

62nd ANNUAL REPORT 2009-2010

Shervani Industrial Syndicate Limited

Your Directors take pleasure in presenting the 62nd Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in Lacs)
Profit before Depreciation	406
Depreciation	17
Profit after Depreciation & before Tax	389
Current Tax	10
Profit after Tax	379
Add Balance brought forward from last year	181
Surplus Available for Appropriation	560
Appropriation:	
Transferred to General Reserve	300
Proposed Dividend	26
Tax on dividend	5
Balance Carried Forward	229

DIVIDEND

Your Directors recommend dividend @ 8% for the year 2009-10 payable as under:

	(Rs. in Lacs)
(1) Ordinary Shares @ Re.0.80 per share	26.08
(2) Deferred Shares @ Rs.2.00 per share	0.16
TOTAL	26.24

OPERATIONS REVIEW

During the year under review your directors have taken all the possible steps to diversify Company's activity in to real estate sector. The Company has entered in to a builder agreement for development of property in to residential flats in the name of "Sterling Apartment" at a very posh locality in Allahabad and pleased to report that booking of the flats commenced after complying with all the legal formalities including the approval of map and clearances from various government departments. Your directors expect that the construction will start with in a couple of months.

SUBSIDIARY COMPANY FARCO FOODS PRIVATE LIMITED

During the year the name of subsidiary has been changed from Farco Foods Limited to Farco Foods Private Limited. The subsidiary company has not done any business during the year and the management is looking for some alternate arrangement to safeguard the interest of the Company.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the accounting standard AS-21 on consolidated financial statements read with accounting

standard AS-23 on accounting for investments in associates, your company has prepared the consolidated financial statements and annexed to this Annual Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Saeed Mustafa Shervani, Mr. Raju Verghese and Mr. Kush Bhargava Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment.

AUDITORS

The observations of the Auditors in their report are appropriately dealt with in the schedule of Notes forming part of Accounts.

M/s P. L. Tandon & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Report on Corporate Governance along with Auditors' Statement on its compliance is annexed to this Annual Report.

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

As required under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure 'A' to this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time and forming part of Directors Report-Not Applicable

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state as under:

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there is no material departure;
- (ii) That the accounting policies selected and applied are consistent and the judgements and estimates made

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 proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Annual Accounts have been prepared on a going concern basis.

DEPOSITS

During the year fixed deposit amounting to Rs. 1.90 Lac was repaid. No Deposits were renewed on or before 31st March, 2010. Depositors were intimated well in advance regarding the maturity of deposits with requests to claim their deposits on maturity.

INDUSTRIAL RELATIONS

Industrial Relations remained satisfactory during the period under review.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep sense of appreciation for the devoted services of all the employees of the Company and assistance and co-operation received from all stakeholders.

For and on behalf of the Board

Saleem I. Shervani
Managing Director

G.S. Chaturvedi
Director

Place : Allahabad
Date : May 22, 2010

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information under 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 amended from time to time and forming part of Directors' Report for the year ended 31st March, 2010.

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken- Nil
b) Additional Investments & schemes being implemented - Nil
c) Impact of measure (a) & (b) above- Nil

B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT- Nil**C. FOREIGN EXCHANGE EARNINGS AND OUTGOING**

Foreign Exchange used equivalent to Rs. 0.04 Lac and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

Saleem I. Shervani
Managing Director

G.S. Chaturvedi
Director

Place : Allahabad
Date : May 22, 2010

(Pursuant to clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY

The Company's philosophy on Corporate Governance is to enhance the long term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices in fair and transparent manner. Your Company continues to follow procedures and practices in conformity with the code of corporate governance outlined in the listing agreement.

2. BOARD OF DIRECTORS

The Board comprises of Chairman, Managing Director, Whole-time Director and Five Non-executive Directors of whom three are Independent Directors.

During the Financial Year ending 31st March, 2010, five Board Meetings were held on 10th April, 2009, 29th June, 2009, 25th July, 2009, 27th October, 2009, and 23rd January, 2010. The details of attendance of each Director at said meetings, at Annual General Meeting, number of Companies and other Board Committees where he/she is a director/member or chairman as at 31st March, 2010 are given below:

Director	Category	Attendance		No. of outside Directorship *	No. of other Board Committees	
		Board Meeting	AGM		Member	Chairman
Mr. A. N. Shervani	Chairman Emeritus Non Executive	X	X	2	Nil	Nil
Dr. Kamal Kumar	Chairman, Independent, Non Exec.	4	X	Nil	Nil	Nil
Mr. Tahir Hasan	Vice Chairman, Executive	5	✓	4	1	Nil
Mr. S. I. Shervani	M.D., Executive	5	X	4	Nil	Nil
Mr. Raju Verghese**	Non Executive	5	✓	1	Nil	Nil
Mr. S. M. Shervani	Non Executive	1	X	1	Nil	Nil
Mr. Kush Bhargava	Independent, Non Executive	1	X	Nil	Nil	Nil
Mr. G.S.Chaturvedi	Independent, Non Executive	3	X	1	Nil	Nil
Mrs.Salma Hasan ***	Non Executive	1	X	Nil	Nil	Nil

*This excludes directorships held in Private Limited Companies.

** Resigned from the Whole-time director on 1st January, 2010.

*** Resigned from the Board on 25th October, 2009

Particulars of the directors being re-appointed are given in Notice of Annual General Meeting.

3. AUDIT COMMITTEE

- Mr. G. S. Chaturvedi, Chairman Independent, Non-executive
- Mr. Kush Bhargava, Member Independent, Non-executive
- Dr. Kamal Kumar, Member Independent, Non executive

The Company Secretary of the company also acts as Secretary to the Committee.

The Audit Committee was set up by the Board of Directors and the terms of reference of the Committee cover the matters specified for Audit Committee in compliance of Clause 49 of the listing agreement as well as of Section 292 A of the Companies Act, 1956.

The Committee had met on 29th June, 2009, 25th July, 2009, 27th October, 2009 and 23rd January, 2010 attended by Mr. G.S. Chaturvedi, Chairman and Dr. Kamal Kumar, Member Except the meeting held on 27th October, 2009 which was attended by Mr. G.S. Chaturvedi, Chairman and Mr. Kush Bhargava, member.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee is being headed by Mr. G. S. Chaturvedi. The other members of the Committee are Mr. S. I. Shervani and Mr. Tahir Hasan. During the year the Company has not received any complaints from the Stock Exchanges/investors.

5. REMUNERATION COMMITTEE

The Board has constituted Remuneration Committee comprising following members in compliance of Schedule XIII of the Companies Act, 1956 and Clause 49 of the listing agreement with the Stock Exchanges.

- Mr. G. S. Chaturvedi, Chairman Independent, Non-executive
- Mr. Kush Bhargava, Member Independent, Non-executive
- Dr. Kamal Kumar, Member Independent, Non-executive

The Company Secretary of the company also acts as Secretary to the Committee.

Directors' remuneration details for the year ended 31st March, 2010 are as under:

Name of Directors	Salary	Perquisites (including retirement benefits)	Total
Mr.S. I. Shervani	1,200,000	161,703	1,361,703
Mr.Tahir Hasan	144,000	19,953	163,953
Mr.Raju Verghese	135,000	24,000	159,000

6. GENERAL BODY MEETINGS

AGM	Date	Time	Venue
Year 2006-2007	12/09/2007	11.30 A.M.	2, New Cantonment Kanpur Road, Allahabad - 211 001
Year 2007-2008	30/08/2008	11.30 A.M.	Same as above
Year 2008-2009	26/09/2009	11.30 A.M.	Same as above

No special resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting of the Company.

7. DISCLOSURES

There was no transaction of material nature with the directors or management or their relatives during the year. There was no non-compliance by the Company on any matter related to Capital Market. Consequently, there were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

8. MEANS OF COMMUNICATIONS

Quarterly/half yearly Financial Results of the Company are published in Aaj (Hindi) & Financial Express. The Company has not made any presentations to any Institutional Investors/Analyst.

The Company has not got any web site.

9. CEO/CFO CERTIFICATION

The Company has obtained the CEO/CFO certificate on financial reporting and internal controls in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange(s).

10. SHAREHOLDERS INFORMATION

Annual General Meeting:

DATE	: September 25, 2010
DAY	: Saturday
TIME	: 11.30 A. M.
VENUE	: 2, New Cantonment, Kanpur Road, Allahabad-211001, U. P.

Financial Calendar

Financial reporting for the Financial year	April-March
Quarter ending June 30, 2010	End of July 2010
Half year ending September 30, 2010	End of October 2010
Quarter ending December 31, 2010	End of January 2011
Quarter ending March 31, 2011	End of April /May 2011

Date of Book Closure

: 20th September 2010 to 25th September 2010 (Both days inclusive)

Date of Dividend Payment

: Within statutory time limit

Listing on Stock Exchanges

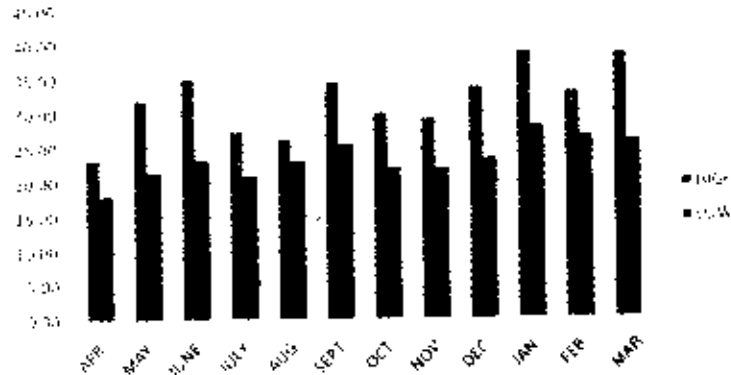
Stock Code

1. Bombay Stock Exchange Limited, Mumbai	: 526117
2. Delhi Stock Exchange Ltd. New Delhi	: 3079
3. The U. P. Stock Exchange Association Ltd. Kanpur	: -

Market Price Data (Financial Year 2009-2010)

The detail of share price movement is as under :-

	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	23.40	31.95	35.15	27.45	26.40	34.50	30.00	29.20	33.80	38.75	33.00	38.55
Low	18.10	21.50	23.30	20.95	23.10	25.45	22.00	22.00	23.45	28.00	26.65	26.00



REGISTRAR :

Link Intime India Pvt. Ltd.
C-13, Pannatal Silk Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai- 400 078

Share Transfer System

The company has appointed M/s Link Intime India Private Limited having its office as above as Registrar for demat as well as for physical segment, which provides all related services within the prescribed period under law and the Listing Agreements with the Stock Exchanges. All share transfers & transmissions etc. are being approved by a Committee of Directors, which meets periodically.

Shareholding Pattern and Distribution of Shares as on 31st March, 2010

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares
Promoters, Directors & Relatives	1636340	50.19	1-500	1182	149102
Nationalised Bank	6040	0.19	501-1000	90	69671
Bodies Corporate	471201	14.45	1001-2000	63	92695
Public	1145119	35.12	2001-3000	27	67343
Others (Foreign Nationals)	970	0.03	3001-4000	13	44724
NRI/OCBs	580	0.02	4001-5000	6	26446
			5001-10000	25	183097
			10001 and above	40	2627172
Total	32,60,250	100.00		1446	3260250

Dematerialisation of Shares

The shares of the Company are fully under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2010 over 76% of the shares of the Company are dematerialised.

Location : Shervani Nagar, Sulem Sarai, Allahabad (U.P.)

Address for Correspondence: **SHERVANI INDUSTRIAL SYNDICATE LIMITED**
Registered Office: Shervani Nagar, Sulem Sarai
Allahabad-211011(U.P.)
Phone: 0532-2102305-06 Fax:0532-2436928,
Email: shervaniind@rediffmail.com

Particulars of Directors who retire by rotation and seek Re-appointment at the ensuing Annual General Meeting of the Company

Name of the Director	Mr. Saeed Mustafa Shervani	Mr. Raju Verghese	Mr. Kush Bhargava
Date of Birth	29.05.1959	05.11.1947	20.10.1952
Date of Appointment	09.01.1986	27.01.2007	11.07.1981
Specialized Expertise	Company Executive	Finance & Taxation	Company Executive
Qualification	Diploma in Hotel Management	B.Sc.	M.A.
Directorship of Other Companies as on 31.03.2010	Shervani Hospitalities Limited SPS Promart Pvt. Ltd. Sherans Infrastructure Pvt. Ltd. Cherry Auto Industries Pvt. Ltd. Hotel & Restaurant Association of Northern India.	Reed Finance Pvt. Ltd. Capon Food Specialities Ltd.	K.B. Builders Private Limited
Chairman/Member of Other Committees as on 31.03.2010	NIL	NIL	NIL

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Company has ventured in to real estate segment by entering in to a builder agreement for development of property viz. residential flats. The company is also planning to develop its existing land for the same purpose.

Outlook on Opportunities, Threats, Risks and Concern

As the company has entered in to a new segment of business, risk as a new player in the segment is involved. However initial response for purchase of flats is very encouraging.

Financial Performance

There is no income from the operations of the Company. Expenses have been met out from interest income, profit on sale of assets together with the other income.

Subsidiary Company

Farco Foods Private Limited, a Wholly Owned Subsidiary of your Company, has not done any business during the year. The management is looking for some alternate arrangements to safeguard the interest of the Company.

Internal Control Systems and Adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company have appointed internal auditors who carry out audit extensively through out the year.

Human Resource

The company maintains a very cordial relationship with its employees and they wholeheartedly support the management in its development activities.

To The Members of Shervani Industrial Syndicate Limited

We have examined the compliance of conditions of Corporate Governance by SHERVANI INDUSTRIAL SYNDICATE LIMITED as at 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances pending for a period exceeding one month.

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

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No.72754

Place : Allahabad
Date : May 22, 2010

TO THE MEMBERS OF SHERVANI INDUSTRIAL SYNDICATE LIMITED

1. We have audited the attached Balance Sheet of Shervani Industrial Syndicate Limited, as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our 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 those books;
 - c) The Balance Sheet, the Profit & 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, the Profit & 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, except Liability for leave encashment and gratuity have been provided on the basis of actual liability determined by the management as on 31st March, 2010
 - 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 is 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 said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with 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;
 - (b) in the case of the Profit & Loss Account of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No. 72754

Place : Allahabad
Date : May 22, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph (3) of our report of even date)

- (i) In respect of its Fixed Assets:
- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - In our opinion and according to the information and explanations given to us, the company has made disposal of fixed assets pertaining to flashlights and Dry Cell battery divisions of the Company during the year
- (ii) In respect of its Inventories:
- As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us :
- The company has / had granted loans to three Parties. The maximum amount involved during the year was Rs.2591.31 Lacs and the year end balance of such loans granted was Rs.2588.37 Lacs.
 - In our opinion the rate of interest and other terms and conditions are not prima facie, prejudicial to the interest of the company.
 - Shervani Sugar Syndicate Limited an associate company and Farco Foods Private Limited a subsidiary company have not repaid the principal and interest.
 - According to modified rehabilitation scheme sanctioned by BIFR Shervani Sugar Syndicate Limited will make repayment after rehabilitation period on interest free basis. Repayment of Loan of wholly owned subsidiary company depends on disposal of assets of subsidiary company.
 - The company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any Loans, Secured or Unsecured, from parties listed in the register maintained under section 301 of the Companies Act, 1956, The provisions of clause 4(iii)(f) and (g) of the companies (Auditor's Report) order,2003 are therefore not applicable to the Company.
- (iv) 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 purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :
- According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provision of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposit accepted from the Public.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

- (viii) No Manufacturing activities have been carried out during the year, the provisions of clause 4(viii) of the Companies (Auditor's report) Order, 2003 are, therefore, not applicable to the Company.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues:
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any 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, service tax, custom duty and excise duty were in arrears as at 31st March, 2010 for a period of more than Six months from the date they became payable.
- (c) According to the records of the company, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have accumulated losses at the end of the financial year. Further, the company has not incurred cash losses during the financial year covered by our audit however the company has incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank.
- (xii) As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) The nature of company's business / activities during the year is such that the provisions of Clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, the terms and conditions on which the company has given guarantee for loan taken by a associate company from bank are not prejudicial to the interest of the company.
- (xvi) The company has not obtained any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) As the company has no debenture outstanding at any time during the year, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable to the company.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) 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.

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No.72754

Place : Allahabad
Date : May 22, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.3.2010		As at 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS					
Share Capital	1	32,802,500		32,802,500	
Reserves and Surplus	2	580,695,477	613,497,977	545,887,046	578,689,546
LOAN FUNDS					
Secured Loans	3	20,512,054		14,693,325	
Unsecured Loans	4	2,283,809	22,775,863	2,496,923	17,190,248
TOTAL			836,273,840		595,879,794
APPLICATION OF FUNDS :					
FIXED ASSETS	5				
Gross Block		87,268,219		166,600,021	
Less: Depreciation		13,290,284		89,572,777	
Net Block		53,977,955	53,977,955	77,027,244	79,018,303
Capital Work in Progress				1,991,059	
INVESTMENTS	6		261,746,711		224,883,476
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	52,060,243		26,629,121	
Sundry Debtors	8	2,218,714		1,567,850	
Cash and Bank Balances	9	118,254,657		115,821,563	
Other Current Assets		12,889,402		12,996,670	
Loans and Advances	10	194,514,312		190,778,214	
		377,937,328		347,793,418	
LESS: CURRENT LIABILITIES & PROVISIONS					
Liabilities	11	11,177,954		11,634,278	
Provision for Dividend		2,824,200		1,640,125	
Provision for Taxes		43,586,000		42,541,000	
		57,388,154		55,815,403	
NET CURRENT ASSETS			320,549,174		291,978,015
TOTAL			836,273,840		595,879,794
Notes on accounts	16				

Schedules 1 to 16 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Accounts Manager

G.S. CHATURVEDI
Director

SALEEM I. SHERVANI
Managing Director

As per our report attached
For **P.L. TANDON & CO.**
Chartered Accountants

P.P. SINGH
Partner

Place : Allahabad
Dated : May 22, 2010

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

	Schedule	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
INCOME :					
Sales		107,889		164,714	
Other Income	12	46,583,524		10,016,007	
Interest (Net)	13	14,624,496	81,295,909	15,327,551	25,508,272
EXPENDITURE :					
Decrease in Finished / Process Stocks	14	91,965		122,385	
Expenses	15	20,605,448		58,979,839	
Excise Duty		9,885		634,806	
Depreciation		1,675,063	22,382,361	1,583,380	61,320,410
PROFIT/(LOSS) BEFORE TAX			38,913,548		(35,812,138)
Fringe Benefit Tax			-		(290,000)
Current Tax			(1,045,000)		(131,000)
Income Tax Adjustment/Refund pertaining to Earlier Years			(70)		81,092
Adjustment of Deferred Tax Liability			-		3,275,340
Interest paid on tax demands			-		(178,002)
PROFIT/(LOSS) AFTER TAX			37,868,478		(33,054,708)
Add : Balance Brought Forward from last year			18,119,521		26,048,660
Add : Transfer from General Reserve			-		27,044,434
AMOUNT AVAILABLE FOR APPROPRIATIONS			55,987,999		20,038,386
APPROPRIATIONS :					
Transferred to General Reserve		30,000,000		-	
Proposed Dividend		2,624,200		1,640,125	
Tax on Proposed Dividend		435,847		278,740	
Balance carried to Balance Sheet		22,927,952	55,987,999	18,119,521	20,038,386
Earnings Per Share (Basic/Diluted)			11.54		(10.08)
Notes on accounts	16				

Schedules 1 to 16 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Accounts Manager

G.S. CHATURVEDI
Director

SALEEM I. SHERVANI
Managing Director

As per our report attached
For **P.L. TANDON & CO.**
Chartered Accountants

P.P. SINGH
Partner

Place : Allahabad
Dated : May 22, 2010

SCHEDULE 1-SHARE CAPITAL

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
AUTHORISED		
20,000 Cumulative Redeemable Preference Shares of Rs. 100 each	2,000,000	2,000,000
6,280,000 Ordinary Shares of Rs.10 each	62,800,000	62,800,000
8,000 Deferred Shares of Rs.25 each	200,000	200,000
	65,000,000	65,000,000
ISSUED AND SUBSCRIBED		
3,260,250 Ordinary Shares of Rs. 10 each fully paid up	32,602,500	32,602,500
8,000 Deferred Shares of Rs.25 each fully paid up	200,000	200,000
	32,802,500	32,802,500

NOTE : 97400 Ordinary Shares & 800 Deferred Shares allotted without payment being received in cash

SCHEDULE 2 - RESERVES AND SURPLUS

	As at 31.3.2010		As at 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
General Reserve	520,000,000		547,044,434	
Less : Transferred from/to Profit & Loss Account	30,000,000	550,000,000	(27,044,434)	520,000,000
Capital Subsidy Reserve		1,926,616		1,926,616
Share Premium Account		3,840,909		3,840,909
Capital Redemption Reserve		2,000,000		2,000,000
Profit and Loss Account		22,927,952		18,119,521
		580,895,477		545,887,046

SCHEDULE 3 - SECURED LOANS

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
UNION BANK OF INDIA (Against pledge of Fixed Deposit Receipts)	20,512,054	14,693,325
	20,512,054	14,693,325

SCHEDULE 4 - UNSECURED LOANS

As at 31.3.2010 As at 31.3.2009

	Rs.	Rs.
Fixed Deposits	1,800,000	1,990,230
Security Deposits From Contractors	463,809	506,693
	2,263,809	2,496,923

SCHEDULE 5 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01-04-2009	Additions	Deductions	As At 31-03-2010	Up To 01-04-2009	for the year	Depreciation Written Back	As At 31-03-2010	As at 31-03-2010	As at 31-03-2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	1	2	3	4		5		6	7	8
Land leasehold	5,179	-	-	5,179	-	-	-	-	5,179	5,179
Land (Free hold)	18,384,616	-	17,580	18,367,026	-	-	-	1,624,244	18,367,026	18,384,616
Buildings	24,062,278	2,272,637	-	26,354,915	1,223,533	400,711	-	2,070,351	24,730,671	22,858,745
Plant and Machinery	4,883,643	210,221	-	5,093,864	1,869,637	200,714	-	884,404	3,023,513	3,014,005
Furniture and Fixtures	1,056,592	-	-	1,056,592	860,887	23,517	-	4,554,993	172,188	195,706
Data Processing Machines	4,833,802	42,500	-	4,876,302	4,525,145	29,848	-	4,156,272	321,300	308,657
Vehicles	12,358,659	1,151,680	1,995,998	11,514,341	3,690,395	1,020,273	554,396	4,156,272	7,358,089	8,688,264
Assets Held for Disposal										
Plant and Machinery	95,235,297	-	96,235,297	-	72,213,341	-	72,213,341	-	-	23,021,956
Furniture and Fixtures	1,912,427	-	1,912,427	-	1,836,633	-	1,836,633	-	-	75,793
Data Processing Machines	3,847,528	-	3,847,528	-	3,353,206	-	3,353,206	-	-	494,323
	166,600,021	3,677,038	103,006,640	67,268,219	89,572,777	1,675,063	77,957,576	13,290,264	53,977,955	77,027,244
Previous Year	197,401,313	4,727,728	35,529,020	166,600,021	105,862,217	1,583,380	17,872,820	89,572,777		1,991,059
Capital Work in Progress										

SCHEDULE 6 - INVESTMENTS (AT COST)

		As at 31.3.2010		As at 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
(A) LONG TERM INVESTMENTS:					
Trade Investment:					
In Equity Shares Unquoted fully paid up					
No. of Shares/Units					
900000 (900000)	SUBSIDIARY COMPANY: Farco Foods Pvt. Limited of Rs. 10/- each		2,700,000		2,700,000
3000000 (3000000)	OTHER COMPANIES: Shervani Sugar Syndicate Ltd. of Rs. 10/- each* Less: Reduction of value of share Less: Provision for diminution	30,000,000 27,000,000	3,000,000	30,000,000 27,000,000	3,000,000
1535750 (1535750)	Shervani Hospitalities Ltd. of Rs. 10/- each (including 21450 Bonus Shares)		15,143,000		15,143,000
85,000 (4,900)	Youngtronics India Private Limited of Rs. 10/- each		850,000		49,000
50000 (100000)	IN DEBENTURES- Unquoted fully paid up 0% Unsecured fully convertible debentures of Rs. 1000/- each of M/s Shervani Sugar Syndicate Ltd.		60,000,000		100,000,000
OTHER INVESTMENTS					
500 (500)	In Equity Shares Unquoted fully paid up Shares of Super Bazar Cooperative Stores Ltd. of Rs. 10/- each		5,000		5,000
80000 (80000)	6% Non Cumulative Pref. Shares of India Global Exports Pvt. Ltd. of Rs. 100/- each		8,000,000		8,000,000
50000 (-)	5% Cumulative Redemable Preference shares of Rs. 1000/- each of M/s Shervani Sugar Syndicate Limited		50,000,000		-
(B) CURRENT INVESTMENTS					
OTHER INVESTMENTS					
In Equity Shares-Quoted fully paid up					
5000 (5000)	Arvind Mills Limited of Rs. 10/- each	100,000		67,000	
1000 (1000)	Bombay Dyeing and Manufacturing Co. Ltd. of Rs. 10/- each	592,700		167,950	
1750 (1000)	Crompton Greaves Limited of Rs. 2/- each (including 750 Bonus Shares)	299,112		123,100	
500 (500)	DLF Limited of Rs. 2/- each	194,460		83,600	
6000 (6000)	I.D.B.I. Bank Limited of Rs. 10/- each	600,000		272,400	
3800 (3800)	IDEA Cellular Limited of Rs. 10/- each	248,710		190,570	
2000 (2000)	Infrastructure Development Finance Co. Ltd. of Rs. 10/- each	233,700		108,400	
1624 (500)	Reliance Industries Limited of Rs. 10/- each	1,653,101		761,600	
500 (500)	Tata Motors Limited of Rs. 10/- each	320,915		90,150	
3100 (3100)	Firstsource Solutions Limited of Rs. 10/- each	98,915		47,771	
3000 (3000)	Bongaigaon Refinery & Petrochemicals Ltd. of Rs. 10/- each	-		123,000	
608 (-)	Indian Oil Corporation of Rs. 10 each allotted in lieu of Bongaigaon Refinery	140,540		-	
1000 (1000)	Hanung Toys and Textiles Limited of Rs. 10/- each	137,002		32,250	
1000 (1000)	India Cements Limited of Rs. 10/- each	131,800		105,950	
1100 (-)	India Info Line	125,455		-	
1000 (1000)	Schrader Duncan Limited of Rs. 10/- each	125,000		76,100	
1500 (500)	RDB Industries Limited of Rs. 10/- each	172,575		67,350	
1000 (1000)	J K Cement Limited of Rs. 10/- each	171,507		39,650	
(5000)	Reliance Petroleum Limited of Rs. 10/- each	-		475,750	
1000 (1000)	Reliance Energy Limited of Rs. 10/- each	908,350		515,350	
2000 (2000)	Natworth Stock Broking Limited of Rs. 10/- each	75,700		43,000	
	Balance Carried over	2,274,752	129,900,000	3,390,941	128,897,000

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SCHEDULE

		6,474,732	128,998,000	3,390,941	128,897,000
		345,578		137,625	
1500	Balance Brought Forward				
(1500)	Minda Industries Limited				
2000	of Rs.10/- each	214,300		191,300	
(2000)	Power Gnd. Corporation of India Ltd.				
4000	of Rs.10/- each	132,800		43,960	
(4000)	Kirlosker Ferrous Industries Limited				
2000	of Rs.5/- each	594,800		219,800	
(2000)	Oriental Bank of Commerce				
	of Rs.10/- each			83,840	
(2150)	XL Tel Ene				
	of Rs.10/- each		7,982,118		4,047,266
447187.193	In Mutual Fund Units-Unquoted	5,100,000			
(-)	AIG India Equity Fund (Growth)			4,015,905	
	of Rs. 11.181 each				
(497017.89)	Birla Infrastructure Fund (Growth)	3,400,000			
53270.829	of Rs.10/- each	5,100,000			
(-)	Birla Midcap Fund (Growth)				
64775.23	of Rs. 93.86/- each			7,185,005	
(-)	Birla Sunlife Front line Equity Fund (Growth)				
	of Rs. 77.19/- each			3,422,927	
(173550.85)	Birla Sunlife Frontline Equity Fund (Growth)	4,214,828			
487804.878	of Rs.10/- each	9,989,000			
(487804.878)	Birla Sunlife International Equity Fund (Growth)				
596247.984	of Rs.10/- each	6,180,000			
(-)	DSP B.R. Equity Fund Regular Fund (Growth)				
368731.563	of Rs. 14.04/- each	5,192,143		4,575,701	
(-)	DSP B.R. Small & Midcap Fund (Growth)				
181712.458	of Rs. 13.56/-			9,261,724	
(181712.458)	DSP B.R. TIGER Fund (Growth)				
	of Rs.10/- each	3,000,000		1,295,500	
(754420.907)	DSP B.R. World Gold Fund (Growth)				
250000.00	of Rs.10/- each			3,900,021	
(250000.00)	HDFC Infrastructure Fund (Growth)				
	of Rs.10/- each				
(468594.78)	HSBC Advantage India Fund (Growth)	3,982,368			
260768.192	of Rs.10/- each	9,963,756		6,154,927	
(-)	HSBC Progressive Themes Fund (Growth)				
975609.756	of Rs. 13.038/- each	5,100,000			
(975609.756)	HSBC Dynamic Fund (Growth)				
237997.772	of Rs.10/- each	4,000,000			
(-)	HSBC Midcap Equity Fund Growth				
48601.138	of Rs. 21.0086/- each	5,478,631		3,204,303	
(-)	HSBC Equity Fund Growth				
977995.11	of Rs. 82.3026/- each	6,630,000			
(977995.11)	JM Contra Fund (Growth)				
538302.277	of Rs.10/- each			3,783,391	
(-)	Morgan Stanley ACE Fund (Growth)				
	of Rs. 12.075/- each			6,486,971	
(279712.46)	Reliance Equity Opportunities Fund (Growth)				
	of Rs.10/- each			6,608,992	
(323659.161)	Sundaram BNP Paribas India Leadership Fund				
	(Growth) of Rs.10/- each			3,050,082	
(495348.676)	Sundaram BNP Paribas SMILE Fund (Growth)				
	of Rs.10/- each			1,151,650	
(278429.38)	Sundaram Capex Opportunities Fund (Growth)	3,082,400			
250000.00	of Rs.10/- each	4,684,344		2,583,282	
(250000.00)	Sundaram Energy Opportunities Fund (Growth)				
143023.05	of Rs.10/- each	5,000,000			
(143023.05)	Tata Infrastructure Fund (Growth)				
116522.955	of Rs.10/- each		86,136,682		66,680,381
(-)	Taurus Starshare (Growth)				
315059.861	of Rs. 42.91/- each		3,170,041		1,758,629
(-)	Taurus Ethical Fund (Growth)				
	of Rs. 15.87/- each			23,000,000	
	HDFC AMC REAL ESTATE -1			500,000	
	Share Application Money	24,300,000			23,500,000
	India Global Exports Pvt. Limited	750,000			
	Youngtronics India Pvt. Limited		28,080,000		
			281,746,711		224,883,476

*Pledged with State Bank of India
Previous year figures have been shown in bracket.

Aggregate of
Quoted investments
Unquoted Investments

Book Value
7,692,118
229,004,593

Market Value
8,438,910

SCHEDULE 7 - INVENTORIES

	As at 31.3.2010	As at 31.3.2009
(Inventories and Valuation as certified by the Managing Director)	Rs.	Rs.
Stores and Spare Parts	37,226	6,072,053
Raw Materials Stock	-	177,214
Finished Goods	585,190	665,890
Work in Progress	-	11,265
Realestate Project (Sterling Apartments)	51,437,827	19,702,699
	52,060,243	26,629,121

SCHEDULE 8 - SUNDRY DEBTORS

	As at 31.3.2010	As at 31.3.2009
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS:	Rs.	Rs.
Unsecured-considered good	1,893,232	1,186,272
OTHER DEBTS:		
Unsecured-considered good	325,482	381,578
	2,218,714	1,567,850

SCHEDULE 9 - CASH AND BANK BALANCES

	As at 31.3.2010		As at 31.3.2009	
CASH BALANCES:	Rs.	Rs.	Rs.	Rs.
On Hand		137,072		610,508
CHEQUES/ DDs ON HAND		45,287		1,050,860
BALANCES WITH SCHEDULED BANKS				
In Current Accounts	2,340,001		1,413,421	
In Savings Account	23,726		22,917	
In Fixed Deposits	113,708,571	116,072,298	112,723,857	114,160,195
(FDRs of Rs.11 Crores Pledged with Banks)				
		116,254,857		115,821,563

SCHEDULE 10- LOANS AND ADVANCES

	As at 31.3.2010	As at 31.3.2009
Unsecured -(Considered good unless otherwise stated)	Rs.	Rs.
Subsidiary Company:		
Farco Foods Pvt. Limited (Refer Note No.3)	63,972,861	60,260,280
Associate Companies:		
Shervani Hospitalities Limited	59,300,000	59,300,000
Shervani Sugar Syndicate Limited (Refer Note No.4)	135,564,000	135,564,000
Others		
Advances-recoverable in cash or kind or for value to be received	2,500,000	4,500,000
Security and other Deposits	2,472,875	2,421,241
Balances with Central Excise Department	4,751,138	4,751,138
Advance payment of Taxes	16,120	16,608
Less: Provision for Doubtful Advances (Refer Note No.3)	10,937,218 (85,000,000)	8,964,947 (85,000,000)
	194,514,312	190,778,214

SCHEDULE 11 - CURRENT LIABILITIES

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
Sundry Creditors	3,375,134	3,908,490
Other Liabilities	7,268,754	7,157,440
Interest accrued but not due on Loans	32,600	78,240
Investor Education & Protection Fund shall be credited by the following: (Amounts to be transferred to the said fund shall be determined on the respective due date)	4,200	4,200
Unpaid Matured Deposits & Interest thereon	497,288	485,908
Unpaid Dividends	11,177,954	11,634,278

SCHEDULE 12 - OTHER INCOME

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
Rent	985,200	1,073,200
Miscellaneous Receipts	820,429	1,022,116
Profit/(Loss) on sale of Asset/ Stores (Net)	(561,433)	6,648,736
Profit on sale of current investments (Net)	12,154,506	-
Diminution in value of invest. no longer required	33,036,106	-
Provision of Liability no longer required	23,993	1,183,625
Dividend Received	104,723	88,330
	48,563,524	10,016,007

SCHEDULE 13 - INTEREST (NET)

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
Interest Received (TDS Rs.1702077)		15,616,378		15,844,258
Less: Interest on Fixed Loans	157,728		161,007	
Other Interest	834,154	991,882	355,700	516,707
Net Income from Interest		14,624,496		15,327,551

SCHEDULE 14-DECREASE IN FINISHED/PROCESS STOCK

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
STOCKS AT COMMENCEMENT				
Finished Goods	665,890		788,275	
Work-in-Process	11,265	677,155	11,265	799,540
STOCK AT CLOSE				
Finished Goods	585,190		665,890	
Work-in-Process		585,190	11,265	677,155
		91,965		122,385

SCHEDULE 15 - EXPENSES

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus, Compensation etc.	4,345,171		8,481,602	
Company's Contribution to Provident Fund and Gratuity Fund	259,129		263,900	
Company's Contribution to Employees State Insurance Corporation	-		833	
Welfare Expenses	86,645	4,690,945	136,884	8,883,219
OTHER EXPENSES				
Rent	563,400		467,300	
Rates and Taxes	145,212		85,806	
Telephone Expenses	583,578		582,508	
Repairs Building	554,808		265,358	
Repairs Others	80,473		393,655	
Safety & Protection	974,387		1,175,201	
Insurance	212,824		242,311	
Vehicle Maintenance	1,188,319		1,206,507	
Retainership	1,300,052		1,130,126	
Professional Charges	2,290,895		2,185,887	
Legal Charges	390,129		350,455	
Travelling and Conveyance Expenses	680,900		442,997	
Diminution in the value of current investments	104,963		36,493,252	
Miscellaneous Expenses	3,620,621	12,690,661	3,241,313	48,262,676
Remuneration to Statutory Auditors :				
Audit Fee	Rs. 100,000			
Certificates including limited reviews	Rs. 50,000			
Tax Audit Fee	Rs. 10,000	160,000	176,480	
Directors' Remuneration	1,479,000		1,524,000	
Directors' Fee	75,000		72,000	
Charity and Donations	64,505		13,000	
Asset Written off	1,445,337	3,223,842	48,464	1,833,944
		20,605,448		58,979,839

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SCHEDULE -16 (A) NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

As at 31.03.2010 As at 31.03. 2009
Amount indeterminate

1. Contingent liabilities not provided for:
Claims against the company not acknowledged as debts
In respect of guarantee given by Company in favour of HDFC Bank Limited on behalf of Shervani Hospitalities Ltd. (a Associates Company) for Credit Facility extended to them Rs. 100,00,000.
2. Current Liabilities - "Sundry Creditors/other Liabilities" shown in Schedule 11 include Rs.52818 payable to Directors and Loans & Advances shown in Schedule 10 include Rs.45475 recoverable from Director.
(Previous Year payable amount Rs.86230 & Rs. 43614 respectively)
3. Investments and Loans outstanding in Subsidiary Company :

			(Amount in Rs.)
Name of the company	Investment in Shares	% of share holding	Loan Balance outstanding
Farco Foods Pvt. Limited	2,700,000	100	63,972,861

The company holds undemoted Provisions for possible losses on loans given to under noted Company:

Name of the company	Balance Outstanding (Rs.)	Provisions made (Rs.)
Farco Foods Pvt. Limited (Wholly owned subsidiary Company, whose assets are under active consideration for disposal)	63,972,861	45,000,000

4. The Company has investment in 300,000 Equity Shares of Rs. 10/-, Preference Shares of Rs. 50,000,000 Unsecured Debentures of Rs. 50,000,000 and Loan of Rs. 135, 564,000 in Shervani Sugar Syndicate Limited. The Company holds a provision of Rs. 40,000,000 for possible losses against said loan, Board for Industrial and Financial Reconstruction has sanctioned a Modified Rehabilitation Scheme for above Company on 14.09.2009. According to sanctioned scheme redemption of preferene shares and repayment of Loans shall be made after rehabilitation period on interest free basis.
5. Due to Closure of manufacturing operations all the employees have been retrenched except few employees in General Administration of the Company. The Company has decided to make provision for retirement benefits on actual basis as on date of Balance Sheet instead of actuarial valuation.
6. In view of uncertainty regarding availability of sufficient future taxable income, deferred tax assets arising out of timing difference of depreciation have not been considered in the accounts.
7. Related Party disclosures.

Relationship

- A. Subsidiary Company
Farco Foods Pvt. Limited
- B. Associate Companies
Shervani Sugar Syndicate Limited
Shervani Hospitalities Limited
Youngtronics India Private Limited
- C. Key Management Personnel
Mr. S.I. Shervani
Mr. Tahir Hasan
Mr. Raju Verghese
and their relatives

Managing Director
Vice Chairman
Director

D Nature and volume of transactions	31.03.2010 (Rs.)	31.03.2009 (Rs.)
(i) Remuneration		
(ii) Rent	480,000	520,000
Key management personnel (Paid)	217,200	265,200
Associate Company (Received)		
(iii) Hire charges of Assets	120,000	206,452
Key management personnel (Paid)	480,000	480,000
Associate/Subsidiary Companies (Received)		
(iv) Interest Received	4,744,000	4,744,000
Associate Company		
(v) Balance at the end of the year		
Subsidiary Company	63,972,861	60,260,280
Farco Foods Pvt. Limited	(45,000,000)	(45,000,000)
Provision for doubtful loan		
Associate Companies	135,564,000	135,564,000
Shervani Sugar Syndicate Limited	(40,000,000)	(40,000,000)
Provision for doubtful loan		

	Shervani Hospitalities Limited	59,300,000	59,300,000				
	Corporate guarantee to a Bank	10,000,000	10,000,000				
B	Earning per share :	31.03.2010	31.03.2009				
	(a) Net Profit available for equity shareholders (Numerator used for calculation)	37,868,478	(33,054,708)				
	(b) Weighted Average No. Equity Share used as denominator for calculating EPS	3,280,250	3,280,250				
	(c) Basic and Diluted Earning per share (Rs.) (Equity Shares of face value of Rs.10 each)	11.54	(10.08)				
9	Minimum remuneration has been paid to Directors as under :	This Year	Previous Year				
	(A) Salary	1,479,000	1,524,000				
	(B) Company's Contribution to P.F.	144,000	144,000				
	(C) Perquisites	61,656	65,360				
10	Quantitative Information regarding opening and closing stocks and sale of goods (Figures in brackets refer to previous year)	(Quantities in Numbers)					
	Class of Goods	Opening Stock (Qty)	Rs. Closing Stock (Qty)	Rs. Sales (Qty)	Value Rs.		
	(a) Flashlight Cases Total	11,190 (13,025)	665,890 (788,275)	9,890 (11,190)	585,190 (665,890)	1,300 (1,835)	107,889 (164,714) 107,889 (164,714)
11	Value of Imports on C.I.F. basis:	NIL					
12	Value of Imported and indigeneous Stores and Spare Parts Consumed. (Figures in brackets refer to previous year)						
		IMPORTED		INDIGENOUS		TOTAL	
		Value	Percentage	Value	Percentage	Value	
	Stores and Spare Parts	(-)	(-)	(-)	(-)	(-)	
		(Amount in Rs.)					
13	Expenditure in Foreign Currency others	This Year Rs. 0.04 Lac		Previous Year Rs. 0.04 Lac			
14	Based on the information available with the Company there are no dues payable to suppliers under the Micro Small and Medium Enterprises Development Act 2006.						
15	The figures of the previous year have been re grouped/rearranged wherever necessary.						

(B) ACCOUNTING POLICIES**1) Basis of Preparation of Financial Statement**

- The Financial Statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and the Companies Act, 1956 as adopted consistently by the company.
- The company generally follows mercantile systems of accounting and recognises significant items of income and expenditure on accrual basis.

2) Fixed Assets and Depreciation

- Fixed Assets are stated at cost of acquisition minus the accumulated depreciation. Direct costs are capitalised till the assets are ready to be put to use.
- Depreciation on Fixed Assets is provided on straight line method at rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

3) Investments

Current investments are carried at lower of cost or quoted/ fair value computed on an individual investment basis.

Long Term Investments are carried at cost. Diminution in value if any, which is not of temporary nature, is provided.

4) Inventories

Inventories are valued at cost except for finished goods. Finished goods are valued at cost or market value whichever is lower.

5) Sales

Sales includes excise duty and Packing charges realised from customers but exclude rebates and discounts.

6) Income Tax

Provision is made for Income Tax on yearly basis, under the tax payable method based on tax liability as Computed after taking credit for the allowances. In case of matters under appeal, due to disallowance or otherwise full provision is made when the said liabilities are accepted.

7) Retirement Benefit to employee

Company's contribution to Provident Fund are charged to Profit and Loss Account.

Liability of Gratuity & Leave Encashment is accounted for on the basis of actual liability on the date of Balance Sheet.

	2009-2010 (Rs.)		2008-2009 (Rs.)	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) Before Tax		38,913,548		(35,990,141)
Adjustment For :				
Depreciation	1,675,063		1,583,380	
Loss /(Profit) on sale of assets	(4,197,181)		(6,648,736)	
Asset written off	14,45,337		48,464	
Stores written off	-		341,362	
Interest (Net)	(14,824,496)		(15,327,550)	
Profit on Sale of Investments	(12,154,506)		-	
Diminution in the value of current investments	(32,931,143)	(60,786,926)	36,493,252	16,490,172
Operating Profit before Working Capital Changes		(21,873,378)		(19,499,969)
Adjustment For :				
(Increase)/Decrease in Trade and other receivables	(584,842)		(14,128,685)	
(Increase)/Decrease in Inventories	(25,431,122)		4,834,047	
Increase/(Decrease) in Trade Payables	152,829	(25,873,135)	(5,038,376)	(14,333,014)
Cash generated used in operation		(47,746,513)		(33,832,983)
Add/(Deduct) For :				
Direct tax paid /refund of earlier years		(3,017,341)		265,917
Net Cash from operating activities (Total - A)		(50,783,854)		(33,567,066)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(1,685,979)		(6,718,787)
Sale of Fixed Assets		27,803,108		22,122,711
Loans made with Subsidiary/Others		(1,712,581)		274,099
Sale of Investments		81,806,846		-
Purchase of Investments		(83,584,435)		(12,879,871)
Interest received		15,616,378		15,844,258
Net Cash from investing activities (Total - B)		48,243,340		18,642,410
C) CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid		(1,640,125)		(3,280,250)
Bank Borrowings		5,818,729		6,154,942
Unsecured Loans		(233,114)		(142,467)
Interest Paid		(991,882)		(499,702)
Net Cash used financing activities (Total - C)		2,953,608		2,232,523
Net Increase /(Decrease)in Cash and Cash Equivalents (A+B+C)		433,094		(12,692,133)
Add : Cash and Cash Equivalents as on 01.04.2009		115,821,563		128,513,696
Cash and Cash Equivalents at the as on 31.03.2010		116,254,657		115,821,563

Note : Figures in brackets indicate negative figures

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Rs. In Thousand)

I. Registration Details		
Registration No.	1891	State code
Balance Sheet Date	31-03-2010	20
II. Capital Raised During the year	Public Issue	Right Issue
	Nil	Nil
	Bonus Issue	Private Placement
	Nil	Nil
III. Position of Mobilisation and Deployment of Funds	Total Liabilities	Total Assets
Sources of Funds	636274	636274
	Paid-up Capital	Reserve & Surplus
	32803	580695
	Secured Loans	Unsecured Loans
	20512	2264
Application of Funds	Net Fixed Assets	Investments
	53978	261747
	Net Current Assets	Miscellaneous Expenditure
	320549	NIL
	Accumulated Losses	
	NIL	
IV. Performance of the Company	Turn over	Total Expenditure
	108	22382
	Profit/(Loss) Before Tax	Profit/(Loss) After Tax
	38914	37868
	Earning Per Share in Rs.	Dividend Rate
	11.54	8%
V. Generic Names of Three Principal Products/Services of the Company	Product Description (ITC Code)	Item Code No.
	Flashlight Cases	85131005
	Dry Cell Batteries	85068229
	Miniature/Electric Lamps	85392901

SALEEM I. SHERVANI
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary : Farco Foods Pvt. Limited
 Financial Year of the Company : 1st April 2009 to 31st March 2010

Shares held in the subsidiary company at the end of financial year of the subsidiary	9,00,000 Equity Shares of Rs.10/- each, fully paid-up
Extent of Holding	100.00%
Changes in the interest of the Company at the end of financial year of the Subsidiary Company and 31st March, 2010. (No. of Shares acquired)	Nil
The net aggregate of Profit/(Loss) of the Subsidiary Company so far as it concerns the members of the Company (A) Dealt with in the Accounts of the Company for the year ended 31st March, 2010. (B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2010	Nil (Rs. 1,647,972)
The net aggregate of Profits/(Losses) of the Subsidiary Company for previous financial years so far as it concerns the members of the Company (A) Dealt with in the Accounts of the Company for the year ended 31st March, 2010. (B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2010	Nil (Rs. 63,085,844)
Material changes between the end of the financial year of the Subsidiary Company and 31st March, 2010 a) Fixed assets b) Investments c) Moneys lent by the Subsidiary Company d) Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities	N.A. N.A. N.A. N.A.

The Directors submit their Annual report together with the audited statement of accounts for the year ended 31st March 2010.

1. Financial Results

	2009-2010 Rs.	2008-2009 Rs.
Loss before depreciation	816,381	80,498
Depreciation	831,591	871,739
Fringe Benefit Tax	-	500
Loss after Depreciation & Tax	1,647,972	952,737
Less Loss Brought Forward from the earlier year	63,085,844	62,133,107
Balance carried to Balance Sheet	64,733,816	63,085,844

2. Performance

The name of the Company has been changed from Farco Foods Limited to Farco Foods Pvt. Limited. During the year the company has not carried out any manufacturing activity and your directors are looking after alternate arrangement to safeguard the interest of stakeholders.

3. Directors Responsibility Statement.

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000 the directors confirm as under:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and of the Loss of the company for the year ended 31st March, 2010.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the company and for preventing and detecting fraud and other irregularities ;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

4. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Association of the Company, Mr. S. Zafar Subhan & Mr. Nadesan T., Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment.

5. Auditors

M/s. P.L.Tandon & Co. Chartered Accountants, Kanpur retire from as auditors and are being eligible offer themselves for re-appointment .They have furnished a certificate to the effect that their re-appointment will be in accordance with the limits specified in sub-section 224 of the Companies Act, 1956. You are requested to consider their re-appointment .

6. Secretarial Compliance Report/Certificate.

Pursuant to provision of Section 383A of the Companies Act, 1956 Compliance Certificate received from M/s S. K. Gupta & Co., Company Secretaries in Practice, Kanpur is enclosed herewith and forms part of this report.

7. Particulars of Employees

There was no employee, who was in receipt of remuneration, which in aggregate was more than Rs.24,00,000/- per annum or Rs.2,00,000/- per month for the year under report.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & outgo

In terms of Section 217(1) (a) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 your directors report that there is nothing to be disclosed in respect of (a) Conservation of Energy (b) Technology Absorption; and (c) Foreign Exchange earnings & outgo

For and on behalf of the Board

S. ZAFAR SUBHAN **NADESAN T.**
Director Director

Place: Allahabad
Date : May 15, 2010

TO THE MEMBERS OF FARCO FOODS PVT. LIMITED

1. We have audited the attached Balance Sheet of FARCO FOODS PRIVATE LIMITED as at 31st March, 2010, and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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.
3. 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 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i.) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii.) 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 those books;
 - iii.) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
 - iv.) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956 except comments in para (vi)(a) and vi (c) below.
 - v.) On the basis of written representations received from the directors as on 31st March, 2010 we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi.) (a) Gratuity and Leave encashment payable to Employees are accounted for on payment basis.
 - (b) Provision for interest on unsecured Loans has not been made .
 - (c) Attention is invited to note No. 5 regarding determination of extent of deterioration in quality and valuation of Raw materials and store materials .
 - vii.) Subject to the matters referred to in sub paragraphs (vi) (a) (vi) (b) and vi (c) and read with other notes, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (b) In the case of the Profit & Loss Account of the Loss of the Company for the year ended on that date.

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No.72754

Place : Kanpur
Date : May 15, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph (3) of our report of even date)

- I. In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal during the year.
- II. In respect of its Inventories :
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- III. In respect of Loans, Secured or Unsecured, granted or taken by the Company to or from Companies, Firms or other Parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-
 - (a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the Provisions of clause 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable to the Company.
 - (e) Company had/taken unsecured loans from five parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was Rs.641.83 Lacs and the year end balance was Rs. 640.34 Lacs.
 - (f) The rate of interest and other terms and conditions on which loans have been taken from 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.
 - (g) There is no stipulation for the repayment of loans in four cases and in one case payment of principal and interest is not regular.
- IV. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- VI. The company has not accepted any deposit from the Public.
- VII. The company does not have comprehensive internal audit system as the management is of the opinion that the existing system of internal control check is serving the purpose.
- VIII. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- IX. According to the information and explanations given to us, in respect of statutory and other dues.
 - (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education

protection fund, employees' state insurance, income tax, sales tax, wealth tax, service 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 aforesaid dues were in arrears as at 31st March, 2010 for a period 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 income tax, sales tax, wealth tax, service tax, custom duty and excise duty which have not been deposited on account of any disputes.

- X. In our opinion, the accumulated Losses of the Company are more than fifty percent of its net worth. The Company has incurred Cash Losses during the financial year covered by our audit, and the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution and Bank.
- XII. As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- XIII. The nature of Company's business / activities during the year is such that the provisions of clause 4 (xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any banks or financial institutions.
- XVI. The Company has not obtained any term loan during the year.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.

XIX. As the Company has no debenture outstanding at any time during the year, The provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are therefore, not applicable to the Company

XX. The Company has not raised any money by Public issue during the year.

XXI. 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.

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No.72754

Place : Kanpur
Date : May 15, 2010

FARCO FOODS PVT. LIMITED**BALANCE SHEET****BALANCE SHEET AST AT 31ST MARCH, 2010**

	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
SOURCES OF FUNDS		
Share Capital	9,000,000	9,000,000
LOAN FUNDS		
Unsecured Loan	67,333,740	63,490,579
	78,333,740	72,490,579
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	19,594,872	20,470,718
Less : Depreciation	7,510,289	6,932,071
Net Block	12,084,583	13,538,647
CURRENT ASSETS, LOANS & ADVANCES		
Cash and Bank Balances	255,125	38,088
Inventories	725,629	725,629
Sundry Debtors	309,397	309,397
Loans & Advances	260,752	611,256
	1,550,903	1,684,370
LESS : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	2,029,962	5,812,682
Provisions	5,600	5,600
	2,035,562	5,818,282
Net Current Assets	(484,658)	(4,133,912)
Profit & loss Account	64,733,816	63,085,844
	78,333,740	72,490,579

As per our report of even date attached.

For and on behalf of the Board

For P.L. TANDON & CO.
Chartered Accountants.P.P. SINGH
PartnerS. ZAFAR SUBHAN
DirectorNADESAN T.
DirectorPlace: Kanpur.
Date : May 15, 2010

FARGO FOODS PVT. LIMITED**PROFIT & LOSS ACCOUNT****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-2010	2008-2009
	Rs.	Rs.
INCOME :		
Profit on sale of fixed Assets	177,527	43,779
Other Income (Liability Written Back)	3,346,796	224,098
TOTAL	3,524,323	267,877
EXPENDITURE :		
Other Expenses	4,310,425	348,375
Interest Paid	30,279	-
Depreciation	831,591	871,739
TOTAL	5,172,295	1,220,114
Loss before Tax	1,647,972	952,237
Provision for Fringe Benefit Tax	-	500
Loss After Tax	1,647,972	952,737
Loss Brought forward from last year	63,085,844	62,133,107
Balance carried to Balance Sheet	64,733,816	63,085,844

As per our report of even date attached.

For and on behalf of the Board

For P.L. TANDON & CO.
Chartered AccountantsP.P. SINGH
PartnerS. ZAFAR SUBHAN
DirectorNADESAN T.
DirectorPlace : Kanpur.
Date : May 15, 2010

FARCO FOODS PVT. LIMITED

ACCOUNTING POLICIES

1. Basis of preparation of Financial Statement.
 - (a). The Financial Statements have been prepared under historical cost convention.
 - (b). The company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.
2. Fixed Assets and Depreciation.
 - (a). Fixed assets are stated at their original cost less depreciation. Cost includes inward freight and expenses incidental to acquisition and installation.
 - (b). Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
3. Inventories : Raw Materials, Stores and Work-in-Process are valued at cost. Finished Goods are valued at lower of cost or net realisable value.
4. Sales : Sales includes Excise Duty but are net of rebate and discounts.

NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- | | AS AT
31.03.2010 | AS AT
31.03.2009 | |
|---|--------------------------------|--------------------------------------|-----------------------|
| 1. Contingent Liabilities not provided for : | | | |
| (a) Claims against the Company not acknowledged as debt. | | Amount indeterminate | |
| 2. Balances of Sundry Creditors, Unsecured Loans , Loans & Advances, Sundry Debtors, Deposits and others are subject to confirmation. | | | |
| 3. The company has not received the required information from suppliers regarding their status under the Micro, Small, and Medium Enterprise Development Act 2006. Hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid/ payable as required under the said Act, have not been made. | | | |
| 4. There are no manufacturing activities during the year . Stock of Raw materials and store materials have been valued on the basis of book balance as in the preceding year. Due to discontinue of manufacturing activities ,the condition of stock should have been deteriorated. No provision has been made for possible losses which may arise on the deterioration of stocks . | | | |
| 5. Gratuity and Leave Encashment Payable to Employees are accounted for on payment basis. | | | |
| 6. Provision for interest on unsecured loans has not been made in the books. | | | |
| 7. In view of uncertainty regarding availability of sufficient future taxable income, deferred tax assets arising out of timing difference of unabsorbed business loss and unabsorbed depreciation have not been considered in the accounts. | | | |
| 8. Provision for doubtful debts has not been made. | | | |
| 9. Earning Per Share (E P S) : | | | |
| (a) Net Profit available for Equity Shareholders
(Numerator used for calculation) | (-) 1,647,972 | (-) 952,737 | |
| (b) Weighted Average Number of Equity Shares used
for denominator for calculating EPS. | 900,000 | 900,000 | |
| (c) Basic and disputed earning per Share | (-) 1.83 | (-) 1.06 | |
| 10. Additional information as required under paragraph 3, 4C and 4D of Part - II of Schedule - VI to the Companies Act, 1956 is as under :- | | | |
| A. Quantitative information regarding capacity and production in respect of goods manufactured by the Company.
(Figures in bracket refer to Previous Year) | | | |
| 1. PRODUCT GROUP | LICENSED
CAPACITY | INSTALLED
CAPACITY | |
| Biscuits | - | 32 M.T. Per Day
(32 M.T. Per Day) | |
| 2. PRODUCTION | | | |
| Biscuit | NIL
(NIL) | Cartons
Cartons | |
| B. Quantitative information regarding Opening Stocks, Closing Stocks and Sale of goods manufactured by the Company.
(Figures in bracket refer to Previous Year)
(Qty. in Cartons) | | | |
| ITEM | OPENING STOCK
QTY. VALUE | CLOSING STOCK
QTY. VALUE | SALE
QTY. VALUE |
| Biscuit | - | - | - |
| Biscuit | (-) (-) | (-) (-) | (-) (-) |
| C. Value of imported and indigenous Raw Materials and Components and Spare Parts Consumed. | CURRENT YEAR | PREVIOUS YEAR | NIL |
| D. Value of Imports on CIF Basis | NIL | NIL | NIL |
| E. Expenditure in Foreign Currencies. | NIL | NIL | NIL |
| F. Earning in Foreign Exchange. | NIL | NIL | NIL |
| 11. The figures of the previous year have been regrouped / rearranged wherever necessary. | | | |

CONSOLIDATED AUDITORS' REPORT

TO THE MEMBERS OF SHERVANI INDUSTRIAL SYNDICATE LIMITED

To the Board of Directors of Shervani Industrial Syndicate Limited on the consolidated Financial Statements of Shervani Industrial Syndicate Limited and its Subsidiary.

1. We have examined the attached Consolidated Balance Sheet of Shervani Industrial Syndicate Limited and its Subsidiary, as at 31st March, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of

Shervani Industrial Syndicate Limited and its Subsidiary included in the consolidated financial statements.

4. On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Shervani Industrial Syndicate Limited and its Subsidiary, we are of the opinion that the attached Consolidated Financial Statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its Subsidiary as at 31.03.2010
 - (b) in the case of the Consolidated Profit & Loss Account, of the Consolidated Profits of the Company and its Subsidiary for the year ended on that date, and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its Subsidiary for the year ended on that date.

For P.L. TANDON & CO.,
Chartered Accountants
Registration No. 000186C

P.P. SINGH
Partner
Membership No.72754

Place Allahabad
Date : May 22, 2010

CONSOLIDATED BALANCE SHEET

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31.3.2010		As at 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS					
Share Capital	1	32,802,500		32,802,500	
Reserves and Surplus	2	567,261,060	600,064,160	534,101,201	566,903,701
LOAN FUNDS					
Secured Loans	3	20,512,054		14,693,325	
Unsecured Loans	4	5,563,809	26,075,863	5,796,923	20,490,248
TOTAL			826,140,023		587,393,949
APPLICATION OF FUNDS :					
FIXED ASSETS					
Gross Block	5	66,663,090		187,070,738	
Less: Depreciation		20,800,553		96,504,848	
Net Block		66,062,537	66,062,537	90,565,890	92,556,949
Capital Work in Progress				1,991,059	
INVESTMENTS					
	6		259,046,711		222,183,476
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	52,786,872		27,354,750	
Sundry Debtors	8	2,528,111		1,877,247	
Cash and Bank Balances	9	116,509,782		115,859,651	
Other Current Assets		12,889,402		12,996,670	
Loans and Advances	10	175,741,324		176,129,190	
		380,454,491		334,217,508	
LESS: CURRENT LIABILITIES & PROVISIONS					
Liabilities	11	13,207,918		17,377,259	
Provision for Dividend		2,624,200		1,640,125	
Provision for Taxes		43,591,600		42,546,600	
		59,423,718		61,563,984	
NET CURRENT ASSETS			301,030,775		272,653,524
TOTAL			826,140,023		587,393,949
Notes on accounts	16				

Schedules 1 to 16 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Accounts Manager

G.S. CHATURVEDI
Director

SALEM I. SHERVANI
Managing Director

As per our report attached
For **P.L. TANDON & CO.**
Chartered Accountants

P.P. SINGH
Partner

Place : Allahabad
Dated : May 22, 2010

CONSOLIDATED PROFIT & LOSS ACCOUNT

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

	Schedule	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
INCOME :					
Sales		107,889		164,714	
Other Income	12	50,087,847		10,283,884	
Interest (Net)	13	14,594,217	64,789,053	15,327,550	25,776,148
EXPENDITURE :					
Decrease in Finished / Process Stocks	14	91,965		122,385	
Expenses	15	24,418,968		59,328,214	
Excise Duty		506,790		634,806	
Depreciation		2,508,654	27,524,377	2,455,119	62,540,524
PROFIT/(LOSS) BEFORE TAX			37,265,578		(36,764,376)
Fringe Benefit Tax			-		(290,500)
Current Tax			(1,045,000)		(131,000)
Income Tax Adjustment/Refund pertaining to Earlier Years			(70)		81,092
Adjustment of Deferred Tax Liability			-		3,275,340
Interest paid on tax demands			-		(178,002)
PROFIT/(LOSS) AFTER TAX			36,220,506		(34,007,446)
Add : Balance Brought Forward from last year			33,678		8,915,553
Add : Transfer from General Reserve					27,044,434
AMOUNT AVAILABLE FOR APPROPRIATIONS			36,254,182		1,952,541
APPROPRIATIONS :					
Transferred to General Reserve		30,000,000			
Proposed Dividend		2,624,200		1,640,125	
Tax on Proposed Dividend		435,847		278,740	
Balance carried to Balance Sheet		3,194,135	36,254,182	33,678	1,952,541
Earnings Per Share (Basic/Diluted)			11.04		(10.37)
Notes on accounts	16				

Schedules 1 to 16 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Accounts Manager

G.S. CHATURVEDI
Director

SALEM I. SHERVANI
Managing Director

As per our report attached
For **P.L. TANDON & CO.**
Chartered Accountants

P.P. SINGH
Partner

Place : Allahabad
Dated : May 22, 2010

CONSOLIDATED SCHEDULE

SCHEDULE 1-SHARE CAPITAL

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
AUTHORISED		
20,000 Cumulative Redeemable Preference Shares of Rs. 100 each	2,000,000	2,000,000
6,280,000 Ordinary Shares of Rs.10 each	62,800,000	62,800,000
8,000 Deferred Shares of Rs.25 each	200,000	200,000
	65,000,000	65,000,000
ISSUED AND SUBSCRIBED		
3,260,250 Ordinary Shares of Rs. 10 each fully paid up	32,602,500	32,602,500
8,000 Deferred Shares of Rs.25 each fully paid up	200,000	200,000
	32,802,500	32,802,500

NOTE : 97400 Ordinary Shares & 800 Deferred Shares allotted without payment being received in cash

SCHEDULE 2 - RESERVES AND SURPLUS

	As at 31.3.2010		As at 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
General Reserve	520,000,000		547,044,434	
Less : Transferred from/to Profit & Loss Account	30,000,000	560,000,000	(27,044,434)	520,000,000
Capital Subsidy Reserve		1,926,616		1,926,616
Share Premium Account		3,840,909		3,840,909
Capital Redemption Reserve		2,000,000		2,000,000
Profit and Loss Account		3,194,136		33,676
Capital Reserve on Consolidation		6,300,000		6,300,000
		567,261,660		534,101,201

SCHEDULE 3 - SECURED LOANS

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
UNION BANK OF INDIA (Against pledge of Fixed Deposit Receipts)	20,512,054	14,693,325
	20,512,054	14,693,325

CONSOLIDATED SCHEDULE

SCHEDULE 4 - UNSECURED LOANS

	As at 31.3.2010	As at 31.3.2009
FIXED DEPOSITS	Rs. 1,800,000	Rs. 19,90,230
SECURITY DEPOSITS (From Contractors)	463,809	506,693
FROM DIRECTORS	2,900,000	2,900,000
OTHERS	400,000	400,000
	5,563,809	5,796,923

SCHEDULE 5 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As At 01-04-2009	Additions	Deductions	As At 31-03-2010	Up To 01-04-2009	for the year	Depreciation Written Back	As At 31-03-2010	As at 31-03-2010	As at 31-03-2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	1	2	3	4		5		6	7	8
Land (Leasehold)	5,179	-	-	5,179	-	-	-	-	5,179	5,179
Land (Freehold)	19,051,525	-	17,589	19,033,936	-	-	-	-	19,033,936	19,051,525
Buildings	30,110,897	2,272,637	-	32,383,534	3,226,702	602,067	-	3,828,769	28,554,765	26,884,195
Plant and Machinery	18,011,676	210,220	875,846	17,346,050	6,410,339	805,544	253,373	6,962,510	10,383,540	11,601,336
Furniture and Fixtures	1,527,581	-	-	1,527,581	1,075,184	47,788	-	1,122,972	404,610	452,397
Data Processing Machines	4,986,570	42,500	-	5,029,070	4,677,913	29,847	-	4,707,760	321,309	308,657
Vehicles	12,382,058	1,151,680	1,995,998	11,537,740	3,711,530	1,021,408	554,396	4,178,542	7,358,188	8,670,529
Assets Held for Disposal										
Plant and Machinery	95,235,297	-	95,235,297	-	72,213,341	-	72,213,341	-	-	23,021,956
Furniture and Fixtures	1,912,427	-	1,912,427	-	1,836,633	-	1,836,633	-	-	75,793
Data Processing Machines	3,847,528	-	3,847,528	-	335,3206	-	3,353,206	-	-	494,322
	187,070,739	3,677,037	103,884,685	86,863,090	96,504,846	2,506,654	78,210,949	20,800,553	66,082,537	90,585,800
Previous Year	218,420,939	4,727,728	36,077,928	187,070,739	112,345,236	2,455,119	18,295,507	96,504,848		1,991,059
Capital Work in Progress										

CONSOLIDATED SCHEDULE

SCHEDULE 6 - INVESTMENTS (AT COST)

		As at 31.3.2010	As at 31.3.2009		
		Rs.	Rs.	Rs.	Rs.
(A) LONG TERM INVESTMENTS:					
		Trade Investment:			
No. of Shares/ Units	In Equity Shares Unquoted fully paid up				
OTHER COMPANIES					
3000000 (3000000)	Shervani Sugar Syndicate Ltd of Rs. 10/- each*	30,000,000		30,000,000	
	Less: Reduction of Value of Share Less: Provision for diminution	27,000,000	3,000,000	2,70,00,000	3,000,000
1535750 (1535750)	Shervani Hospitalities Ltd. of Rs. 10/- each		15,143,000		15,143,000
85000 (4900)	Youngtronics India Private Ltd. of Rs.10/- each		850,000		49,000
50000 (100000)	IN DEBENTURES- Unquoted fully paid up 0% Unsecured fully convertible debentures of Rs.1000/- each of M/s Shervani Sugar Syndicate Ltd.		50,000,000		100,000,000
OTHER INVESTMENTS					
500 (500)	(In Equity Shares- Unquoted Fully Paid Up Shares of Super Bazar Cooperative Stores Ltd. of Rs. 10/- each		5,000		5,000
80000 (80000)	6% Non Cumulative Pref. Shares of India Global Exports Pvt. Ltd. of Rs 100/- each		8,000,000		8,000,000
50000	5% Cumulative Redemable Preference Shares of Rs 1000/- each of M/s Shervani Sugar Syndicate Ltd.		50,000,000		
(B) CURRENT INVESTMENTS					
OTHER INVESTMENTS					
In Equity Shares-Quoted fully paid up					
5000 (5000)	Arvind Mills Limited of Rs.10/- each	100,000		67,000	
1000 (1000)	Bombay Dyeing and Manufacturing Co. Ltd. of Rs.10/- each	662,700		167,950	
1750 (1000)	Crompton Greaves Limited of Rs.2/- each (including 750 Bonus Shares)	269,112		123,100	
500 (500)	DLF Limited of Rs.2/- each	154,450		83,600	
6000 (6000)	I.D.B.I. Bank Limited of Rs.10/- each	690,000		272,400	
3800 (3800)	IDEA Cellular Limited of Rs.10/- each	248,710		190,570	
2000 (2000)	Infrastructure Development Finance Co. Ltd. of Rs.10/- each	233,700		108,400	
1624 (500)	Reliance Industries Limited of Rs.10/- each	1,653,101		761,600	
500 (500)	Tata Motors Limited of Rs.10/- each	320,915		90,150	
3100 (3100)	Firstsource Solutions Limited of Rs.10/- each	88,815		47,771	
3000 (3000)	Bongaigaon Refinery & Petrochemicals Ltd. of Rs 10/- each	-		123,000	
608 (-)	Indian Oil Corporation of Rs. 10 each allotted in lieu of Bongaigaon Refinery	140,510			
1000 (1000)	Hanung Toys and Textiles Limited of Rs.10/- each	137,002		32,250	
1000 (1000)	India Cements Limited of Rs.10/- each	131,800		105,950	
1100 (-)	India Info Line	125,455			
1000 (1000)	Schrader Duncan Limited of Rs 10/- each	138,050		76,100	
1500 (500)	RDB Industries Limited of Rs.10/- each	172,875		67,350	
1000 (1000)	J.K Cement Limited of Rs.10/- each	171,507		39,650	
5000	Reliance Petroleum Limited of Rs.10/- each			475,750	
1000 (1000)	Reliance Energy Limited of Rs.10/- each	996350		515,350	
2000 (2000)	Networth Stock Broking Limited of Rs.10/- each	78700		43,000	
Balance Carried Over		6,474,752	128,998,000	3,390,941	126,197,000

CONSOLIDATED SCHEDULE

	Balance Brought Forward	8,474,752	128,868,000	3,390,941	126,197,000
1500	Minda Industries Limited	345,878		137,625	
(1500)	of Rs.10/- each				
2000	Power Grid Corporation of India Ltd.	214,300		191,300	
(2000)	of Rs.10/- each				
4000	Kirloskar Ferrous Industries Limited	132,800		43,960	
(4000)	of Rs.5/- each				
2000	Oriental Bank of Commerce	524,688		219,800	
(2000)	of Rs.10/- each				
	XL Tel Ene			63,640	
(2150)	of Rs.10/- each				
	In Mutual Fund Units-Unquoted		7,692,118		4,047,266
447187.183	AIG India Equity Fund (Growth)	5,100,000			
(-)	of Rs. 11.181 each			4,015,905	
(497017.89)	Birla Infrastructure Fund (Growth)				
53270.829	of Rs.10/- each	5,100,000			
(-)	Birla Midcap Fund (Growth)				
64775.23	of Rs. 93.86/- each	5,100,000			
(-)	Birla Sunlife Front line Equity Fund (Growth)			7,185,005	
	of Rs. 77.19/- each				
(173550.85)	Birla Sunlife Frontline Equity Fund (Growth)				
487804.878	of Rs.10/- each	4,216,828		3,422,927	
(487804.878)	Birla Sunlife International Equity Fund (Growth)				
696247.984	of Rs.10/- each	8,888,000			
(-)	DSP B.R. Equity Fund Regular Fund (Growth)				
368731.563	of Rs. 14.04/- each	5,100,000			
(-)	DSP B.R. Small & Midcap Fund (Growth)			4,575,701	
181712.458	of Rs. 13.56/-	8,182,143			
(181712.458)	DSP B.R. TIGER Fund (Growth)				
	of Rs 10/- each			9,261,724	
(754420.907)	DSP B.R. World Gold Fund (Growth)				
250000.00	of Rs.10/- each	2,500,000		1,295,500	
(250000.00)	HDFC Infrastructure Fund (Growth)				
	of Rs.10/- each			3,900,021	
(468594.78)	HSBC Advantage India Fund (Growth)				
260758.192	of Rs.10/- each	3,382,388			
(-)	HSBC Progressive Themes Fund (Growth)				
975609.756	of Rs. 13.038/- each	8,388,788		6,154,927	
(975609.756)	HSBC Dynamic Fund (Growth)				
237997.772	of Rs.10/- each	5,100,000			
(-)	HSBC Midcap Equity Fund Growth				
48801.138	of Rs. 21.0086/- each	4,000,000			
(-)	HSBC Equity Fund Growth			3,204,303	
977995.11	of Rs. 82.3026/- each	5,478,631			
(977995.11)	JM Contra Fund (Growth)				
538302.277	of Rs.10/- each	8,890,000			
(-)	Morgan Stanley ACE Fund (Growth)			3,783,391	
(279712.46)	of Rs. 12.075/- each				
(323659.161)	Reliance Equity Opportunities Fund (Growth)				
(495348.676)	of Rs.10/- each			6,486,971	
(278429.38)	Sundaram BNP Paribas India Leadership Fund				
250000.00	(Growth) of Rs.10/- each			6,608,992	
(250000.00)	Sundaram BNP Paribas SMILE Fund (Growth)				
143023.05	of Rs.10/- each			3,250,082	
(143023.05)	Sundaram Capex Opportunities Fund (Growth)				
116522.955	of Rs.10/- each	2,082,488		1,151,650	
(-)	Sundaram Energy Opportunities Fund (Growth)				
315059.861	of Rs.10/- each	4,804,344		2,583,282	
(-)	Tata Infrastructure Fund (Growth)				
	of Rs 10/- each	5,000,000			
	Taurus Starshare (Growth)				
	of Rs. 42.91/- each	8,000,000	98,136,552		66,680,381
	Taurus Ethical Fund (Growth)				
	of Rs. 15.87/- each		3,170,041		1,758,829
	HDFC AMC REAL ESTATE - I				
	Share Application Money				
	India Global Exports Pvt. Limited	24,300,000	28,050,000	23,000,000	23,500,000
	Youngtronics India Pvt. Limited	750,000		500,000	
			28,045,711		222,183,476

*Pledged with State Bank of India
Previous year figures have been shown in bracket.

Aggregate of
Quoted investments
Unquoted Investments

Book Value
7,692,118
226,304,593

Market Value
8,438,910

CONSOLIDATED SCHEDULE

SCHEDULE 7 - INVENTORIES

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
<i>(Inventories and Valuation as certified by the Managing Director)</i>		
Stores and Spare Parts	732,129	6,766,956
Raw Materials Stock	30,726	207,940
Finished Goods	565,190	665,890
Work in Progress	-	11,265
Realestate Project (Sterling Apartments)	51,437,827	19,702,699
	52,785,872	27,354,750

SCHEDULE 8 - SUNDRY DEBTORS

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS		
Unsecured considered good	1,893,232	1,186,272
Unsecured considered doubtful	309,397	309,397
OTHER DEBTS		
Unsecured-considered good	325,482	381,578
	2,528,111	1,877,247

SCHEDULE 9 - CASH AND BANK BALANCES

	As at 31.3.2010		As at 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
CASH BALANCES				
On Hand		137,073		610,509
CHEQUES/ DDs ON HAND		45,267		1,050,860
BALANCES WITH SCHEDULED BANKS				
In Current Accounts	2,590,125		1,446,508	
In Savings Account	28,726		27,917	
In Fixed Deposits (FDRs of Rs.11 Crores Pledged with Banks)	113,708,571	116,327,422	112,723,857	114,198,282
		116,509,782		115,858,651

SCHEDULE 10- LOANS AND ADVANCES

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
Unsecured -(Considered good unless otherwise stated)		
Loans		
Associate Companies		
-Shervani Hospitalities Limited	59,300,000	59,300,000
-Shervani Sugar Syndicate Limited	135,564,000	135,564,000
Others	2,500,000	4,500,000
Advances-recoverable in cash or kind or for value to be received	2,883,216	2,743,347
Security and other Deposits	4,760,138	5,031,456
Balances with Central Excise Department	16,752	17,240
Advance payment of Taxes	10,937,218	8,973,147
Less: Provision for Doubtful Advances	(40,000,000)	(40,000,000)
	175,741,324	176,129,190

CONSOLIDATED SCHEDULE

SCHEDULE 11 - CURRENT LIABILITIES

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
Sundry Creditors	4,470,502	5,704,830
Other Liabilities	8,203,348	11,104,081
Interest accrued but not due on Loans	32,600	78,240
Investor Education & Protection Fund shall be credited by the following: (Amounts to be transferred to the said fund shall be determined on the respective due date)		
Unpaid Matured Deposits & Interest thereon	4,200	4,200
Unpaid Dividends	497,266	485,908
	13,207,916	17,377,259

SCHEDULE 12 - OTHER INCOME

	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.
Rent	965,200	1,073,200
Miscellaneous Receipts	620,489	1,022,116
Profit/(Loss) on sale of Asset/ Stores (Net)	(383,906)	6,692,515
Profit on sale of current investments (Net)	12,154,506	-
Liability written back	3,346,796	224,098
Diminution in value of invest no longer required	33,036,106	-
Provision of Liability no longer required	23,993	1,183,625
Dividend Received	104,723	88,330
	50,087,647	10,283,884

SCHEDULE 13 - INTEREST (NET)

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
Interest Received (TDS Rs.1702077)		15,616,378		15,844,258
Less: Interest on Fixed Loans	157,728		161,007	
Other Interest	864,433	1,022,161	355,701	516,708
Net Income from Interest		14,594,217		15,327,550

SCHEDULE 14-DECREASE IN FINISHED/PROCESS STOCK

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
STOCKS AT COMMENCEMENT				
Finished Goods	665,890		788,275	
Work-in-Process	11,265	677,155	11,265	799,540
STOCK AT CLOSE				
Finished Goods	585,190		665,890	
Work-in-Process	-	585,190	11,265	677,155
		91,965		122,385

CONSOLIDATED SCHEDULE

SCHEDULE 15 - EXPENSES

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus, Compensation etc.	4,582,371		8,698,802	
Company's Contribution to Provident Fund and Gratuity Fund	259,129		263,900	
Company's Contribution to Employees State Insurance Corporation	-		833	
Welfare Expenses	86,645	4,908,145	136,884	9,100,419
OTHER EXPENSES				
Rent	5,63,400		467,300	
Rates and Taxes	145,212		85,806	
Telephone Expenses	5,83,831		582,647	
Sales Tax	51,832		-	
Repairs Building	554,808		265,358	
Repairs Others	82,614		395,035	
Electricity Expenses	3,419,852		-	
Safety & Protection	974,387		1,175,201	
Insurance	212,824		242,311	
Vehicle Maintenance	1,188,319		1,206,507	
Retainership	1,300,052		1,130,126	
Professional Charges	2,290,895		2,185,887	
Legal Charges	390,129		350,455	
Travelling and Conveyance Expenses (Including Rs. 10832 paid to auditors)	898,610		464,999	
Diminution in the value of current investments	104,963		36,493,252	
Miscellaneous Expenses	3,719,838	16,281,466	3,343,452	48,388,336
Remuneration to Statutory Auditors :				
Audit Fee	105,515			
Certificates including limited reviews	50,000			
Tax Audit Fee	10,000	165,515	181,995	
Directors' Remuneration	1,479,000		1,524,000	
Directors' Fee	75,000		72,000	
Charity and Donations	64,505		13,000	
Assets Written off	1,445,337	3,229,367	48,464	1,839,459
		24,418,968		59,328,214

CONSOLIDATED SCHEDULE

SCHEDULE -16 NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1) Principles of Consolidation:

- i) The consolidated financial statements of the Group have been prepared on the following basis.
 - a) The consolidated financial statements of the Group are prepared in accordance with Accounting Standard-21 "Consolidated Financial Statements" issued by ICAI.
 - b) The financial statements of the Company and its Subsidiary Company have been consolidated on a line-by-line-basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances.
 - c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
 - d) The Difference between the cost of investment and capital of subsidiary has been recognized as capital reserve. In view of carried forward losses in subsidiary at the time of acquisition of shares the resulting goodwill has been ignored.

2) The Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Holding as on 31-03-2010
Farco Foods Private Limited.	India	100%

3) Other Significant Accounting Policies:

These are set out under 'Significant Accounting Policies' as given in the Unconsolidated Financial Statements of the Company and its Subsidiary.

- 4) Associate Companies Financial Statements as on 31-03-2010 have not yet been finalized, therefore, investments are shown at book value and Profit or Loss, if any, has not been considered while preparing Consolidated Financial Statements of the Group

5) Contingent Liabilities not provided for:

As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
----------------------------	----------------------------

Claims against the company not acknowledged as debts.

Amount indeterminate.

6. The Company has investment in 3,00,000 Equity Shares of Rs.10/- each. Preference Shares of Rs.5,00,00,000/-, Unsecured Debentures of Rs.50,000,000/- and Loan of Rs.135,564,000 in Shervani Sugar Syndicate Limited. The Company holds a provision of Rs.4,00,00,000/- for possible losses against said Loan. Board for Industrial and Financial Reconstruction has sanctioned a Modified Rehabilitation Scheme for above Company on 14.09.2009. According to sanctioned schemes redemption of preference shares and repayment of Loans shall be made after rehabilitation period on interest free basis.
7. Due to closure of manufacturing operations all the employees have been retrenched except few employees in General Administration of the Company. The Company has decided to make provision for retirement benefits on actual basis as on date of Balance Sheet instead of actuarial valuation.
8. In view of uncertainty regarding availability of sufficient future taxable income, deferred tax assets arising out of timing difference of unabsorbed business loss and unabsorbed depreciation have not been considered in the accounts.
9. Related Party disclosure

Relationship

A Associate Companies

Shervani Sugar Syndicate Limited
Shervani Hospitalities Limited
Youngtronics India Private Limited

B Key Management Personnel

Mr. S.I. Shervani	Managing Director
Mr. Tahir Hasan	Vice Chairman
Mr. Raju Verghese	Director
and their relatives	

CONSOLIDATED SCHEDULE

	31.03.2010	31.03.2009
	Rs.	Rs.
C Nature of volume of transactions		
(i) Remuneration	Refer Note '10'	
(ii) Rent		
Key management personnel (Paid)	480,000	520,000
Associate Company (Received)	217,200	265,200
(iii) Hire charges of Assets		
Key management personnel (Paid)	120,000	206,452
Associate /Subsidiary Company (Received)	480,000	480,000
(iv) Interest Received		
Associate Company	4,744,000	4,744,000
(v) Balance at the end of the year		
Associate Company		
Shervani Sugar Syndicate Limited	135,564,000	135,564,000
Provision for doubtful debts	(40,000,000)	(40,000,000)
Shervani Hospitalities Limited	59,300,000	59,300,000
Corporate guarantee to a Bank	10,000,000	10,000,000

10. Earning per share:

(a) Net Profit available for equity share holders (Numerator used for calculation)	36,220,505	(34,007,446)
(b) Weighted Average No. Equity Share used as denominator for calculating EPS.	3,280,250	3,280,250
(c) Basic and Diluted Earning per share (Rs.) (Equity Shares of face value of Rs.10/- each)	11.04	(10.37)

**10. Minimum remuneration has been paid to
Directors as under:**

	ThisYear	PreviousYear
	(Rs.)	(Rs.)
(A) Salary	1,479,000	1,524,000
(B) Company's Contribution to P.F.	144,000	144,000
(C) Perquisites	61,556	65,360

11. Quantitative Information regarding opening and closing stocks and sale of goods (Figure in brackets refer to previous year)

Class of Goods	Opening Stock (Qty.)	Rs.	Closing Stock (Qty.)	Rs.	Sales (Qty.)	Value (Rs.)
Flashlight	11,190	665,890	9,890	585,190	1,300	107,889
Cases	(13,025)	(788,275)	(11,190)	(665,890)	(1,835)	(164,714)
						107,889
Total						(164,714)

12. Based on the information available with the Company there are no dues payable to suppliers under the Micro Small and Medium Enterprises Development Act, 2006.

13. The figures of the previous year have been regrouped/rearranged wherever necessary.

CONSOLIDATED CASH FLOW STATEMENT

	2009-2010 (Rs.)		2008-2009 (Rs.)	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) Before Tax		37,265,576		(35,990,141)
Adjustment For :				
Depreciation	2,506,654		1,583,380	
Loss /(Profit) on sale of assets	(4,374,708)		(6,648,736)	
Asset written off	1,445,337		48,464	
Stores written off	(14,594,217)		341,362	
Interest (Net)	(3,348,796)		(15,327,550)	
Profit on Sale of Investments	(12,154,506)		-	
Diminution in the value of current investments	(32,931,143)	(63,449,379)	36,493,252	16,490,172
Operating Profit before Working Capital Changes		(26,183,603)		(19,499,969)
Adjustment For :				
(Increase)/Decrease in Trade and other receivables	(244,338)		(14,128,685)	
(Increase)/Decrease in Inventories	(25,431,122)		4,834,047	
Increase/(Decrease) in Trade Payables*	(283,094)	(25,958,554)	(5,038,376)	(14,333,014)
Cash generated used in operation		(52,142,357)		(33,832,983)
Add/(Deduct) For :				
Direct tax paid /refund of earlier years		(3,017,341)		265,917
Net Cash from operating activities (Total - A)		(55,159,698)		(33,567,066)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(1,665,879)		(6,718,787)
Sale of Fixed Assets		28,803,107		22,122,711
Loans made with Subsidiary/Others		(1,712,581)		274,099
Sale of Investments		91,806,849		-
Purchase of Investments		(83,584,435)		(12,879,871)
Interest received		15,616,378		15,844,258
Net Cash from investing activities (Total - B)		49,043,938		18,642,410
C) CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid		(1,640,125)		(3,280,250)
Bank Borrowings		5,818,729		6,154,942
Unsecured Loans		3,610,047		(142,467)
Interest Paid		(1,022,181)		(499,702)
Net Cash used financing activities (Total - C)		6,786,490		2,232,523
Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)		650,131		(12,692,133)
Add : Cash and Cash Equivalents as on 01.04.2009		115,859,851		128,513,696
Cash and Cash Equivalents at the as on 31.03.2010		116,509,782		115,821,563

Note : Figures in brackets indicate negative figures

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To,

SHERVANI INDUSTRIAL SYNDICATE LIMITED

Shervani Nagar, Sulem Sarai, Allahabad-211011 (U.P.)

Phone: 0532-2102305-06 Fax: 0532-2436928

e-mail: shervaniind@rediffmail.com