outstanding debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4[xiii] of the Companies [Auditor's Report] Order, 2003 is not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts for trading / dealing in shares and securities and timely entries has been made therein. *Subject to note No. 17 of Notes to Accounts the shares and securities have been held by the Company, in its own name.*
15. The company has not given any guarantees for loans taken by others from bank or financial institutions, during the period under review.
16. The Company has not obtained any term loans from any banks or financial institutions, during the period under review. Hence, no comments are made on this clause.
17. As the Company has not raised any funds during the year under review, no comments are made on utilization of short term borrowings.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. As per the information and explanations given to us no material fraud on or by the Company has been noticed during the period.

For **G. V. Sunder & Co.**
Chartered Accountants.

Place : Bangalore
Date : 31.07.2006

G. V. Sunder
Partner



SER INDUSTRIES LIMITED

BALANCE SHEET AS ON 31st MARCH 2006

(Figures in Rupees)

Particulars	Sch No.	As on 31.3.2006 Amount	As on 31.3.2006 Amount	As on 31.3.2005 Amount	As on 31.3.2005 Amount
SOURCES OF FUNDS:					
Shareholders Funds					
a. Capital	A	9,945,900.00		9,945,900.00	
b. Reserves & Surplus	B	13,182,452.98		12,589,649.14	
Loan Funds			23,128,352.98		22,535,549.14
a. Secured Loans		-		-	
b. Unsecured Loans	C	412,440.00	412,440.00	412,440.00	412,440.00
Total			23,540,792.98		22,947,989.14
APPLICATION OF FUNDS:					
Fixed Assets					
a. Gross Block	D	6,683,797.95		7,386,588.95	
b. Less : Depreciation		3,749,620.18		3,825,695.13	
c. Net Block			2,934,177.77		3,560,893.82
Investments	E		2,803,500.00		2,868,500.00
Current Assets, Loans and Advances					
a. Inventories	F	309,000.00		39,000.00	
b. Sundry Debtors	G	5,982,009.86		5,800,674.35	
c. Cash and Bank Balances	H	12,199,624.90		9,057,985.23	
d. Loans and Advances	I	4,108,519.10		7,046,359.71	
		22,599,153.86		21,944,019.29	
Less : Current Liabilities and Provisions					
a. Current Liabilities	J	636,038.65		806,423.97	
b. Provisions	K	4,160,000.00		4,619,000.00	
		4,796,038.65		5,425,423.97	
Net Current Assets			17,803,115.21		16,518,595.32
Notes on Accounts	R				
			23,540,792.98		22,947,989.14

Schedules A to K and S forms integral part of Balance Sheet

Vide our report of evendate for **G. V. SUNDER & CO.,**
Chartered Accountants

Place : Bangalore
Date : 31.7.2006

Narendra Goel
Director

V.G. Rangnekar
Director

G.V. SUNDER
Partner


**SER
INDUSTRIES
LIMITED**
**PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31st MARCH 2006**

(Amount in Rupees)

Particulars	Sch No.	As on 31.3.2006	As on 31.3.2005
INCOME			
Freight Income	L	58,209,374.04	51,937,595.66
Other Income	M	2,901,478.32	2,859,803.64
Total Income		61,110,852.36	54,797,399.30
EXPENDITURE			
Operational Expenses	N	54,342,962.14	48,816,081.60
Personnel Expenses	O	1,656,994.50	1,484,803.89
Administrative Expenses	P	3,877,045.65	3,221,196.29
Financial Expenses	Q	84,344.94	51,105.87
Depreciation	D	469,439.29	517,766.51
Total Expenditure		60,430,786.52	54,090,954.16
PROFIT BEFORE TAX		680,065.84	706,445.14
Less : Provision for Taxation - Current (Deferred)		60,000.00 (80,241.00)	55,000.00
PROFIT AFTER TAX		700,306.84	651,445.14
Less : Prior year tax adjustments		107,503.00	-
Profit available for Allocation		592,803.84	651,445.14
Current Profit		592,803.84	651,445.14
Surplus B/F from previous year		10,033,649.14	9,382,204.00
Profit available for appropriation		10,626,452.98	10,033,649.14
APPROPRIATION			
General Reserve		50,000.00	-
Surplus carried to Balance Sheet		10,576,452.98	10,033,649.14
Notes to Accounts	R		

Schedules L to R and D forms integral part of Profit & Loss Account

 Vide our report of evendate for
G. V. SUNDER & CO.,
 Chartered Accountants

 Place : Bangalore
 Date : 31.7.2006

Narendra Goel
 Director

V.G. Rangnekar
 Director

G.V. SUNDER
 Partner

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SCHEDULE FORMING PART OF ACCOUNTS

SCHEDULE - A

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
SHARE CAPITAL :		
AUTHORISED :		
60,00,000 Equity Shares of Rs. 10/- each	60,000,000.00	60,000,000.00
ISSUED AND SUBSCRIBED :		
9,99,490 Shares of Rs. 10/-each	9,994,900.00	9,994,900.00
PAID UP :		
9,89,590 Equity Shares of Rs. 10/- each fully paid	9,895,900.00	9,895,900.00
Add : Amount Paid upon 9000 shares forfeited	50,000.00	50,000.00
	9,945,900.00	9,945,900.00

SCHEDULE - B

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
RESERVES AND SURPLUS :		
GENERAL RESERVE		
As per last Balance Sheet	2,556,000.00	2,556,000.00
Add : Transfer during the year	50,000.00	
	2,606,000.00	2,556,000.00
PROFIT AND LOSS ACCOUNT.	10,576,452.98	10,033,649.14
	13,182,452.98	12,589,649.14

SCHEDULE - C :

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
UNSECURED LOANS		
Inter Corporate Loans	243,540.00	243,540.00
From Others	168,900.00	168,900.00
	412,440.00	412,440.00

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FIXED ASSETS AS ON 31-3-2006
SCHEDULE - D

Sl. No.	Particulars	Rate	Gross Block				Depreciation				Net Block	
			Original Cost on 1-4-2005	Additions During the Year	Adj for Sale /Disposal	Total as on 31.3.06	Up to 31.3.2005	For the year	Adj for Sale/ Disposal	Total as on 31.03.2006	31.3.2006	31.3.2005
1.	LAND	0 %	745,095.00	-	-	745,095.00	-	-	-	-	745,095.00	745,095.00
2.	BUILDINGS	3.34%	311,000.00	-	-	311,000.00	157,542.20	10,387.00	-	167,929.20	143,070.80	153,457.79
3.	FURNITURE & FITTINGS	6.33%	203,491.95	8,549.00	2,640.00	209,400.95	145,648.25	7,179.15	279.00	152,548.40	56,852.55	57,843.70
4.	MOTOR CYCLES	9.50%	173,592.00	33,990.00	-	207,582.00	36,242.80	19,183.00	-	55,425.80	152,156.20	137,349.20
5.	COMPUTERS	16.21%	814,627.00	10,250.00	113,350.00	711,527.00	277,542.86	112,272.14	56,653.00	333,162.00	378,365.00	537,084.14
6.	CARS	9.50%	2,192,953.00	-	642,871.00	1,550,082.00	1,149,560.58	147,257.00	488,582.24	808,235.34	741,846.66	1,043,392.42
7.	OFFICE EQUIPMENTS	4.75%	120,518.00	3,281.00	-	123,799.00	40,448.28	5,782.00	-	46,230.28	77,568.72	80,069.73
8.	AIR CONDITIONERS	4.75%	90,905.00	-	-	90,905.00	90,902.00	-	-	90,902.00	3.00	3.00
9.	BICYCLES	9.50%	2,660.00	-	-	2,660.00	1,505.16	253.00	-	1,758.16	901.84	1,154.84
10.	TRUCKS	16.21%	2,496,548.00	-	-	2,496,548.00	1,926,303.00	167,126.00	-	2,093,429.00	403,119.00	570,245.00
11.	PLANT & MACHINERY	4.75%	235,199.00	-	-	235,199.00	-	-	-	-	235,199.00	235,199.00
	TOTAL		7,386,588.95	56,070.00	7,661.00	6,683,797.95	3,825,695.13	4,69,439.29	545,514.24	3,749,620.18	2,934,177.77	3,560,893.82

SCHEDULE - E

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
INVESTMENTS		
1. Fully paid up 1,20,000 Equity shares of Rs. 10/- each (including right offer 80,000/- shares) in Haryana Steel and Alloys Ltd., Face Value of Rs. 12,00,000/- (Unquoted)	2,800,000.00	2,800,000.00
2. Fully Paid up 10 Equity Shares of Rs.10/- each (P.Y.10) in Jai Corp Ltd. (Quoted)	1,000.00	1,000.00
3. Fully Paid up 500 nos 12.5% Non Convertible Debentures of Rs 15/- each in Apollo Tyres Limited. (Unquoted)	-	7,500.00
4. Fully Paid up 90 Equity Shares of Rs. 10/- each in Andhra Pradesh Heavy Machinery & Engineering Limited. (Unquoted)	900.00	900.00
5. Fully Paid up 100 Equity Shares of Rs.10/- each in Applied Electronics Limited.	1,600.00	1,600.00
6. Fully Paid up 50 nos. 16% Non Convertible Debentures (Part B) of Rs. 30/- each in Essar Shipping Ltd. (Unquoted)	-	1,500.00
7. Fully Paid up 30,900 nos. Equity Shares having face value of Rs. 10/- in Silverline Technologies Limited (Quoted) (P.Y. 30,900 shares of Rs.10/- each). (Sold during the year)	-	-
8. Fully paid up 200 nos. Equity shares having facee value of Rs.10/- each in ICICI Bank Ltd. (Previous Year 56000)	-	56,000.00
	2,803,500.00	2,868,500.00
Aggregate Value of quoted investments	-	86,176.00

SCHEDULE - F

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
INVENTORIES :		
Stock of Tyres	270,000.00	-
Stores, spares, tyres and tubes (valued at cost and certified by the management)	39,000.00	39,000.00
	309,000.00	39,000.00

SCHEDULE - G

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
SUNDRY DEBTORS :		
a. Outstanding for more than six months	464,281.48	341,450.87
b. Other debts	5,517,728.38	5,459,223.48
	5,982,009.86	5,800,674.35

SCHEDULE - H

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
CASH AND BANK BALANCES :		
a. Cash on hand	73,659.38	57,136.78
b. Balance with Scheduled Banks :		
Current Account	12,125,965.52	8,932,748.45
Dividend Account	-	68,100.00
	12,199,624.90	9,057,985.23

SCHEDULE - I

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
LOANS AND ADVANCES :		
[Advances receivable in cash or in kind or for value to be received - unsecured and considered good]		
Advance Income Tax	1,205,856.00	1,921,379.00
Advance receivable in cash or kind	543,823.00	1,962,764.50
Loans	900,000.00	1,800,000.00
Deposits	1,199,612.50	1,174,012.50
Staff and Driving Contractors advance	123,689.60	187,467.09
Debenture interest Receivable	-	736.62
Interest Receivable	55,297.00	-
Deferred Tax	80,241.00	-
	4,108,519.10	7,046,359.71

SCHEDULE - J

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
CURRENT LIABILITIES		
a. Sundry Creditors	109,489.00	317,859.75
b. Outstanding Liabilities	525,049.65	418,964.22
c. Excess call money received	1,500.00	1,500.00
d. Unclaimed Dividend on Shares	-	68,100.00
	636,038.65	806,423.97

SCHEDULE - K

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
PROVISIONS		
a. Income Tax	4,160,000.00	4,619,000.00
	-	-
	4,160,000.00	4,619,000.00

SCHEDULE - L

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
INCOME		
a. Freight Income	51,652,706.49	47,223,571.03
b. Freight from Co.'s Truck	2,558,089.55	1,251,730.63
c. Freight from Co.'s Containers Truck	3,998,578.00	3,462,294.00
	58,209,374.04	51,937,595.66

SCHEDULE - M

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
OTHER INCOME		
a. Miscellaneous Receipts	2,707,468.53	2,729,964.64
b. Profit on sale of Investments	23,751.26	4,080.00
c. Dividend from shares	180.00	1,650.00
d. Interest Income	170,078.53	124,109.00
	2,901,478.32	2,859,803.64

SCHEDULE - N

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
OPERATIONAL EXPENSES		
a. Diesel & Lubricants	3,149,107.20	2,120,387.15
b. Freight Charges	45,079,314.45	41,427,355.70
c. Insurance	61,110.00	45,210.00
d. Miscellaneous Operational Expenses	943,896.63	771,037.75
e. Rates & Taxes	326,225.50	297,875.50
f. Repairs & Maintenance	595,482.46	130,394.58
g. Trip Charges	657,441.85	480,266.00
h. Tyres, Tubes and Flaps Consumed	1,242,366.15	1,186,695.92
i. Service Charges paid ZIL	2,288,017.90	2,356,859.00
	54,342,962.14	48,816,081.60

SCHEDULE - O

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
PERSONNEL EXPENSES		
a. Salary & Allowances	1,394,624.00	1,218,344.25
b. Bonus	96,571.00	92,114.00
c. Staff Welfare	46,090.50	68,320.00
d. Provident Fund	94,756.00	75,485.00
e. Employees State Insurance	24,953.00	30,540.64
	1,656,994.50	1,484,803.89

SCHEDULE - P

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
ADMINISTRATIVE EXPENSES		
a. Rent	520,436.00	458,571.00
b. Water and Electricity	35,588.00	56,272.67
c. Insurance on Cars & Two Wheelers	17,389.00	42,412.00
d. Postage and Telegram	86,911.52	71,790.35
e. Printing & Stationery	170,364.88	200,689.15
f. Telephone & Telex	419,254.81	345,288.47
g. Books & Periodicals	5,935.50	8,073.00
h. Directors Sitting fees	7,000.00	6,000.00
i. Professional & Legal charges	47,698.00	20,765.00
j. Auditors Remuneration		
i. Audit fees	40,000.00	30,000.00
ii. Tax Audit fees	15,000.00	12,000.00
iii. Reimbursement of Expenses	-	10,387.00
k. AGM Expenses	2,621.00	894.00
l. Directors' Remuneration	289,050.00	186,000.00
m. General Expenses	1,478,046.30	542,661.58
n. Listing & Filing fees	20,150.00	18,581.00
o. Repairs & Maintenance others	123,261.00	223,193.00
p. Cars and Two Wheelers Maintenance	225,460.12	180,652.53
q. Travelling and Conveyance	177,405.75	378,698.96
r. Press, Notices & Advertisement	27,488.00	24,344.00
s. Loss on Sale of fixed Assets	167,985.77	403,922.58
	3,877,045.65	3,221,196.29

SCHEDULE - Q

Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
FINANCIAL EXPENSES		
a. Bank Charges	84,344.94	51,105.87
	84,344.94	51,105.87

Schedule : R.

NOTES FORMING PART OF ACCOUNTS:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.3.2006.

A. ACCOUNTING POLICIES :

1. Financial Statements have been prepared under historical cost and on accrual basis of accounting and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
2. Revenue Recognition : Revenue from transportation of goods is recognized and accounted as and when the services are rendered.
3. Fixed assets have been capitalized at its acquisition cost and other cost attributable to bring the assets to its working conditions for intended use.
4. (a) Depreciation on fixed assets is provided on straight-line method in accordance with the rates specified in the Schedule XIV to the Companies Act, 1956.
(b) Depreciation on assets acquired during the year has been provided on Pro-rata basis.
(c) Depreciation is not charged on the assets, which are not put to actual use during the year.
5. Stocks of Stores and spares have been valued at lower of cost or net realizable value.
6. Investments : Long Term Investments are stated at Cost. Reduction in market value of quoted investments due to temporary market fluctuations is not provided for in the books of accounts.
7. Expenditure on Research and Development : The Company has not incurred any expenditure on Research and Development, during the year.
8. Segmental Revenue and Expenditure : The company operates under only one segment of transportation and related services.
9. Employee Benefits : Contributions to Provident Fund are made on actual liability basis calculated as a percentage of salary as per the provisions of Employees Provident Fund Act, 1972. No provision is made in the books of account for Gratuity Liability, which is accounted on actual payment basis.
10. Deferred tax credit for the year amounting to Rs.80,241/- (previous year Rs.Nil) has been recognized in the Profit and Loss Account which represents the timing difference arising on account of Depreciation and Losses available for set off as per Income Tax Act.
11. Related Party Transactions: During the year the company has paid Rs.1,02,000/- by way of rent to Madiwala Charitable Trust. The Directors of the Company are also Trustees in the above said Trust.

B. NOTES ON ACCOUNTS :

12. Claims against the Company not acknowledged as debt : Rs. -Nil - (Previous year Rs. -Nil-)
13. Contingent Liabilities not provided for : Rs. Nil - (Previous year Rs. -Nil-)
14. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for: Rs. -Nil- (Previous year Rs. Nil)
15. Earning in foreign currency : Rs. Nil (Previous year Rs. -Nil-)
16. Expenditure in foreign currency : Rs. Nil (Previous year Rs. -Nil-)
17. Due to pending litigation, investments in equity shares of Haryana Steel and Alloys Limited are not available for physical verification as these share certificates are not physically held by the Company. For the same reason, diminution in the value of these shares is also could

not be ascertained by the Company. These shares are not listed in any Stock Exchange on the Balance Sheet date and hence, no provision is made in the books of account for probable diminution in the value of these shares. These investments are stated at cost only in the financial statements

18. Gratuity : The company has not made any provision for present liability in respect of future payment of gratuity. The gratuity liability as on 31st March 2006, is estimated on arithmetical basis is Rs. 2,94,255/- (Previous year Rs. 2,76,802/-)
19. Additional information required: Paragraphs 3, 4C and 4D of part II of Schedule - VI to the Companies Act, 1956, is applicable to the extent that relates to Gross Income derived from the services rendered and major expenditure etc. These informations have been given at appropriate places in the profit and loss account. Other requirements of these paragraphs are not applicable as the Company is rendering services and is not engaged in any manufacturing or trading activity of any kind.
20. Previous year figures have been regrouped or rearranged wherever necessary

*Vide our report of even date
for G. V. SUNDER & CO.,
Chartered Accountants*

Place : **Bangalore**

Date : 31.7.2006

Narendra Goel
Director

V.G. Rangnekar
Director

G.V. SUNDER
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details :

Registration No. : 4604 State Code : 08
Balance Sheet Date : 31.03.2006

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities	Total Assets
23,540.79	23,540.79
Sources of Funds :	
Paid-up Capital	Reserves & Surplus
9,895.90	13,182.45
Secured Loan	Unsecured Loans
-Nil -	412.44

Application of Funds :

Net Fixed Assets	Investment
2,934.18	2,803.50
Net Current Assets	Misc. Expenditure
17,803.12	Nil
Accumulated Losses	
Nil	

4. Performance of company (Amount in Rs. Thousands)

Turnover	Total Expenditure
61,110.85	60,430.79
Profit/Loss Before Tax	Profit/Loss After Tax
680.07	700.31
Earning per Share of Rs. 10/- each	Dividend Rate (%)
0.60	Nil

5. Generic Names of Three Principals products / services of company (As per monetary terms)

Item Code No. (ITC Code): N.A.
Product Description : Transport and other allied services



CASH FLOW STATEMENT

Particulars	As on 31.3.2006 Rs. in Lacs	As on 31.3.2005 Rs. in Lacs
A. CASH FLOW FROM OPERATION :		
Net Profit / (Loss) Before Tax	6.80	7.06
Adjustments for :		
Depreciation	4.69	5.18
Interest & Dividend Income	(1.70)	(1.26)
Profit on sale of Assets (net)	-	-
Profit on sale of Investments	(0.24)	(0.04)
Loss on Sale of Investments	-	4.04
Operating Profit before working capital changes.	9.55	14.98
Adjustment for :		
Increase in Sundry Debtors	(1.81)	(12.19)
Decrease(increase) in loans & advances	28.27	(14.21)
Increase in Inventory	(2.70)	-
Increase in Current Liabilities	(1.02)	1.28
Decrease in current Liabilities	-	-
Cash Generated from Operations.	32.29	(10.14)
Interest Received	1.70	1.24
Direct Tax Paid (Net of refund and adjustments)	(2.57)	(4.64)
NET CASH FLOW FROM OPERATING ACTIVITES (A)	31.43	(13.54)



Particulars	As on 31.3.2006 Rs.	As on 31.3.2005 Rs.
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Dividend Received	-	0.02
Sale of Fixed Assets	0.43	-
Sale of Investments	0.80	1.20
Additions to Fixed Assets	(0.56)	(2.79)
Additions to Investments	-	(0.56)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(0.67)	(2.13)
C. CASH FLOW FROM FINANCIAL ACTIVITIES :		
Repayment of Term Loan	-	-
Dividend Paid*	(0.68)	(0.63)
Interest Paid	-	-
NET CASH FLOW FROM FINANCIAL ACTIVITIES (C)	(0.68)	(0.63)
Net Increase / (Decrease) in cash cash equivalents (A+B+C)	31.41	(16.30)
Cash & Cash equivalents (Opening) Cash and Bank Balances	90.58	106.88
Cash & Cash equivalents (Closing)	121.99	58

* represents unclaimed dividend remitted to investor protection and education fund account

SER INDUSTRIES LIMITED,

Chikkakuntanahalli Village, Bidadi Hobli, Ramanagara Taluk, Bangalore 562109.

PROXY FORM

i/We of.....in the district of being a member/members of SER Industries Limited, hereby appoint..... of in the district of or failing him of in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on Wednesday 27th September 2006 at 11.30 a.m. at the Registered office of the Company at Chikkakuntanahalli Village, Bidadi Hobli, Ramanagara Taluk, Bangalore 562109. and at any adjournment thereof.

Signed this..... day of 2006

Affix
Revenue
Stamp

DP . Id +	
-----------	--

Client Id +	
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Reg. Folio No.	
----------------	--

Signature

+ Applicable if shares are held in electronic form.

The form is to be used *infavour of/* against the Resolution. Unless otherwise instructed the proxy will act as he thinks it.

* Strike out whichever is not desired.

NOTE :

The proxy form in order to be effective should be fully completed and signed across the Revenue Stamp and should reach the Registered Office of the Company at least 48 hours before the time of the meeting.

ATTENDANCE SLIP

FOURTY THIRD ANNUAL GENERAL MEETING ON WEDNESDAY, 27TH SEPTEMBER, 2006

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company, I hereby record my presence at the Forty Third Annual General Meeting of the Company to be held on Wednesday 27th September 2006 at 11.30 a.m.at the Registered office of the Company at Chikkakuntanahalli Village, Bidadi Hobli, Ramanagara Taluk, Bangalore 562109.

DP. Id+	
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Client Id+	
------------	--

Reg. Folio No.	
----------------	--

Signature of the shareholder/Proxy

Full Name of the Shareholder/Proxy
(in block letters)

+ Applicable if shares are held in electronic form.

NOTE :

Shareholders attending the meeting in person or by proxy are requested to complete this attendance slip and hand it over at the entrance of the meeting hall.

BOOK-POST

UCP

If undelivered please return to :

S E R Industries Limited,
Chikkakuntanahalli Village, Bidadi Hobli,
Ramanagara Taluk, Bangalore 562109.