

20th
Annual Report
2009-2010



ASHIANA AGRO INDUSTRIES LTD.



BOARD OF DIRECTORS

Shri Radesh Rangarajan
Shri Pavan Kumar Reddy
Shri Nirmal Kumar Dash

COMPANY SECRETARY

Shri E.D.M. Menon

REGISTERED OFFICE

No.792/5, Eswari Hotel Complex, Bangalore High Road, Sunguvarchatram,
Sriperumbudur Taluk, Kancheepuram District, Pincode - 602106, Tamil Nadu
Phone : 044-43502623, 28344820
Fax : 044-42606623

CORPORATE OFFICE

Old No. 5. New No. 9, II Floor, Chinniah Street
T. Nagar, Chennai – 600 017
Phone No. : 044-4350 2623
Fax No. : 044-4260 6623

AUDITORS

M/s Vikram Kumar & Co.
Chartered Accountants
Jagdish Bhawan, 1st Floor
Exhibition Road, Patna – 800 001

REGISTRAR & SHARE TRANSFER AGENTS

M/s Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area
Phase – II, Near Batra Banquet Hall
New Delhi – 110 028
Phone No. : 011 4141 0592, 93 & 94
Telefax : 011 – 4141 0591



NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Friday, the 24th September 2010 at 10 a.m. at 792/5, Eswari Hotel Complex, Bangalore High Road, Sunguvarchatram, Sriperumbudur Taluk, Kancheepuram District, Pincode – 602106, Tamil Nadu to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st march, 2010 and the Profit & Loss Account for the year ended on that date together with Reports of Auditors and Directors thereon.
2. To appoint statutory Auditors of the Company and to fix their remuneration. M/s Vikram Kumar & Co. Chartered Accountants, Patna retires at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.
3. To appoint a Director in place of Shri Radesh Rangarajan who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To Consider and if thought fit to pass, with or without modifications(s), the following Resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309 and other applicable provisions, if any, of the Companies’ Act, 1956, read with Schedule XIII thereto and subject to such approvals, as may be necessary, Shri Pavan Kumar Reddy, Director of the Company be and is hereby appointed as Wholetime Director for a period of five years w.e.f. 1st July, 2010 on the terms and conditions as set out in the Explanatory Statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the limits provided for in the said schedule XIII or any amendments thereof for the time being in force.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution”.

By order of the Board of Directors

Sd/-
(E.D.M. Menon)
Company Secretary

Place: Chennai
Date: 10/8/2010



NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of Special Business is annexed hereto and forms an integral part of the notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Register shall remain closed for a day, i.e., on 22nd September, 2010.
4. The Shareholders are requested to communicate to the Registrar & Share Transfer Agent change in address, if any, at the address given in the Annual Report.
5. Members are requested to preferably send their queries to the Registered Office seven days before the date of AGM.
6. Shareholders are requested to bring their copy of annual Report to the meeting.
7. Members/Proxies should fill in attendance slip for attending the meeting.
8. In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
9. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM No. 4

Mr. Pavan Kumar Reddy has been the Director of the Company since 24/12/08. He is a qualified engineer (B.E. Mechanical Engineering) with a specialization in the field of automotive engineering, automotive modeling and simulation techniques. Since the date of appointment, he has been making all out efforts to revive the company. The Board of Directors in their meeting held on 26/7/2010 has appointed Shri Pavan Kumar Reddy as Whole Time Director for a period of Five years w.e.f. 1/7/2010 subject to approval of shareholders in the forthcoming Annual General Meeting on the following terms and conditions:-

1. Salary : Rs. 50,000/- per month in the grade of 50000-5000-70000
2. Perquisites:-
 - a) Telephone : Provision of a telephone at residence will not be considered as perquisite. Personal Long distance calls on telephone shall be billed by the Company.
 - b) Car with driver : Provision of a Car for use on company's business will not be considered as perquisite. Use of car for private purposes shall be billed by the Company.
 - c) Medical reimbursement : Expenses actually incurred for self and family subject to ceiling of one month's salary in a year or three months' salary over a period of 3 years.
 - d) Leave : One month's leave on full pay and allowance for every 11 months' service with liberty to accumulate such leave for a period of three months and leave encashment for a maximum period of 3 months at the end of the tenure.



- e) Club Membership : Fees of clubs subject to a maximum of two clubs. Payment of admission fee and life membership fees will not be permissible.
- f) Reimbursement of entertainment expenses : Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the company. This will not be considered as perquisite.

Explanation :

'Family' shall mean spouse, dependent children and dependent parents.

The remuneration and perquisites shall be subject to the overall ceiling under Section 198 and 309 of the Act.

In the event of absence or inadequacy of profit in any financial year during the tenure of the Wholetime Director, salary and perquisites would be paid as above, subject to ceiling limit specified in Schedule XIII of the Companies' Act 1956 as modified from time to time.

Termination : The appointment may be terminated by either party giving to the other party a notice of not less than three months of such termination or by payment of an amount equivalent to 3 months salary in lieu of notice of such termination.

The Board recommends passing the resolution. Shri Pavan Kumar Reddy, being the appointee, is interested in the Resolution. No other director is interested or concerned in the Resolution.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to appointment of Shri Pavan Kumar Reddy as Wholetime Director pursuant to section 302 of the Companies' Act, 1956.

By order of the Board of Directors

Sd/-
(E.D.M. Menon)
Company Secretary

Place: Chennai
Date: 10/8/2010

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 20TH ANNUAL GENERAL MEETING AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

At the ensuing AGM Shri Radesh Rangarajan retires by rotation and is eligible for re-election. Approval of shareholders is also sought for the appointment of Shri Pavan Kumar Reddy as Whole Time Director for a period of five years w.e.f. 1/7/10 on terms and conditions as contained in the explanatory statement. Brief profiles of these directors under Corporate Governance code are as under:-



1. Shri Radesh Rangarajan

Radesh Rangarajan holds PG Diploma in Business Management from IIM Ahmedabad, (PGP-1988-90) and is a first generation entrepreneur. He has a Bachelor degree in physics from Loyola College, Chennai.

His work experience started with the Eicher Group and Blowplast, where he did the hardcore grind of dealer management and sales across 4 states for consumer and industrial products.

Radesh started off in business with a DSA ship for GE-Countrywide and added ANZ grindlays bank products to his portfolio. The product range included car finance, credit cards and other retail financial products. His firm was rated the top performer in South India and one of the best in the country in the field in the years 1996 - 1997 at GE Countrywide.

Radesh successfully set up a website dealwala.com in 2000, for a top industrial group, leading a crack team of graduates from IIMA and XLRI. It was one of the very few websites to register sales revenues from scratch. With dotcoms floundering for capital, dealwala.com managed to morph into a non-voice BPO, that now has over 700 employees. Radesh put together the CXO level team before moving on.

In 2002, Radesh and Govind founded Mindspace HR consulting Services, later to become a Pvt. Ltd. Company. This pioneering venture was focussed on 'soft skill' training for non-metro graduates' to increase their employability. The company charted out the road map for IT companies and others, to source and develop talent, before there was a crunch. With five centres across the country, Mindspace went on to do contact programs for over 15,000 students within 3 years. Over time, Mindspace shifted focus to placement, where it worked with clients such as the ITC group, Xansa and Wipro. Radesh continues on the board of directors of Mindspace, even as the company has diversified beyond HR to finance.

Since 2007, Radesh has been active in the Investment advisory sphere. He and his partners have been involved in successful private equity deals, CXO level appointments and strategic alliances for a string of SMES (between Rs. 20-100 crores). Investments and mentoring in SMES are his areas of business interest.

Radesh is an Executive Committee member in the IIM Ahmedabad Alumni Association, Chennai. He has delivered lectures or addresses at IIT Chennai, ICFAI, NIT - Surathkal and Manipal Institutes of Technology and Management, besides many other colleges, on various topics.

2. Shri Pavan Kumar Reddy

Mr. Pavan Kumar Reddy is a qualified engineer (B.E. Mechanical Engineering) with a specialization in the field of automotive engineering, automotive modeling and simulation techniques. He understands modern vehicle design and can contribute to improve operational efficiency of vehicles.



He is also a very practical, and is a quick learner of emerging trends, even besides his field of specialization. Mr. Pavan hails from an agricultural background. He can contribute in increase in better quality of agricultural produce and increase in production by introducing modern technology.

**DIRECTOR'S REPORT**

To the Members

Your Directors take pleasure in presenting their Twentieth Annual Report and Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

The summarized financial results for the year ended 31st March 2010 are as follows:-

	(Rupees in Lacs) 2008-2009	(Rupees in Lacs) 2009-2010
Total Income	22.33	23.46
Profit(+) Loss(-) before Interest & Depreciation	(+) 8.26	(+) 15.39
Interest:	0.10	0.08
Depreciation:	0.10	0.10
	(-)0.20	(-)0.18
Profit (+) Loss(-) for the year	8.06	15.21
Less: Fringe Benefit Tax:	(-)0.01	0.06
Profit (Loss) after Tax	8.05	15.15
Balance Loss(-) brought forward from previous year	(-)261.94	(-)253.89
Balance carried to Balance Sheet (Loss)	<u>(253.89)</u>	<u>(238.74)</u>

The relevant notes on the Account of the Company referred to in the Auditor's Report are self-explanatory.

DIVIDEND

Keeping in view the accumulated losses, the directors are unable to recommend payment of any dividend for the year under review.

OPERATIONS

Commercial operations of the Company remained suspended during the year under review. After take over by new management, the company is exploring new avenues of growth.

TAKEOVER

Your Company has been taken over M/s Serengeti Holdings Pvt. Ltd., 16/3, Vidyodaya First Cross Street, T. Nagar, Chennai-600 017, a Chennai based Company by acquisition of 10,68,780 Equity Shares from the Promoters and 1,06,900 Equity Shares from Public through open offer aggregating to 1175680 Equity Shares.



DIRECTORS

The Board has appointed Shri Pavan Kumar Reddy as whole time Director for a period of Five years w.e.f. 1/7/2010 in the Board Meeting held on 26/7/2010 subject to approval of shareholders in the AGM.

Shri Radesh Rangarajan retires by rotation and is eligible for re-election.

FIXED DEPOSITS

Your Company has not accepted or invited any fixed deposits during the period under review.

AUDITORS

M/s Vikram Kumar & Co., Chartered Accountants, Patna retire at the ensuring Annual General Meeting and being eligible offer themselves for re-appointment.

REGD. OFFICE

As the shareholders are aware, subsequent to the approval of shareholders by Postal Ballot, amendment to the Registered Office clause of the Memorandum & Articles of Association of the Company has been confirmed by the Hon'ble Company Law Board, Northern Region Bench vide its order dated 15/4/2010. Accordingly, the Regd. Office of the company has been shifted from Bhiwadi , Distt. Alwar, Rajasthan to No.792/5, Eswari Hotel Complex, Bangalore High Road, Sunguvarchatram, Sriperumbudur Taluk, Kancheepuram District, Pincode - 602106, Tamilnadu.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are to be furnished pursuant to Section 217 (2A) of the Companies' Act (Particulars of Employees) Rules 1975.

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

There are no particulars which are required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 as the production activities of the Company remained suspended since April 1997. The Company has neither earned nor utilized any foreign exchange during the year under review.

LISTING OF SHARES

At present the shares of the Company are listed with Bombay Stock Exchange Ltd., Mumbai, Jaipur Stock Exchange Ltd., Jaipur, Magadh Stock Exchange Assn. Ltd., Patna and Delhi Stock Exchange Ltd., New Delhi. The Company intends to delist the Shares from all exchanges except Bombay Stock Exchange. Stock Exchange Regulations are complied with from time to time.

REGISTRAR & SHARE TRANSFER AGENT

M/s Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi – 110028 continue to be Company's Registrar & Share Transfer Agents. All the Members are requested to contact them for any kind of share related matters.



IMPLEMENTATION OF THE CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, Company has constituted the following committees:-

Shareholders grievances committee

Shri Radesh Rangarajan, Director is the Chairman and Shri Pavan Kumar Reddy is member of the committee. Meeting of the Shareholders Grievances Committee are being held at regular intervals to sort out all kinds of grievances of investors.

Remuneration Committee

Shri Pavan Kumar Reddy, Director is the Chairman and Shri Nirmal Kumar Dash, Director is the Member of the Committee. The Committee is holding regular meetings to review the remuneration of Directors and executives.

Audit Committee

Shri Radesh Rangarajan is the Chairman and Shri Nirmal Kumar Dash is the member of the Committee. The duties, responsibilities and powers of the committee has been defined by the board at the time of its constitution in accordance with listing Guidelines. A separate report on corporate governance forms part of this Annual Report.

Management's Discussion and analysis

Management's discussion and analysis in compliance with Clause 49 of the Listing Agreement is attached and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

While preparing the Annual Financial statements the Company has adhered to the following:-

1. In the preparation of the said financial statements the Company has followed the applicable accounting standards, referred to in Section 211 (3-c) of the Companies' Act 1956.
2. The Company has followed the said Accounting Standards and has been applying them consistently and has made judgment and estimates that are reasonable, prudent and are in the interest of the company's business, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit/Loss of the Company, for the said period.
3. The Directors have taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Companies' Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



ASHIANA AGRO INDUSTRIES LTD.

During the year Board Meeting held on 27/4/2009, 1/6/2009, 23/6/2009, 4/7/2009, 27/7/2009, 25/9/2009, 27/10/2009, 30/10/2009 and 25/1/2010

BOARD COMMITTEE

AUDIT COMMITTEE

Shri Radesh Rangarajan is the Chairman and Shri Nirmal Kumar Dash is the member of the Committee. The duties, responsibilities and powers of the committee has been defined by the board at the time of its constitution in the accordance with listing Guidelines. Shri EDM Menon, Company Secretary is Secretary to the Committee. The role and duties of the audit Committee have been defined by the board of directors and generally cover the areas mentioned under clause 49 of the Listing Agreement besides other terms as may be referred to the Committee by the Board of Directors from time to time.

SHAREHOLDERS GRIEVANCES COMMITTEE

Shri Radesh Rangarajan, Director is the Chairman and Shri Pavan Kumar Reddy is member of the Committee. Meeting of the Shareholders Grievances Committee are being held at regular intervals to sort out all kinds of grievances of investors. Shri EDM Menon, Company Secretary is the compliance officer.

The Company has attended to all valid requests for transfer received during the year ended 31st March 2010 and no such transfer is pending.

REMUNERATION COMMITTEE

Shri Pavan Kumar Reddy, Director is the Chairman and Shri Nirmal Kumar Dash, Director is the Member of the Committee. The Committee is holding regular meetings to review the remuneration of Directors and executives.

Remuneration of Directors for the financial year ended 31st March 2010.

Name of Director	Sitting Fee
Shri Pavan Kumar Reddy	2250
Shri Radesh Rangarajan	2250
Shri Nirmal Kumar Dash	2250

Sitting fees are disbursed @Rs. 250/- per Director for each meeting attended by him.

GENERAL BODY MEETING

YEAR	KIND OF MEETING	VENUE	DATE	TIME
2007	Annual General Meeting	RIICO, Rest House Hill Top, Bhiwadi, Distt. Alwar, Rajasthan	28.9.07	12.30 PM
2008	Annual General Meeting	RIICO, Rest House Hill Top, Bhiwadi, Distt. Alwar, Rajasthan	29.9.08	12.30 PM
2009	Annual General Meeting	RIICO, Rest House Hill Top, Bhiwadi, Distt. Alwar, Rajasthan	25.9.09	11.00 AM



Disclosures

The related party transactions have been disclosed in Notes on Accounts forming part of the Account for the financial ended 31st March 2010 and since the necessary disclosures were made in respect of said transactions to the Board of Directors, no transaction is considered to be in potential conflict with the interest of the Company at large.

There has not been any non-compliance, penalties or strictures imposed on the company by the stock exchange (s). SEBI or any other statutory authority, on any matters relating to the capital markets during the last three years.

Means of Communication

The Audited/Unaudited Financial Results and other Public Notice are generally published by the Company in Statesman, New Delhi, Free Press Journal, Mumbai and in daily Dinamalar, Chennai. These Results/Notices are also sent to the exchanges at Jaipur, Mumbai, Delhi and Patna (Magadh) where company's shares are listed.

CEO/CFO Certification

Shri Pavan Kumar Reddy, Whole Time Director, has furnished the requisite certificate to the Board of Directors under Clause 49 of the Listing Agreement.

2. General Shareholders information :

- a) Annual General Meeting
 - Date and Time : 24th Sept., 2010 at 10.00 AM
 - Venue : 792/5, Eswari Hotel Complex, Bangalore High Road, Sunguvarchatram, Sriperumbudur Taluk, Kancheepuram District, Pincode – 602106, Tamil Nadu
- b) Financial Calendar (tentative)
 - Annual General Meeting : 24th Sept., 2010 at 10 AM
 - Results for the quarter ending 30.6.10 : Last week of July 2010
 - Results for the quarter ending 30.9.10 : Last week of October 2010
 - Results for the quarter ending 31.12.10 : Last week of January 2011
 - Results for the quarter ending 31.3.11 : Last week of April 2011
- c) Book Closure date : 22nd Sept., 2010
- d) Listing of Equity Shares : Jaipur, Bombay, Delhi and Magadh (Patna)
Stock Exchanges

Scrip Code at BSE : 519174

**ASHIANA AGRO INDUSTRIES LTD.**

e) Stock Market Data : Monthly low and high prices of Company's Equity Shares (Rs. 10/- paid up) at Bombay Stock Exchange during April 2009 to March 2010 are as under:-

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)
April 2009	2.84	2.98	2.84	2.85	1000	4	2,897.00
May 2009	2.71	3.19	2.64	3.19	2200	10	6,533.00
June 2009	3.34	4.11	3.18	4.11	8100	33	28,484.00
July 2009	3.91	4.05	3.37	3.37	3400	11	12,712.00
August 2009	3.22	3.22	2.93	2.94	600	4	1,816.00
September 2009	2.81	2.82	2.38	2.38	1700	8	4,405.00
October 2009	2.35	2.70	2.35	2.52	1500	10	3,778.00
November 2009	2.50	2.50	3.20	2.42	800	6	1,901.00
December 2009	2.54	3.04	2.54	2.90	1400	9	3,877.00
January 2010	3.04	5.13	3.04	4.70	8500	35	29,547.00
February 2010	4.93	9.19	4.93	7.25	14100	79	102,257.00
March 2010	6.95	6.95	6.04	6.04	2300	12	15,257.00

f) Registrar and Share Transfer Agents : M/s. Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area, Phase – II, Near Batra Banquet Hall, New Delhi – 110028
ISIN Number : INE709D01012 for CDSL and NSDL

g) Shareholding pattern as on 31.3.2010

S. No.	Category	No. of Shares	Percentage (%)
1.	Promoters	1175680	25.56
2.	Indian Financial Institution, Banks	700	0.01
3.	Mutual Funds Foreign Institutional Investors	Nil	Nil
4.	Others	3423620	74.43
	Total	4600000	100.00



h) Distribution of shareholdings as on 31.3.2010

No. of Shareholders	No. of Shareholders	% of Shareholding	No. of Equity Shares	% of Share held
Upto 2500	22016	93.769	23722000	51.570
2501-5000	1069	4.553	4042200	8.787
5001-10000	261	1.112	2086000	4.535
10001-20000	92	0.392	1310000	2.848
20001-30000	16	0.068	408800	0.889
30001-40000	6	0.026	205000	0.446
40001-50000	3	0.013	140000	0.304
50001-100000	5	0.021	4850000	1.054
100001 & above	11	0.047	13601000	29.567
	23479	100.000	4600000	100.000

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

Your Company is a Zero liability Company. M/s Serengeti Holdings P. Ltd., 16/3, Vidyodaya First Cross Street, T. Nagar, Chennai have taken over your company in accordance with SEBI (SAST) Regulation 1997. They have acquired 10,68,780 Equity Shares from the Promoters and 106900 Equity Shares from the Public through Open Offer. They hold 1175680 Equity Shares constituting 25.56% of the Equity Capital of the Company. Shri Pavan Kumar Reddy has been appointed as Whole Time Director for a period of five years w.e.f. 1/7/2010. He is making all out efforts to revive the Company.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To, The Member of

ASHIANA AGRO INDUTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by Ashiana Agro Industries Ltd., for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of Ashiana Agro Industries Ltd., with Mumbai, Delhi, Jaipur & Magadh.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by Ashiana Agro Industries Limited for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of Ashiana Agro Industries Limited.

In our opinion and to the best of our information and according to the explanations given to us, we state that Ashiana Agro Industries Limited has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.



We have also examined the records relating to the shareholders/investors' grievance committee as maintained by the company and observe that company has adequate mechanism to deal with the investors and no investor grievance is pending for the period exceeding one month against the Company as per the records maintained by the shareholders'/investors' grievance Committee.

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

**For VIKRAM KUMAR & CO.
Chartered Accountants**

**Sd/-
(Bireswar Kumar)
Partner**

**Dated : 10th Aug., 2010
Place : Camp. Chennai**



AUDITORS' REPORT

To, The Members

ASHIANA AGRO INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **ASHIANA AGRO INDUSTRIES LIMITED**, as at 31st March'2010, Profit and Loss Account and 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.

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 for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 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 paragraphs 4 and 5 of the said order.

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 account as required by law have been kept by the company as far as appears from our examination of those books.
- (c) The Balance Sheet, Profit and Loss Account and the 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 the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 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 to the best of our information and according to the explanations given to us, the annexed accounts read with the notes in Schedule –"J" 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:
 - (a) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March, 2010; and
 - (b) In case of Profit and Loss Account, of the Profit for the year ended on that date.
 - (c) In case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For VIKRAM KUMAR & CO.
Chartered Accountants**

**Dated : 10th August, 2010
Place : Camp, Chennai**

**Sd/-
(Bireshwar Kumar)
Partner**



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year. No discrepancies were noticed on such verification.
- (c) The Company had sold entire plant & machinery, Land and Building during earlier year and the company has so far not made any plans to replace the fixed assets that have been sold. The Company has not made any transaction during the year in respect of export business Started in earlier year. These factors raise doubt about the company's ability to continue as a going concern in the foreseeable future.
- (ii) (a) The company had not taken loan from other company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.Nil lacs and the year-end balance of loans taken from such parties was NIL.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (iii) In our opinion and according to the information and explanations given to us there are adequate internal procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (iv) There are no transactions that need to be entered in the register maintained in pursuance to section 301 of the Act.
- (v) The company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- (vi) In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- (vii) We were explained that the Central Government U/S 209(1)(d) of the Companies Act, 1956 has not prescribed maintenance of cost records during the year.
- (viii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty, cess were in arrears, as at 31.03.2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.



- (ix) In our opinion, the accumulated losses are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- (x) 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 or debenture holders.
- (xi) 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.
- (xii) 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. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xiii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- (xiv) Other Provision of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

**For VIKRAM KUMAR & CO.
Chartered Accountants**

Sd/-

**(Bireswar Kumar)
Partner**

**Dated : 10th August, 2010
Place : Camp, Chennai**

**ASHIANA AGRO INDUSTRIES LTD.****BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule		As at 31.03.2010 (Rs.)	(Rs.)	As at 31.03.2009 (Rs.)
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	A	45,859,500.00		45,859,500	
Reserves & Surplus	B	<u>1,500,000.00</u>	47,359,500.00	<u>1,500,000.00</u>	47,359,500.00
TOTAL			<u>47,359,500.00</u>		<u>47,359,500.00</u>
APPLICATION OF FUNDS					
Fixed Assets	C				
Gross Block		517,536.00		517,536.00	
Less: Depreciation		<u>467,577.00</u>		<u>456,975.00</u>	
Net Block			49,959.00		60,561.00
Current Assets, Loans & Advances					
Cash & Bank Balances	D	357,193.65		2,832,345.73	
Loans & Advances	E	<u>23,134,025.00</u>		<u>19,367,130.00</u>	
		23,491,218.65		22,199,475.73	
Less: Current Liabilities & Provisions	F	<u>55,422.00</u>		<u>289,742.00</u>	
Net Current Assets			23,435,796.65		21,909,733.73
Profit & Loss Account			23,873,744.35		25,389,205.27
TOTAL			<u>47,359,500.00</u>		<u>47,359,500.00</u>
Notes forming part of the accounts	J		-		-

As per our report of even date attached

For **VIKRAM KUMAR & CO.**
Chartered Accountants

For and on behalf of the Board

Sd/-
(Bireshwar Kumar)
Partner**Sd/-**
(Radesh Rangarajan)
Director**Sd/-**
(Pavan Kr. Reddy)
Director**Sd/-**
(EDM Menon)
Company SecretaryPlace : Camp, Chennai
Dated : 10th August, 2010

**ASHIANA AGRO INDUSTRIES LTD.****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

INCOME	SCHEDULE	AMOUNT	AMOUNT
	(Rs.)	2009-2010	2008-2009
		(Rs.)	
Other Income	G	2,345,685.00	2,233,243.38
TOTAL		2,345,685.00	2,233,243.38
EXPENDITURE			
Administrative & Other Expenses	H	805,454.42	1,407,151.85
Interest & Financial Charges	I	8,303.66	9,641.82
Depreciation		10,602.00	10,602.00
TOTAL		824,360.08	1,427,395.67
Profit (Loss) for the Year before tax		1,521,324.92	805,847.71
Less: Provision for Tax			
Current Tax		-	-
Fringe Benefit Tax		-	310.00
Less: STT paid		-	401.00
Less: Adjustment of FBT		5,864.00	337.00
Profit(Loss) after Tax		1,515,460.92	804,799.71
Balance Loss brought forward from Previous Year		(25,389,205.27)	(26,194,004.98)
		(23,873,744.35)	(25,389,205.27)

Notes forming part of the accounts J

As per our report of even date attached

For **VIKRAM KUMAR & CO.**
Chartered Accountants

For and on behalf of the Board

Sd/-
(Bireswar Kumar)
Partner

Sd/-
(Radesh Rangarajan)
Director

Sd/-
(Pavan Kr. Reddy)
Director

Sd/-
(EDM Menon)
Company Secretary

Place : Camp, Chennai
Dated : 10th August, 2010



SCHEDULES 'A' to 'J' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE 'A'-SHARE CAPITAL		
Authorised		
49,00,000 Equity Shares of Rs.10.00 each	49,000,000.00	49,000,000.00
1,00,000 Preference Shares of Rs.10.00 each	1,000,000.00	1,000,000.00
	50,000,000.00	50,000,000.00
Issued		
46,00,000 Equity Shares of Rs.10.00 each	46,000,000.00	46,000,000.00
	46,000,000.00	46,000,000.00
Subscribed & Paid up		
46,00,000 Equity Shares of Rs.10.00 each Fully paid up in Cash	46,000,000.00	46,000,000.00
Less: Allotment Money due	140,500.00	140,500.00
	45,859,500.00	45,859,500.00
SCHEDULE 'B'-RESERVES & SURPLUS		
Capital Reserve		
State Capital Investment Subsidy	1,500,000.00	1,500,000.00
	1,500,000.00	1,500,000.00

SCHEDULE-'C' - FIXED ASSETS

Particulars	G R O S S B L O C K (At cost)				D E P R E C I A T I O N				N E T B L O C K	
	As At 01.04.09	Additions	Deductions/ Transfers	As At 31.03.10	Upto 31.03.09	For the Year	Deductions/ Transfers	Upto 31.03.10	As At 31.03.10	As At 31.03.09
COMPUTER	504,036	-	-	504,036	451,417	9,961	-	461,378	42,658	52,619
FAX MACHINE	13,500	-	-	13,500	5,558	641	-	6,199	7,301	7,942
TOTAL	517,536	-	-	517,536	456,975	10,602	-	467,577	49,959	60,561
PREVIOUS YEAR'S TOTAL	509,580	7,956	-	517,536	446,373	10,602	-	456,975	60,561	-

**ASHIANA AGRO INDUSTRIES LTD.**

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<u>SCHEDULE 'D' - CASH & BANK BALANCES</u>		
Cash in Hand	17,555.00	301,837.00
Balance with Scheduled Banks:		
In Current Accounts	339,638.65	228,442.73
In Fixed Deposits	-	2,302,066.00
	<u>357,193.65</u>	<u>2,832,345.73</u>
<u>SCHEDULE 'E' LOANS & ADVANCES</u>		
(Unsecured Considered Good, unless otherwise stated)		
Loans	22,259,116.00	18,593,753.00
Security Deposits	18,000.00	18,000.00
Advance Fringe Benefit Tax	-	11,000.00
Tax deducted at Source	856,909.00	744,377.00
	<u>23,134,025.00</u>	<u>19,367,130.00</u>
<u>SCHEDULE 'F' - CURRENT LIABILITIES & PROVISIONS</u>		
A) CURRENT LIABILITIES		
Liabilities for Expenses	55,422.00	16,836.00
Other Liabilities	-	270,740.00
	<u>55,422.00</u>	<u>287,576.00</u>
B) PROVISIONS		
Provision for Fringe Benefit Tax	-	2,166.00
	<u>55,422.00</u>	<u>289,742.00</u>
<u>SCHEDULE 'G' - OTHER INCOME</u>		
Interest (includes TDS Rs 467092/-/- Previous Year Rs.3,89,817/-)	2,345,685.00	1,931,732.00
Misc.Receipt	-	260,833.88
Dividend Income	-	40,677.50
	<u>2,345,685.00</u>	<u>2,233,243.38</u>

**ASHIANA AGRO INDUSTRIES LTD.**

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<u>SCHEDULE 'H' - ADMINISTRATIVE & OTHER EXPENSES</u>		
Salary	180,000.00	633,000.00
Miscellaneous Expenses	554,001.42	407,932.41
Loss on sales of Mutual Fund Units	-	326,323.44
Travelling & Conveyance	7,867.00	4,560.00
Directors Fee & Expenses	6,750.00	6,500.00
Rent	40,000.00	12,000.00
Auditors' Remuneration: Audit Fees	16,836.00	16,836.00
	<u>805,454.42</u>	<u>1,407,151.85</u>
 <u>SCHEDULE 'I' INTEREST & FINANCIAL CHARGES</u>		
Bank charges	8,303.66	9,641.82
	<u>8,303.66</u>	<u>9,641.82</u>

**SCHEDULE "J"- NOTES FORMING PART OF THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

System of Accounting:

- i) Financial statements are based on historical cost.
- ii) The Company generally follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

Fixed Assets :

Fixed assets are stated at cost. The cost of Fixed Assets includes acquisition and installation expenses incidental to acquisition like freight, erection, installation and commissioning etc. are capitalised to the original cost of Fixed Assets.

Depreciation:

Depreciation on Fixed Assets is provided on "Straight Line Method " in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is being provided on pro rata basis from the date of acquisition or installation of the fixed assets. No depreciation is being provided on assets sold, discarded, demolished or scrapped during the year.

Investments:

- i) Long term investments are stated at cost after deducting provision, if any, in cases where the fall in market value has been considered of permanent nature.
- ii) Current investments are stated at lower of cost and fair value.

Retirement Benefits:

The provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952, the provisions of Payment of Gratuity Act, 1972, the Provisions of Employees State Insurance Act, 1948 and other labour laws are not applicable to the Company, since the Company employees less than the minimum number of persons prescribed under the above Acts.

2. Payments to Auditors :	<u>2009-2010</u>	<u>2008-2009</u>
Audit fees (including service tax)	16,836	16,836

3. Managing Directors Remuneration

Remuneration payable to Managing director employed during the year is as follows:-

	2009-2010	2008-2009
i) Salary	NIL	3,60,000
ii) Sitting Fees	NIL	1,750
iii) Perquisites	NIL	34,000



4. Payments against supplies from small scale and ancillary undertakings have been made in accordance with the agreed credit terms and to the extent ascertainable from available information, there was no amount overdue as on 31st March, 2010 in this regard.
5. In the opinion of the Board of Directors all the current assets, loans & advances have value on realization at least of an amount equal to the amount at which they are stated in the Balance Sheet.
6. The Company has sold its entire Plant & Machinery and other ancillary equipments. The Company has not undertaken any manufacturing activities during the year. Since no manufacturing activities had been undertaken, additional information's pursuant to the paragraphs 3 and 4 of Part- II of Schedule VI to the Companies Act, 1956 are not applicable to the Company.
7. The Accounts have been prepared on the going concern assumption. However, in view of the sale of entire Plant & Machinery, other ancillary equipment's pertaining to its edible vegetable oil refinery plant and land & building during earlier year and company has been left with no manufacturing activities. The company has so far not made any plans to replace the fixed assets that have been sold. These factors raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future.

8. Segment Reporting :

- (a) Business Segment: The Company has considered business segment as the primary segment for disclosure. As reported above the Company has sold its entire Plant & Machinery and other ancillary equipment's pertaining to its edible vegetable oil refinery plant. The Company has not undertaken any manufacturing activities during the year. The Company is presently primarily engaged in financing activities, i.e. investing its surplus funds pending its final decision of starting any new business venture. Hence there is no distinguishable component of any product or services that can be reported. Interest generated on loans & advances given during the year, which in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India can be considered the only business Segment.
- (b) Geographical Segment: The Conditions prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

9. Earnings per Share :

	Year Ended 31-03-2010	Year Ended 31-03-2009
a. Profit(Loss) after Tax as per Profit and Loss Account	15,15,461	8,04,800
b. Weighted average number of equity shares of Rs. 10/- Each outstanding during the year.	45,85,950	45,85,950
c. Earnings per shares - Basic & Diluted	0.33	0.18

10. Deferred Tax :

In compliance with the Accounting Standard-22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, which has become mandatory. The Company has not created deferred tax liabilities /assets since it believes that such liabilities / assets are not likely to be reversed in future years.

**11. Related Part Disclosure :**

Information relating to Related Party Transaction as per Accounting Standard –18 issued by the Institute of Chartered Accountants of India is given below:

A. Name of the Related Party	Relationship
Serengeti Holdings Private Limited.	Associate Company
Mr. Radesh Rangarajan	Director
Mr. Pavan Kr. Reddy	Director
Mr. Nirmal Kumar Das	Director

B. Transactions during the year

Name of the Related Party	Nature of Transaction
Mr. Radesh Rangarajan	2250.00 Sitting Fee
Mr. Pavan Kumar Reddy	2250.00 Sitting Fees
Mr. Nirmal Kumar Dass	2250.00 Sitting Fees

12. Previous year's figures have been re-grouped wherever necessary.

Signatures to Schedules A to J

For **VIKRAM KUMAR & CO.**
Chartered Accountants

Sd/-
(Bireshwar Kumar)
Partner

Sd/-
(Radesh Rangarajan)
Director

For and on behalf of the Board

Sd/-
(Pavan Kr. Reddy)
Director

Sd/-
(EDM Menon)
Company Secretary

Place : Camp, Chennai
Dated : 10th August, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010****(Pursuant to the Listing Agreements with Stock Exchanges)**

	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE EXTRAORDINARY ITEMS		1,521,324.92
ADJUSTMENTS FOR:		
DEPRECIATION	10,602.00	
FOREIGN EXCHANGE	-	
DEFERRED REVENUE EXPENDITURE WRITTEN OFF	-	
INVESTMENTS	-	
INTEREST PAID	-	
INTEREST RECEIVED	<u>(2,345,685.00)</u>	(2,335,083.00)
OPERATING (LOSS) PROFIT BEFORE WORKING CAPITAL		
CHANGES		(813,758.08)
ADJUSTMENTS FOR:		
INVENTORIES	-	
TRADE AND OTHER RECEIVABLES	(3,766,895.00)	
TRADE PAYABLES	<u>(234,320.00)</u>	(4,001,215.00)
CASH GENERATED FROM OPERATIONS		(4,814,973.08)
INTEREST PAID	-	
DIRECT TAXES (PAID)/ REFUNDED	<u>5,864.00</u>	(5,864.00)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		(4,820,837.08)
EXTRAORDINARY ITEMS		
Profit on sale of fixed assets		
Prior years Expenditure	-	-
NET CASH FROM OPERATIONS		(4,820,837.08)
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS		
SALE OF FIXED ASSETS	-	
ACQUISITION OF COMPANIES	-	
PURCHASE OF INVESTMENTS	-	
SALE OF INVESTMENTS		

**ASHIANA AGRO INDUSTRIES LTD.**

	(Rs.)	(Rs.)
INTEREST RECEIVED	2,345,685.00	
DIVIDEND RECEIVED		
NET CASH USED IN INVESTING ACTIVITIES		2,345,685.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	-	
PROCEEDS FROM BORROWINGS	-	
PROCEEDS FROM WORKING CAPITAL BORROWINGS	-	
DIVIDEND PAID	-	
INVESTMENT SUBSIDY RECEIVED/ (REFUNDED)		
NET CASH USED IN FINANCING ACTIVITIES		-
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		(2,475,152.08)
CASH & CASH EQUIVALENTS AS AT (Opening Balance)		2,832,345.73
CASH & CASH EQUIVALENTS AS AT (Closing Balance)		357,193.65

As per our report of even date attached

For **VIKRAM KUMAR & CO.**
Chartered Accountants

Sd/-
(Bireswar Kumar)
Partner

Sd/-
(Radesh Rangarajan)
Director

Sd/-
(Pavan Kr. Reddy)
Director

Sd/-
(EDM Menon)
Company Secretary

Place : Camp, Chennai

Dated : 10th August, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	076202
State Code No.	18
Balance Sheet Date	31.03.2010

II. Capital Raised During the Year (Amount in Rs. thousand)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	47360
Total Assets	47360

SOURCE OF FUNDS :

Paid-up Capital	45860
Reserves & Surplus	1500
Secured Loans	NIL
Unsecured Loans	NIL

APPLICATION OF FUNDS :

Net Fixed Assets	50
Investments	NIL
Net Current Assets	23436
Misc. Expenditure	NIL
Accumulated Losses	23874

IV. Performance of Company

Total Turnover & Other Income	2346
Total Expenditure	824
Profit/(Loss) Before Tax	1521
Profit/(Loss) After Tax	1515
Earning Per Share in Rs.	0.33
Dividend Rate %	NIL

V. Generic Name of Principal Products of Company

Item Code No.	151410
Product Description	Refined Edible Mustard Oil
Item Code No.	150710
Product Description	Refined Edible Soyabean Oil

Note: Classification of products under ITC code being of a technical nature is not verified by the Auditors.

As per our report of even date attached

For **VIKRAM KUMAR & CO.**
Chartered Accountants

For and on behalf of the Board

Sd/-
(Bireshwar Kumar)
Partner

Sd/-
(Radesh Rangarajan)
Director

Sd/-
(Pavan Kr. Reddy)
Director

Sd/-
(EDM Menon)
Company Secretary

Place : Camp, Chennai
Dated : 10th August, 2010

BOOK - POST

If undelivered please return to :

ASHIANA AGRO INDUSTRIES LIMITED

792/5, Eswari Hotel Complex,
Bangalore High Road, Sunguvarchatram,
Sriperumbudur Taluk, Kancheepuram
District, Pincode – 602106, Tamil Nadu