

Shervani Industrial Syndicate Limited

BOARD OF DIRECTORS

CHAIRMAN EMERITUS

Mr. Azhar Nisar Shervani

CHAIRMAN

Dr. Kamal Kumar

VICE CHAIRMAN

Mr. Tahir Hasan

MANAGING DIRECTOR

Mr. Saleem Iqbal Shervani

DIRECTORS

Mr. Saeed Mustafa Shervani

Mr. Kush Bhargava

Mr. Gopal Swarup Chaturvedi

Mr. Raju Verghese

COMPANY SECRETARY & SR. ACCOUNTS MANAGER

Mr. B. K. Misra

AUDITORS

M/s. P.L. Tandon & Co.

Chartered Accountants,
Kanpur

BANKERS

Union Bank of India

HDFC Bank Ltd.

ICICI Bank Ltd.

Central Bank of India

State Bank of India

REGISTERED OFFICE

Shervani Nagar,

Sulem Sarai,

Allahabad - 211011

Uttar Pradesh

Annual Report 2010-2011

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NOTICE is hereby given that the 63rd Annual General Meeting of the Members of SHERVANI INDUSTRIAL SYNDICATE LIMITED will be held on **Friday, the 30th September, 2011 at 11.00 A.M** at 2, New Cantonment, Kanpur Road, Allahabad to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011, Balance Sheet as at that date together with the Reports of Auditors' and Directors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Tahir Hasan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Kamal Kumar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Gopal Swarup Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED as a Special Resolution that pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Tahir Hasan, Director be and is hereby re-appointed as Whole- time Director of the Company for a period of three years with effect from 1st June, 2011 on the following terms and conditions and remuneration including perquisites in accordance with the limits specified in Part II of Schedule XIII to the Companies Act, 1956:

1. Salary : Rs.12,000/- per month
2. Medi claim/Personal Accident Insurance : As per rules of the Company

By Order of the Board
For Shervani Industrial Syndicate Limited

B.K. MISRA
Company Secretary & Sr. Accounts Manager

Place: Allahabad
Date: May 30, 2011

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The Proxy in order to be effective must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September, 2011 to Friday, 30th September, 2011 (both days inclusive).
3. The Dividend, as recommended by the Directors, if declared at this Annual General Meeting, will be paid on and after 4th October, 2011 to those members, whose names appear in the Company's Register of Members on 23rd September, 2011, and in respect of shares held in dematerialized form the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
4. All amounts of Unclaimed Dividend declared up to the financial year ended 31st March, 2003 have been transferred to General Revenue Account of the Central Government Investor Education and Protection Fund established by the Government of India as required by the Companies Act, 1956.
5. Dividends for the financial year ended 31st March, 2004 and thereafter, which remain unpaid or unclaimed for a period of Seven years from the date they became due for payment shall be transferred by the Company to the "Investor Education and protection Fund" established by the Government of India and that thereafter no claim shall lie against the Fund or the Company in respect of the amount so transferred. Members who have not so far encashed dividend for the aforesaid years may send their outdated dividend Cheque(s)/DD(s) to the Company for issue of its duplicate in lieu thereof.
6. Members seeking any information or clarification regarding Accounts, are requested to write to the Company at its Registered Office at least seven days in advance of the Meeting so as to enable the management to keep the information ready if the Chairman so permits.
7. The Members are requested to intimate to the Registrar of the Company immediately any change in their address alongwith the Pin Code Number indicating their Folio Number to "M/s Link Intime India Private Limited" C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W) Mumbai - 400078.
8. The Members holding Shares in the physical form and wishing to avail of the nominations facility, are requested to send the duly filled in nomination in the prescribed form (Form-2B) as permitted under Section 109A of the Companies Act, 1956 to the RTA of the Company.
9. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is given in the Annexure.
10. All the documents referred to in the accompanying Notice are open for inspection of members at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on all working days except holidays up to the date of the meeting.
11. As a Measure of economy, Members holding both, Ordinary and Deferred Shares are being sent only one

copy of the Annual Report. Further, copies of the Annual Report will not be distributed at the Annual General Meeting and Members are requested to bring their copies to the meeting.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM No.7

Mr. Tahir Hasan was re-appointed as Whole time Director of the Company on 26th April, 2008 for a period of three years w.e.f. 1st June, 2008. The Board of Directors in its meeting held on 30th May, 2011 re-appointed him as Whole time Director under the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 for a further period of three years with effect from 1st June, 2011 on the terms and conditions as set out in the resolution.

His re-appointment and remuneration under Schedule XIII is subject to the approval of Shareholders in the General Meeting. The Board has placed the above mentioned Special Resolution for your approval.

MEMORANDUM OF INTEREST

No other Director except Mr. Tahir Hasan (appointee) is concerned or interested in the resolution.

The Explanatory Statement together with the notice should be treated as an abstract of the terms and conditions under Section 302 of the Companies Act, 1956.

By Order of the Board
For Shervani Industrial Syndicate Limited

B. K. MISRA
Company Secretary & Sr. Accounts Manager

Place: Allahabad
Date: May 30, 2011

ANNEXURE TO THE AGM NOTICE

Information pursuant to Clause 49 of the Listing Agreement regarding re-appointment of the Directors.

| Name of the Director | Mr. Tahir Hasan | Dr. Kamal Kumar | Mr. G.S. Chaturvedi |
|--|---|-----------------|-------------------------------|
| Date of Birth | 21.07.1946 | 30.10.1955 | 23.01.1950 |
| Date of Appointment | 28.06.1979 | 12.10.2003 | 12.01.2000 |
| Specialized Expertise | Industrialist | Doctor | Advocate |
| Qualification | B.E., PGDM | M.D., MICC | B.Sc., LL.B. |
| Directorship of Other Companies as on 31.03.2011 | Shervani Hospitalities Ltd. Shervani Sugar Syndicate Ltd. Tara Cement Co. Private Ltd. The Saraswati Sugar Mills Ltd. The Saraswati Industrial Syndicate Ltd. Farco Foods Private Ltd. | NIL | Shervani Sugar Syndicate Ltd. |
| Chairman/Member of Other Committees as on 31.03.2011 | Remuneration Committee Shervani Sugar Syndicate Ltd. | NIL | NIL |

Your Directors take pleasure in presenting the 63rd Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

| | (Rs. in Lacs) |
|--|---------------|
| Profit before Depreciation | 54 |
| Depreciation | 16 |
| Profit before Tax | 38 |
| Current Tax | (14) |
| MAT Credit Entitlement | 61 |
| Profit after Tax | 85 |
| Add Balance brought forward from last year | 229 |
| Surplus Available for Appropriation | 314 |

Appropriation

| | |
|-------------------------|-----|
| Proposed Dividend | 33 |
| Tax on dividend | 5 |
| Balance Carried Forward | 276 |

DIVIDEND

Your Directors recommend dividend @ 10% for the year 2010-11 payable as under :

| | (Rs. in Lacs) |
|---|---------------|
| (1) Ordinary Shares @ Re.1.00 per share | 32.60 |
| (2) Deferred Shares @ Rs.2.50 per share | 0.20 |
| TOTAL | 32.80 |

OPERATIONS REVIEW

During the year under review the first real estate project of the Company in the name of Sterling Apartments has been successfully launched. Your Directors' are pleased to report that people responded overwhelmingly. The construction work is going as per scheduled plan and expected to be completed well in time. The company is vigorously looking for land at prime location in the city of Allahabad for its next project.

SUBSIDIARY COMPANY

FARCO FOODS PRIVATE LIMITED

The serious efforts of management to revive the subsidiary company have given some fruitful result. The subsidiary company has entered into a job work agreement with M/s Surya Foods and Agro Limited for making of CNC Biscuits in the name of "Priyagold" for a period of five years. The production has been started in the month of April 2011 after successful trial of the plant. This will help to revive the subsidiary 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. Tahir Hasan, Dr. Kamal Kumar and Mr. Gopal Swarup Chaturvedi 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:

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there is no material departure;
- 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. 1.00 Lac was paid and renewed on or before 31st March, 2011. 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.

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, 2011.

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. 2.28 Lac and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

Saleem I. Shervani
Managing Director

Tahir Hasan
Wholetime Director

Place : Allahabad

Date : May 30, 2011

(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, 2011, Four Board Meetings were held on 22nd May, 2010, 31st July, 2010, 6th November, 2010, and 9th February, 2011. The details of attendance of each Director at said meetings, at Annual General Meeting, number of Companies and other Board Committees where he is a director/member or chairman as at 31st March, 2011 are given below:

| Director | Category | Attendance | | No. of outside Directorship * | No. of other Board Committees | |
|--------------------|-------------------------------------|---------------|-------|----------------------------------|----------------------------------|----------|
| | | Board Meeting | A G M | | 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 | 4 | ✓ | 4 | 1 | Nil |
| Mr. S. I. Shervani | M.D., Executive | 3 | X | 4 | Nil | Nil |
| Mr. Raju Verghese | Director Non Executive | 3 | ✓ | 1 | Nil | Nil |
| Mr. S. M. Shervani | Director Non Executive | X | X | 1 | Nil | Nil |
| Mr. Kush Bhargava | Director Independent, Non Executive | X | X | Nil | Nil | Nil |
| Mr. G.S.Chaturvedi | Director Independent, Non Executive | 3 | X | 1 | Nil | Nil |

*This excludes directorships held in Private Limited Companies.

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

3. AUDIT COMMITTEE

- a. Mr. G. S. Chaturvedi, Chairman Independent, Non-executive
 b. Mr. Kush Bhargava, Member Independent, Non-executive
 c. 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 22nd May, 2010, 31st July, 2010, 6th November, 2010 and 9th February, 2011 attended by Mr. G. S. Chaturvedi, Chairman and Dr. Kamal Kumar, 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.

- a. Mr. G. S. Chaturvedi, Chairman Independent, Non-executive
 b. Mr. Kush Bhargava, Member Independent, Non-executive
 c. 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, 2011 are as under :

| Name of Directors | Salary | Perquisites (including retirement benefits) | Total |
|-------------------|-----------|---|-----------|
| Mr.S. I. Shervani | 1,200,000 | 54,816 | 1,254,816 |
| Mr.Tahir Hasan | 144,000 | 21,750 | 165,750 |

6. GENERAL BODY MEETINGS

| A G M | Date | Time | Venue |
|-----------|------------|------------|---|
| 2007-2008 | 30/08/2008 | 11.30 A.M. | 2, New Cantonment Kanpur Road, Allahabad - 211 001 |
| 2008-2009 | 26/09/2009 | 11.30 A.M. | Same as above |
| 2009-2010 | 25/09/2010 | 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 website of the company is under construction.

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 30, 2011 |
| DAY | : Friday |
| TIME | : 11.00 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, 2011 | : 14 th August, 2011 |
| Half year ending September 30, 2011 | : 14 th November, 2011 |
| Quarter ending December 31, 2011 | : 14 th February, 2012 |
| Quarter ending March 31, 2012 | : 30 th May, 2012 |

Date of Book Closure : 24th September 2011 to 30th September 2011 (Both days inclusive)

Date of Dividend Payment : Within statutory time limit

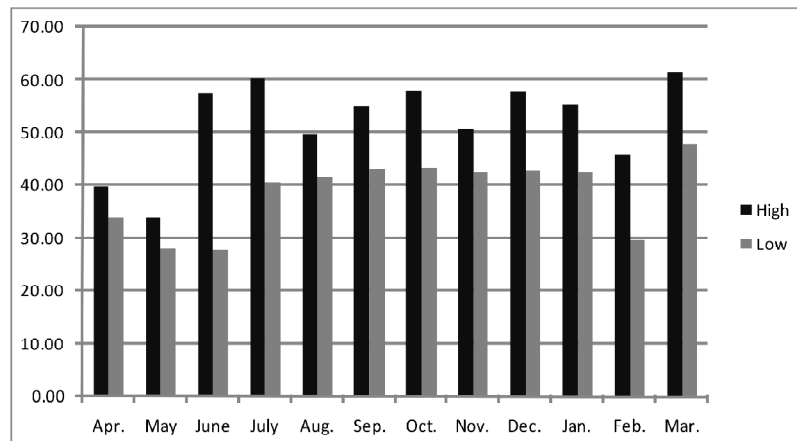
Listing on Stock Exchanges & Stock Code

| | |
|---|----------|
| 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 2010-2011)

The detail of share price movement is as under :-

| | Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| High | 39.80 | 33.95 | 57.40 | 60.30 | 49.60 | 55.00 | 58.00 | 50.70 | 57.60 | 55.40 | 45.60 | 61.35 |
| Low | 34.00 | 28.05 | 27.75 | 40.70 | 41.55 | 43.05 | 43.20 | 42.50 | 42.85 | 42.55 | 29.75 | 47.85 |

**REGISTRAR**

: **Link Intime India Pvt. Ltd.**

C-13, Pannalal 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, 2011

| SHAREHOLDING PATTERN | | | DISTRIBUTION OF SHAREHOLDING | | |
|----------------------------------|------------------|---------------|------------------------------|---------------------|------------------|
| Category | No. of Shares | % | No. of Shares | No. of Shareholders | Shares |
| Promoters, Directors & Relatives | 16,36,340 | 50.19 | 1-500 | 1173 | 1,49,304 |
| Nationalised Bank | 6,040 | 0.19 | 501-1000 | 99 | 77,405 |
| Bodies Corporate | 4,62,236 | 14.18 | 1001-2000 | 63 | 92,483 |
| Public | 11,53,534 | 35.37 | 2001-3000 | 24 | 58,129 |
| Others (Foreign Nationals) | 1,520 | 0.05 | 3001-4000 | 12 | 41,974 |
| NRIs/OCBs | 580 | 0.02 | 4001-5000 | 6 | 26,576 |
| | | | 5001-10000 | 23 | 1,70,985 |
| | | | 10001 and above | 41 | 26,43,394 |
| Total | 32,60,250 | 100.00 | | 1441 | 32,60,250 |

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, 2011 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 Fax:0532-2436928,

Email: shervaniind@rediffmail.com

MANAGEMENT DISCUSSION AND ANALYSIS**Industry Structure and Development**

The real estate industry in India saw a positive start to the year and continued to build and consolidate on this. There is healthy revival of demand in residential sector. The demand supply gap in residential sector continues to be wide. Some slowdown has been witnessed after the close of financial year. Company has successfully launched its first real estate project which has been overwhelmingly responded by the public. The company is looking for more avenues in this segment in the city of Allahabad as there is scarcity of good apartment in the city.

Outlook on Opportunities, Threats, Risks and Concern

There are enough opportunities in residential segment. Your company is making all efforts to encash these opportunities.

The real estate business is correlated to the speed of execution. Any delay in execution of projects can expose the company to risks of higher costs as well as affect its profitability.

Being a small city based player the company is dependent on economic climate of city. As the company has entered into a new segment of business, risk as a new player in the segment is involved. Valuations of land in the posh localities are too high which restrain to launch the new project aggressively.

Financial Performance

The company has earned the operational income from real estate business. The company has also earned sufficient income from interest and sale of investment resulting into generation of profit during the year.

Subsidiary Company

Farco Foods Private Limited, a wholly owned subsidiary of your company, has entered into a job work agreement with M/s Surya Foods and Agro Limited for a period of five years to manufacture the Biscuit in the brand name of "Priyagold". This agreement will help to revive the subsidiary company.

Internal Control Systems and Adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has appointed internal auditors who carry out audit extensively throughout 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, 2011, 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 30, 2011

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, 2011, 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 which have been provided on the basis of actual liability determined by the management as on 31st March, 2011
 - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 30, 2011

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.
 - the Company has not disposed of fixed assets 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.2588.37 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. There is no terms of repayment in respect of Loan to wholly owned 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) The maintenance of cost record has not been prescribed by the Central Government under section 209 (I) (d) of the Companies Act, 1956.
- (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, 2011 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 and 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 30, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | As at 31.3.2011 | | As at 31.3.2010 | |
|--|----------|-----------------|-------------|-----------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUNDS | | | | | |
| Share Capital | 1 | 32,802,500 | | 32,802,500 | |
| Reserves and Surplus | 2 | 585,417,065 | 618,219,565 | 580,695,477 | 613,497,977 |
| LOAN FUNDS | | | | | |
| Secured Loans | 3 | - | | 20,512,054 | |
| Unsecured Loans | 4 | 2,253,809 | 2,253,809 | 2,263,809 | 22,775,863 |
| TOTAL | | | 620,473,374 | | 636,273,840 |
| APPLICATION OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 5 | 67,212,295 | | 67,268,219 | |
| Less: Depreciation | | 14,156,425 | | 13,290,264 | |
| Net Block | | | 53,055,870 | | 53,977,955 |
| INVESTMENTS | 6 | | 260,127,026 | | 261,746,711 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 7 | 31,407,862 | | 52,060,243 | |
| Sundry Debtors | 8 | 1,129,952 | | 2,218,714 | |
| Cash and Bank Balances | 9 | 125,604,043 | | 116,254,657 | |
| Other Current Assets | | 24,305,082 | | 12,889,402 | |
| Loans and Advances | 10 | 204,489,349 | | 194,514,312 | |
| | | 386,936,288 | | 377,937,328 | |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | | |
| Liabilities | 11 | 33,428,330 | | 10,742,107 | |
| Provisions | | 46,217,480 | | 46,646,047 | |
| | | 79,645,810 | | 57,388,154 | |
| NET CURRENT ASSETS | | | 307,290,478 | | 320,549,174 |
| TOTAL | | | 620,473,374 | | 636,273,840 |
| Notes on accounts | 17 | | | | |

Schedules 1 to 17 and accounting policies form integral part of the accounts.

B.K. MISRA
Company Secretary & Sr. Accounts Manager

TAHIR HASAN
Wholesale 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 30, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | Schedule | 2010-2011 | | 2009-2010 | |
|--|----------|------------|-------------|------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | | |
| Sales | | 61,170,757 | | 107,889 | |
| Other Income | 12 | 11,582,939 | | 46,563,524 | |
| Interest (Net) | 13 | 13,104,300 | 85,857,996 | 14,624,496 | 61,295,909 |
| EXPENDITURE | | | | | |
| Decrease in Finished / Process Stocks | 14 | 264,075 | | 91,965 | |
| Cost of Construction & Development Expenses | 15 | 52,392,542 | | - | |
| Expenses | 16 | 27,758,713 | | 20,605,448 | |
| Excise Duty | | 42,624 | | 9,885 | |
| Depreciation | | 1,595,601 | 82,053,555 | 1,675,063 | 22,382,361 |
| PROFIT BEFORE TAX | | | | | |
| Tax adj. related to earlier year | | | 3,804,441 | | 38,913,548 |
| Current Tax | | | 35,519 | | (70) |
| MAT Credit Entitlement | | | (1,360,090) | | (1,045,000) |
| Earlier year | | 4,754,108 | | - | |
| Current year | | 1,300,000 | 6,054,108 | - | - |
| PROFIT AFTER TAX | | | | | |
| Add : Balance Brought Forward from last year | | | 8,533,978 | | 37,868,478 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | | | | |
| | | | 22,927,952 | | 18,119,521 |
| APPROPRIATION | | | | | |
| Transferred to General Reserve | | - | 31,461,930 | 30,000,000 | 55,987,999 |
| Proposed Dividend | | 3,280,250 | | 2,624,200 | |
| Tax on Proposed Dividend | | 532,140 | | 435,847 | |
| Balance carried to Balance Sheet | | 27,649,540 | 31,461,930 | 22,927,952 | 55,987,999 |
| Earnings Per Share (Basic/Diluted) | | | 2.60 | | 11.54 |
| Notes on accounts | 17 | | | | |

Schedules 1 to 17 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Sr. Accounts Manager

TAHIR HASAN
Wholetime 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 30, 2011

SCHEDULE 1-SHARE CAPITAL

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-------------------|-------------------|
| | 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 31.3.2011 | | As at 31.3.2010 | |
|--|-----------------|--------------------|-----------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| General Reserve | 550,000,000 | | 520,000,000 | |
| Add : Transferred from Profit & Loss Account | - | 550,000,000 | 30,000,000 | 550,000,000 |
| 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 | | 27,649,540 | | 22,927,952 |
| | | 585,417,065 | | 580,695,477 |

SCHEDULE 3 - SECURED LOANS

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-----------------|-----------------|
| | Rs. | Rs. |
| UNION BANK OF INDIA | - | 20,512,054 |
| (Against pledge of Fixed Deposit Receipts) | - | 20,512,054 |

SCHEDULE 4 - UNSECURED LOANS

As at 31.3.2011 As at 31.3.2010

| | Rs. | Rs. |
|--------------------------|-----------|-----------|
| Fixed Deposits | 1,800,000 | 1,800,000 |
| Security Deposits | | |
| From Contractors | 453,809 | 463,809 |
| | 2,253,809 | 2,263,809 |

SCHEDULE 5 - FIXED ASSETS

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------|------------------|------------------|---------------------|---------------------|------------------|------------------------------|---------------------|---------------------|---------------------|
| | As At 01-04-2010 | Additions | Deductions | As At 31-03-2011 | Up To 01-04-2010 | for the year | Depreciation Written Back | As At 31-03-2011 | As at 31-03-2011 | As at 31-03-2010 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Land (Leasehold) | 5,179 | - | - | 5,179 | - | - | - | - | 5,179 | 5,179 |
| Land (Free hold) | 18,367,026 | - | - | 18,367,026 | - | - | - | - | 18,367,026 | 18,367,026 |
| Buildings | 26,354,915 | - | - | 26,354,915 | 1,624,244 | 429,585 | - | 2,053,829 | 24,301,086 | 24,730,671 |
| Plant and Machinery | 5,093,864 | 362,450 | 40,000 | 5,416,314 | 2,070,351 | 216,327 | 5,966 | 2,280,712 | 3,135,602 | 3,023,512 |
| Furniture and Fixtures | 1,056,592 | 400,000 | - | 1,456,592 | 884,404 | 32,466 | - | 916,870 | 539,722 | 172,189 |
| Data Processing Machines | 4,876,302 | 96,500 | - | 4,972,802 | 4,554,993 | 31,828 | - | 4,586,821 | 385,981 | 321,309 |
| Vehicles | 11,514,341 | 670,342 | 1,545,216 | 10,639,467 | 4,156,272 | 885,395 | 723,474 | 4,318,193 | 6,321,274 | 7,358,068 |
| Total | 67,268,219 | 1,529,292 | 1,585,216 | 67,212,295 | 13,290,264 | 1,595,601 | 729,440 | 14,156,425 | 53,055,870 | 53,977,954 |
| Previous Year | 166,600,021 | 3,677,038 | 103,008,840 | 67,268,219 | 89,572,777 | 1,675,063 | 77,957,576 | 13,290,264 | | |

SCHEDULE 6 - INVESTMENTS (AT COST)

| | | As at 31.3.2011 | | As at 31.3.2010 | |
|-----------------------------------|---|-----------------|-------------|-----------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| (A) LONG TERM INVESTMENTS: | | | | | |
| No. of Shares/Units | Trade Investment: | | | | |
| | In Equity Shares Unquoted fully paid up | | | | |
| | SUBSIDIARY COMPANY: | | | | |
| 900000 (900000) | Farco Foods Pvt. Limited of Rs. 10/- each | | 2,700,000 | | 2,700,000 |
| | OTHER COMPANIES: | | | | |
| 300000 (300000) | Shervani Sugar Syndicate Ltd. of Rs. 10/- each* | | 3,000,000 | | 3,000,000 |
| 1535750 (1535750) | Shervani Hospitalities Ltd. of Rs. 10/- each (including 21450 Bonus Shares) | | 15,143,000 | | 15,143,000 |
| 85,000 (85000) | Youngtronics India Private Limited of Rs.10/- each | | 850,000 | | 850,000 |
| | IN DEBENTURES- Unquoted fully paid up | | | | |
| 50000 (50000) | 0% Unsecured fully convertible debentures of Rs.1000/- each of M/s Shervani Sugar Syndicate Ltd. | | 50,000,000 | | 50,000,000 |
| | OTHER INVESTMENTS | | | | |
| | In Equity Shares Unquoted fully paid up | | | | |
| 500 (500) | 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 |
| 500000 (500000) | 5% Cumulative Redemable Preference shares of Rs. 100/- each of M/s Shervani Sugar Syndicate Limited | | 50,000,000 | | 50,000,000 |
| (B) CURRENT INVESTMENTS | | | | | |
| | OTHER INVESTMENTS | | | | |
| | In Equity Shares-Quoted fully paid up | | | | |
| - (5000) | Arvind Mills Limited of Rs.10/- each | - | | 169,000 | |
| 1000 (1000) | Bombay Dyeing and Manufacturing Co. Ltd. of Rs.10/- each | 366,300 | | 552,700 | |
| - (1000) | Crompton Greaves Limited of Rs.2/- each (including 750 Bonus Shares) | - | | 269,112 | |
| 500 (500) | DLF Limited of Rs.2/- each | 133,600 | | 154,450 | |
| 6000 (6000) | I.D.B.I. Bank Limited of Rs.10/- each | 724,567 | | 690,000 | |
| 3800 (3800) | IDEA Cellular Limited of Rs.10/- each | 256,500 | | 248,710 | |
| 2000 (2000) | Infrastructure Development Finance Co. Ltd. of Rs.10/- each | 233,700 | | 233,700 | |
| - (1624) | Reliance Industries Limited of Rs.10/- each | - | | 1,653,101 | |
| - (500) | Tata Motors Limited of Rs.10/- each | - | | 320,915 | |
| 3100 (3100) | Firstsource Solutions Limited of Rs.10/- each | 55,800 | | 88,815 | |
| - (608) | Indian Oil Corporation of Rs.10/- each allotted in lieu of Bongaigaon | - | | 140,510 | |
| - (1000) | Hanung Toys and Textiles Limited of Rs.10/- each | - | | 137,002 | |
| 1000 (1000) | India Cements Limited of Rs.10/- each | 95,600 | | 131,800 | |
| | Balance Carried over | 1,866,067 | 129,698,000 | 4,789,815 | 129,698,000 |

| | | | | | |
|--------------------------|--|-----------|-------------|------------|-------------|
| | Balance Brought Forward | 1,866,067 | 129,698,000 | 4,789,815 | 129,698,000 |
| 1100 (1100) | india Infoline | 81,455 | | 125,455 | |
| 1000 (1000) | Schrader Duncan Limited of Rs.10/- each | 115,150 | | 138,050 | |
| 1500 (1500) | RDB Industries Limited of Rs.10/- each | 41,325 | | 172,875 | |
| - (1000) | J K Cement Limited of Rs.10/- each | - | | 171,507 | |
| 1000 (1000) | Reliance Energy Limited of Rs.10/- each | 687,800 | | 998,350 | |
| 2000 (2000) | Networth Stock Broking Limited of Rs.10/- each | 70,700 | | 78,700 | |
| - (1500) | Minda Industries Limited of Rs.10/- each | - | | 345,578 | |
| 2000 (2000) | Power Grid Corp. of India Ltd. of Rs.10/- each | 203,600 | | 214,300 | |
| 4000 (4000) | Kirloskar Ferrous Industries Limited of Rs.5/- each | 93,200 | | 132,800 | |
| - (2000) | Oriental Bank of Commerce of Rs.10/- each | - | | 524,688 | |
| 1000 (+) | Aries Agro Ltd. of Rs.10/- each | 120,150 | | - | |
| 3000 (+) | Fortis Healthcare Ltd. of Rs.10/- each | 453,424 | | - | |
| 10000 (+) | Cerebra Integrated Technologie of Rs.10/- each | 282,000 | | - | |
| 5000 (+) | V-Guard Industries Ltd. of Rs.10/- each | 840,250 | | - | |
| 5000 (+) | Hathway Cable and Datacom Ltd. of Rs.10/- each | 488,250 | | - | |
| 10000 (+) | Finolex Cables Limited of Rs.10/- each | 471,000 | | - | |
| 5000 (+) | Essar Oil Limited of Rs.10/- each | 622,500 | | - | |
| 1500 (+) | RDB Reality & Infrastructure Ltd. of Rs.10/- each allotted due to Demerger | - | 6,436,871 | - | 7,692,118 |
| | In Mutual Fund Units-Unquoted | | | | |
| (447187.193) | - AIG India Equity Fund (Growth) of Rs.11.181 | - | | 5,100,000 | |
| 5310.105 (+) | AIG Liquid Fund Retail weekly Dividend of Rs.1002.6698 | 5,324,282 | | - | |
| (53270.829) | - Birla Midcap Fund (Growth) of Rs.93.86 each | - | | 5,100,000 | |
| (64775.23) | - Birla Sunlife Frontline Equity Fund (Growth) of Rs.77.19 each | - | | 5,100,000 | |
| (487804.878) | - Birla Sunlife International Equity Fund (Growth) of Rs.10/- each | - | | 4,216,829 | |
| (696247.984) | - DSP BR Equity Fund Regular (Growth) of Rs.14.04 each | - | | 9,996,000 | |
| (368,732) | DSP BR Small & Midcap Fund (Growth) of Rs.13.56 each | - | | 5,100,000 | |
| (181712.458) | - DSP BR TIGER Fund (Growth) of Rs.10/- each | - | | 8,192,143 | |
| 250000.00 (250000.00) | HDFC Infrastructure Fund (Growth) of Rs.10/- each | 2,500,000 | | 2,500,000 | |
| (260768.192) | - HSBC Progressive Themes Fund (Growth) of Rs.13.038/- each | - | | 3,382,398 | |
| (975609.756) | - HSBC Dynamic Fund (Growth) of Rs.10/- each | - | | 9,353,756 | |
| | Balance Carried over | 7,824,282 | 136,134,871 | 58,041,126 | 137,390,118 |

| | | | | | |
|--------------------------|---|------------|-------------|------------|-------------|
| | Balance Brought Forward | 7,824,282 | 136,134,871 | 58,041,126 | 137,390,118 |
| (237997.772) | - HSBC Midcap Equity Fund (Growth) of Rs.21.0086 each | - | | 5,100,000 | |
| (48601.138) | - HSBC Equity Fund (Growth) of Rs.82.3026 each | - | | 4,000,000 | |
| 977995.11 (977995.11) | JM Contra Fund (Growth) of Rs.10/- each | 5,012,910 | | 5,478,631 | |
| (538302.277) | - Morgan Stanley A.C.E. Fund (Growth) of Rs.12.075 each | - | | 6,630,000 | |
| (250000.00) | - Sundaram Energy Opportunities Fund (Growth) of Rs.10/- each | - | | 2,082,450 | |
| (143023.05) | - Tata Infrastructure Fund (Growth) of Rs.10/- each | - | | 4,804,345 | |
| (116522.955) | - Taurus Starshare (Growth) of Rs. 42.91 each | - | | 5,000,000 | |
| (315059.861) | - Taurus Ethical Fund (Growth) of Rs. 15.87 each | - | | 5,000,000 | |
| 40802.731 (+) | Birla Sunlife Midcap Fund(Growth) of Rs.120.09 each | 4,303,056 | | - | |
| 254876.463 (+) | DSP BR Small & Midcap Fund(Growth) of Rs.19.225 each | 4,396,874 | | - | |
| 44534.888 (+) | HSBC Equity Fund(Growth) of Rs.110.026 each | 4,688,139 | | - | |
| 302170.696 (+) | Morgan Stanley A.C.E. Fund(Growth) of Rs.16.216 each | 4,530,747 | | - | |
| 233111.323 (+) | Taurus Ethical Fund(Growth) of Rs.21.020 each | 4,998,000 | | - | |
| 99979.596 (+) | Taurus Starshare Fund(Growth) of Rs.49.01 each | 4,998,000 | | - | |
| 254017.626 (+) | Birla Sunlife Infrastructure Fund(Growth) of Rs.19.29 each | 4,163,349 | | - | |
| 411418.976 (+) | Birla Sunlife India Reforms Fund(Growth) of Rs.11.91 each | 4,015,449 | | - | |
| 51470.048 (+) | DSP BR Opportunities Fund(Growth) of Rs.95.201 each | 4,435,586 | | - | |
| 271618.625 (+) | Taurus Discovery Fund (Growth) of Rs. 18.04 each | 3,810,809 | | - | |
| 178782.188 (+) | Sundaram Ultra ST Fund (Dividend) of Rs. 10.6548 each | 1,908,198 | | - | |
| 555611.386 (+) | Birla Sunlife Saving Fund (Daily Dividend) of Rs. 10.0068 each | 5,559,892 | | - | |
| 18950.41 (+) | DSP BR Money Manager Fund(Weekly Dividend) of Rs.1000.80 each | 18,972,555 | | - | |
| 760267.009 (+) | HSBC Floating Rate Fund(Weekly Dividend) of Rs.10.0045 each | 7,610,394 | 91,228,240 | - | 96,136,552 |
| | HDFC AMC REAL ESTATE -1 | | 4,258,915 | | 3,170,041 |
| | Share Application Money | | | | |
| | India Global Exports Pvt. Limited | 24,300,000 | | 24,300,000 | |
| | Youngtronics India Pvt. Ltd. | 4,205,000 | 28,505,000 | 750,000 | 25,050,000 |
| | | | 260,127,026 | | 261,746,711 |

*Pledged with State Bank of India

Previous year figures have been shown in bracket.

| Aggregate of | Book Value | Market Value |
|----------------------|-------------|--------------|
| Quoted investments | 6,436,871 | 6,643,330 |
| Unquoted Investments | 225,185,155 | |

SCHEDULE 7 - INVENTORIES

| | As at 31.3.2011 | As at 31.3.2010 |
|---|-----------------|-----------------|
| (Inventories and Valuation as certified by the Managing Director) | Rs. | Rs. |
| Stores and Spare Parts | 38,387 | 37,226 |
| Finished Goods | 321,115 | 585,190 |
| Work in Progress | 31,048,360 | 51,437,827 |
| | 31,407,862 | 52,060,243 |

SCHEDULE 8 - SUNDRY DEBTORS

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-----------------|-----------------|
| DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS | Rs. | Rs. |
| Unsecured-considered good | 1,129,952 | 1,893,232 |
| OTHER DEBTS | | |
| Unsecured-considered good | - | 325,482 |
| | 1,129,952 | 2,218,714 |

SCHEDULE 9 - CASH AND BANK BALANCES

| | As at 31.3.2011 | | As at 31.3.2010 | |
|--|-----------------|-------------|-----------------|-------------|
| | Rs. | Rs. | Rs. | Rs. |
| CASH BALANCES | | | | |
| On Hand | | 37,391 | | 137,072 |
| CHEQUES/ DDs ON HAND | | - | | 45,287 |
| BALANCES WITH SCHEDULED BANKS | | | | |
| In Current Accounts | 6,191,403 | - | 2,363,727 | - |
| In Fixed Deposits (FDRs of Rs.11 Crores Pledged with Banks) | 119,375,249 | 125,566,652 | 113,708,571 | 116,072,298 |
| | | 125,604,043 | | 116,254,657 |

SCHEDULE 10- LOANS AND ADVANCES

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-----------------|-----------------|
| Unsecured -(Considered good unless otherwise stated) | Rs. | Rs. |
| Subsidiary Company | | |
| Farco Foods Pvt. Limited (Refer Note No.3) | 63,972,861 | 63,972,861 |
| 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 | 1,000,000 | 2,500,000 |
| Advances-recoverable in cash or kind or for value to be received | 9,132,774 | 2,472,975 |
| Security and other Deposits | 2,787,743 | 4,751,138 |
| Balances with Central Excise Department | 11,609 | 16,120 |
| VAT Recoverable | 1,691,873 | - |
| Advance payment of Taxes | 9,974,381 | 10,937,218 |
| MAT credit entitlement | 6,054,108 | - |
| Less: Provision for Doubtful Advances (Refer Note No.3) | (85,000,000) | (85,000,000) |
| | 204,489,349 | 194,514,312 |

SCHEDULE 11 - CURRENT LIABILITIES

| | As at 31.3.2011 | | As at 31.3.2010 | |
|---|-----------------|------------|-----------------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| Sundry Creditors | 6,032,018 | | 3,375,134 | |
| Advance from Customers | 15,836,327 | | - | |
| Other Liabilities | 10,984,834 | | 6,832,908 | |
| Interest accrued but not due on Loans | 32,600 | | 32,600 | |
| 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 | 538,351 | 33,428,330 | 497,266 | 10,742,108 |
| Provisions | | | | |
| Provision for Taxation | 42,405,090 | | 43,586,000 | |
| Proposed Dividend | 3,280,250 | | 2,624,200 | |
| Tax Payable on Dividend | 532,140 | 46,217,480 | 435,847 | 46,646,047 |
| | | 79,645,810 | | 57,388,155 |

SCHEDULE 12 - OTHER INCOME

| | 2010-2011 | | 2009-2010 | |
|--|-----------|------------|------------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| Rent | 841,200 | | 985,200 | |
| Miscellaneous Receipts | 511,478 | | 820,429 | |
| Loss on sale of Assets (Net) | (262,919) | | (561,433) | |
| Profit on sale of current investments (Net) | 5,977,008 | | 12,154,506 | |
| Diminution in value of investment no longer required | 4,075,063 | | 33,036,106 | |
| Provision of Liability no longer required | 103,782 | | 23,993 | |
| Dividend Received | 337,327 | | 104,723 | |
| | | 11,582,939 | | 46,563,524 |

SCHEDULE 13 - INTEREST (NET)

| | 2010-2011 | | 2009-2010 | |
|------------------------------------|-----------|------------|-----------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| Interest Received (TDS Rs.1294708) | | 13,751,133 | | 15,616,378 |
| Less: Interest on Fixed Loans | 144,000 | | 157,728 | |
| Other Interest | 502,833 | 646,833 | 834,154 | 991,882 |
| Net Income from Interest | | 13,104,300 | | 14,624,496 |

SCHEDULE 14-DECREASE IN FINISHED/PROCESS STOCK

| | 2010-2011 | | 2009-2010 | |
|-------------------------------|-----------|---------|-----------|---------|
| | Rs. | Rs. | Rs. | Rs. |
| STOCKS AT COMMENCEMENT | | | | |
| Finished Goods | 585,190 | | 665,890 | |
| Work-in-Process | - | 585,190 | 11,265 | 677,155 |
| STOCK AT CLOSE | | | | |
| Finished Goods | 321,115 | | 585,190 | |
| Work-in-Process | - | 321,115 | - | 585,190 |
| | | 264,075 | | 91,965 |

SCHEDULE 15 - COST OF CONSTRUCTION & DEVELOPMENT EXPENSES

2010-2011

2009-2010

| | Rs. | Rs. | Rs. | Rs. |
|---|------------|------------|-----|-----|
| Opening Stock | 51,437,827 | | - | |
| Add : Exp. incurred during the year | 32,003,074 | 83,440,901 | - | - |
| Less : Closing WIP | | 31,048,359 | | |
| Cost of construction & development Expenses | | 52,392,542 | | |

SCHEDULE 16 - EXPENSES

2010-2011

2009-2010

| | Rs. | Rs. | Rs. | Rs. |
|--|-----------|------------|-----------|------------|
| PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | | | |
| Salaries, Wages, Bonus, Compensation etc. | 5,836,639 | | 4,345,171 | |
| Company's Contribution to Provident Fund and Gratuity Fund | 249,114 | | 259,129 | |
| Welfare Expenses | 95,259 | 6,181,012 | 86,645 | 4,690,945 |
| OTHER EXPENSES | | | | |
| Rent | 471,641 | | 563,400 | |
| Rates and Taxes | 124,457 | | 145,212 | |
| Repairs Building | 254,193 | | 554,808 | |
| Repairs Others | 542,785 | | 80,473 | |
| Safety & Protection | 1,018,648 | | 974,387 | |
| Insurance | 160,105 | | 212,924 | |
| Vehicle Maintenance | 847,119 | | 1,188,319 | |
| Retainership | 1,395,115 | | 1,300,052 | |
| Professional Charges | 1,909,945 | | 2,290,895 | |
| Travelling and Conveyance Expenses (including Rs. 16361 paid to auditors) | 877,486 | | 680,900 | |
| Diminution in the value of current investments | 7,876,386 | | 104,963 | |
| Miscellaneous Expenses | 4,484,821 | 19,962,701 | 4,594,328 | 12,690,661 |
| Remuneration to Statutory Auditors | | | | |
| Audit Fee Rs. 100,000 (Previous year Rs. 100,000) | | | | |
| Certificates including limited reviews Rs. 50,000 (Previous year Rs. 50,000) | | | | |
| Tax Audit Fee Rs. 10,000 (Previous year Rs. 10,000) | | | | |
| | 160,000 | | 1,60,000 | |
| Directors' Remuneration | 1,344,000 | | 1,479,000 | |
| Directors' Fee | 51,000 | | 75,000 | |
| Charity and Donations | 60,000 | | 64,505 | |
| Asset Written off | - | 1,615,000 | 1,445,337 | 3,223,842 |
| | | 27,758,713 | | 20,605,448 |

9 Minimum remuneration has been paid to Directors as under :

| | This Year (Rs.) | Previous Year (Rs.) |
|------------------------------------|--------------------|------------------------|
| (A) Salary | 1,344,000 | 1,479,000 |
| (B) Company's Contribution to P.F. | 1,44,000 | 144,000 |
| (C) Perquisites | 81,186 | 61,656 |

10 Quantitative Information regarding opening and closing stocks and sale of goods
(Figures in brackets refer to previous year)

| Class of Goods | Opening Stock (Qty) | Rs. | Closing Stock (Qty) | Rs. | Sales | |
|----------------|---------------------|-----------|---------------------|-----------|---------|----------------------|
| | | | | | (Qty) | Value (Rs.) |
| (a) Flashlight | 9,890 | 585,190 | 6,265 | 32,1115 | 3,625 | 346,084 |
| Cases | (11,190) | (665,890) | (9,890) | (585,190) | (1,300) | (107,889) |
| Total | | | | | | 346,084 (107,889) |

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 |
| | (Rs.) | Total | (Rs.) | Total | Rs. |
| Stores and Spare Parts | - (-) | - (-) | - (-) | - (-) | - (-) |

(Amount in Rs.)

13 Expenditure in Foreign Currency others

| This Year | Previous Year |
|-------------|---------------|
| Rs. 228,508 | Rs. 4,412 |

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

Inventory comprises property for sale and the property under construction (work in progress).

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

Completed real estate projects for sale is valued at lower of cost and net realizable value. Cost is determined by including cost of land, materials, services and other related overheads.

Construction work in progress is valued at cost which comprises of land materials, services and other related overheads.

5) Revenue Recognition

Revenue from projects is recognized on the basis of the percentage of completion method, revenue is recognized to sale/booked area only on the basis of percentage of cumulative actual cost incurred thereon including cost of land as against the total estimated cost of the project under execution subject to such cumulative actual cost being 25% or more of the total estimated cost.

The estimates of the saleable area, sale prices and future cost are revised periodically by the management. The effect of such change to estimate are recognized in the period in which such estimates are determined.

In case of cancellation of booking of any flat, the revenue and cost are recognized earlier in respect of such flat is reversed in the year in which such cancellation taken place.

6) Sales

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

7) 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.

8) 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 determined by the management on the date of Balance Sheet.

| | 2010-2011 (Rs.) | | 2009-2010 (Rs.) | |
|--|--------------------|--------------|--------------------|--------------|
| | | | | |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit/(Loss) Before Tax | | 3,804,441 | | 38,913,548 |
| Adjustment For : | | | | |
| Depreciation | 1,595,601 | | 1,675,063 | |
| Profit/(Loss) on sale of assets | 262,919 | | (4,197,181) | |
| Asset written off | - | | 1,445,337 | |
| Interest (Net) | (13,104,300) | | (14,624,496) | |
| Profit on Sale of Investments | (5,977,008) | | (12,154,506) | |
| Diminution in the value of current investments | 3,801,323 | (13,421,465) | (32,931,143) | (60,786,926) |
| Operating Profit before Working Capital Changes | | (9,617,024) | | (21,873,378) |
| Adjustment For : | | | | |
| (Increase)/Decrease in Trade and other receivables | (9,849,111) | | (594,842) | |
| (Increase)/Decrease in Inventories | 20,652,381 | | (25,431,122) | |
| Increase/(Decrease) in Trade Payables | 22,686,222 | | 152,829 | |
| Mat Credit Entitlement | 6,054,108 | 39,543,600 | - | (25,873,135) |
| Cash generated used in operation | | 29,926,576 | | (47,746,513) |
| Add/(Deduct) For : | | | | |
| Direct tax paid /refund of earlier years | | (1,542,644) | | (3,017,341) |
| Net Cash from operating activities (Total - A) | | 28,383,932 | | (50,763,854) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | | (1,529,292) | | (1,685,979) |
| Sale of Fixed Assets | | 592,857 | | 27,803,108 |
| Loans made with Subsidiary/Others | | - | | (1,712,581) |
| Sale of Investments | | - | | 91,806,849 |
| Purchase of Investments (Net) | | 3,795,370 | | (83,584,435) |
| Interest received | | 2,335,453 | | 15,616,378 |
| Net Cash from investing activities (Total - B) | | 5,194,388 | | 48,243,340 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | | (3,060,047) | | (1,640,125) |
| Bank Borrowings | | (20,512,054) | | 5,818,729 |
| Unsecured Loans | | (10,000) | | (233,114) |
| Interest Paid | | (646,833) | | (991,882) |
| Net Cash used financing activities (Total - C) | | (24,228,934) | | 2,953,608 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | | 9,349,386 | | 433,094 |
| Add : Cash and Cash Equivalents as on 01.04.2010 | | 116,254,657 | | 115,821,563 |
| Cash and Cash Equivalents at the as on 31.03.2011 | | 125,604,043 | | 116,254,657 |

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 | 31-03-2011 | 20 |
| II. Capital Raised During the year | | |
| Public Issue | Nil | Right Issue |
| Bonus Issue | Nil | Private Placement |
| | | Nil |
| III. Position of Mobilisation and Deployment of Funds | | |
| Sources of Funds | Total Liabilities | Total Assets |
| | 620,473 | 620,473 |
| | Paid-up Capital | Reserve & Surplus |
| | 32,803 | 585,417 |
| | Secured Loans | Unsecured Loans |
| | - | 2,253 |
| Application of Funds | Net Fixed Assets | Investments |
| | 53,056 | 260,127 |
| | Net Current Assets | Miscellaneous Expenditure |
| | 307,290 | NIL |
| | Accumulated Losses | |
| | NIL | |
| IV. Performance of the Company | | |
| | Turn over | Total Expenditure |
| | 61,171 | 82,053 |
| | Profit/(Loss) Before Tax | Profit/(Loss) After Tax |
| | 3,804 | 8,534 |
| | Earning Per Share in Rs. | Dividend Rate |
| | 2.60 | 10% |
| 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

CONSOLIDATED AUDITORS' REPORT

TO THE MEMBERS OF SHERVANI INDUSTRIAL SYNDICATE LIMITED

1. We have examined the attached Consolidated Balance Sheet of Shervani Industrial Syndicate Limited and its Subsidiary, as at 31st March, 2011, 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 31.03.2011
 - (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 30, 2011

CONSOLIDATED BALANCE SHEET

BALANCE SHEET AS AT 31st MARCH, 2011

| | Schedule | As at 31.3.2011 | | As at 31.3.2010 | |
|---|----------|-----------------|-------------|-----------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUNDS | | | | | |
| Share Capital | 1 | 32,802,500 | | 32,802,500 | |
| Reserves and Surplus | 2 | 568,780,167 | 601,582,667 | 567,261,660 | 600,064,160 |
| LOAN FUNDS | | | | | |
| Secured Loans | 3 | - | | 20,512,054 | |
| Unsecured Loans | 4 | 5,553,809 | 5,553,809 | 5,563,809 | 26,075,863 |
| TOTAL | | | 607,136,476 | | 626,140,023 |
| APPLICATION OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 5 | 87,132,008 | | 86,863,091 | |
| Less: Depreciation | | 22,488,856 | | 20,800,554 | |
| Net Block | | | 64,643,152 | | 66,062,537 |
| INVESTMENTS | 6 | | 257,427,026 | | 259,046,711 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 7 | 31,407,862 | | 52,785,872 | |
| Sundry Debtors | 8 | 1,439,349 | | 2,528,111 | |
| Cash and Bank Balances | 9 | 125,698,245 | | 116,509,782 | |
| Other Current Assets | | 24,305,082 | | 12,889,402 | |
| Loans and Advances | 10 | 184,096,971 | | 175,741,324 | |
| | | 366,947,509 | | 360,454,491 | |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | | |
| Liabilities | 11 | 35,658,131 | | 13,207,916 | |
| Provision for Dividend | | 3,280,250 | | 2,624,200 | |
| Provision for Taxes | | 42,942,830 | | 43,591,600 | |
| | | 81,881,211 | | 59,423,716 | |
| NET CURRENT ASSETS | | | 285,066,298 | | 301,030,775 |
| TOTAL | | | 607,136,476 | | 626,140,023 |
| Notes on accounts | 17 | | | | |

Schedules 1 to 17 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Sr. Accounts Manager

TAHIR HASAN
Wholetime 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 30, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | Schedule | 2010-2011 | | 2009-2010 | |
|--|----------|------------|-------------|------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | | |
| Sales | | 61,170,757 | | 107,889 | |
| Other Income | 12 | 11,582,939 | | 50,087,847 | |
| Interest (Net) | 13 | 13,104,300 | 85,857,996 | 14,594,217 | 64,789,953 |
| EXPENDITURE | | | | | |
| Decrease in Finished / Process Stocks | 14 | 264,075 | | 91,965 | |
| Cost of construction & Development Expenses | 15 | 52,392,542 | | - | |
| Expenses | 16 | 30,139,652 | | 24,418,968 | |
| Excise Duty | | 42,624 | | 506,790 | |
| Depreciation | | 2,417,743 | 85,256,636 | 2,506,654 | 27,524,377 |
| PROFIT/(LOSS) BEFORE TAX | | | 601,360 | | 37,265,576 |
| Current Tax | | | (1,360,090) | | (1,045,000) |
| Tax Adjustment related to earlier year | | | 35,519 | | (70) |
| MAT Credit Entitlement | | | | | |
| Earlier year | | 4,754,108 | | - | - |
| Current Year | | 1,300,000 | 6,054,108 | - | - |
| PROFIT/(LOSS) AFTER TAX | | | 5,330,897 | | 36,220,506 |
| Add : Balance Brought Forward from last year | | | 3,194,135 | | 33,676 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | | 8,525,032 | | 36,254,182 |
| APPROPRIATION | | | | | |
| Transferred to General Reserve | | - | | 30,000,000 | |
| Proposed Dividend | | 3,280,250 | | 2,624,200 | |
| Tax on Proposed Dividend | | 532,140 | | 435,847 | |
| Balance carried to Balance Sheet | | 4,712,642 | 8,525,032 | 3,194,135 | 36,254,182 |
| Earnings Per Share (Basic/Diluted) | | | 1.63 | | 11.04 |
| Notes on accounts | 17 | | | | |

Schedules 1 to 17 and accounting policies form integral part of the accounts.

B.K.MISRA
Company Secretary & Sr. Accounts Manager

TAHIR HASAN
Wholetime 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 30, 2011

CONSOLIDATED SCHEDULE

SCHEDULE 1-SHARE CAPITAL

As at 31.3.2011 As at 31.3.2010

| | 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 31.3.2011

As at 31.3.2010

| | Rs. | Rs. | Rs. | Rs. |
|--|-------------|-------------|-------------|-------------|
| General Reserve | 550,000,000 | | 520,000,000 | |
| Add : Transferred from Profit & Loss Account | - | 550,000,000 | 30,000,000 | 550,000,000 |
| 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 / (Loss) Account | | 4,712,642 | | 3,194,135 |
| Capital Reserve on Consolidation | | 6,300,000 | | 6,300,000 |
| | | 568,780,167 | | 567,261,660 |

SCHEDULE 3 - SECURED LOANS

As at 31.3.2011 As at 31.3.2010

| | Rs. | Rs. |
|--|-----|------------|
| UNION BANK OF INDIA | - | 20,512,054 |
| (Against pledge of Fixed Deposit Receipts) | - | 20,512,054 |

CONSOLIDATED SCHEDULE

SCHEDULE 4 - UNSECURED LOANS

As at 31.3.2011 As at 31.3.2010

| | Rs. | Rs. |
|---|------------------|------------------|
| Fixed Deposits | 1,800,000 | 1,800,000 |
| Security Deposits (From Contractors) | 453,809 | 463,809 |
| From Directors | 2,900,000 | 2,900,000 |
| Others | 400,000 | 400,000 |
| | 5,553,809 | 5,563,809 |

SCHEDULE 5 - FIXED ASSETS

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------|------------------|--------------------|---------------------|---------------------|------------------|------------------------------|---------------------|---------------------|---------------------|
| | As At 01-04-2010 | Additions | Deductions | As At 31-03-2011 | Up To 01-04-2010 | for the year | Depreciation Written Back | As At 31-03-2011 | As at 31-03-2011 | As at 31-03-2010 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 7 | 8 |
| Land (Leasehold) | 5,179 | - | - | 5,179 | - | - | - | - | 5,179 | 5,179 |
| Land (Free hold) | 19,033,936 | - | - | 19,033,936 | - | - | - | - | 19,033,936 | 19,033,936 |
| Buildings | 32,383,534 | - | - | 32,383,534 | 3,828,769 | 630,941 | - | 4,459,710 | 27,923,824 | 28,554,765 |
| Plant and Machinery | 17,346,050 | 687,292 | 40,000 | 17,993,342 | 6,962,510 | 829,506 | 5,966 | 7,786,050 | 10,207,291 | 10,383,540 |
| Furniture and Fixtures | 1,527,581 | 400,000 | - | 1,927,581 | 1,122,972 | 40,072 | - | 1,163,044 | 764,537 | 404,610 |
| Data Processing Machines | 5,029,070 | 96,500 | - | 5,125,570 | 4,707,761 | 31,828 | - | 4,739,589 | 385,981 | 321,309 |
| Vehicles | 11,537,740 | 670,342 | 1,545,216 | 10,662,866 | 4,178,542 | 885,395 | 723,474 | 4,340,463 | 6,322,403 | 7,359,198 |
| Total | 86,863,090 | 1,854,134 | 1,585,216 | 87,132,008 | 20,800,553 | 2,417,742 | 729,440 | 22,488,856 | 64,643,152 | 66,062,537 |
| <i>Previous Year</i> | <i>187,070,738</i> | <i>3,677,037</i> | <i>103,884,685</i> | <i>86,863,090</i> | <i>96,504,848</i> | <i>2,506,654</i> | <i>78,210,949</i> | <i>20,800,553</i> | <i>66,062,537</i> | <i>90,565,890</i> |

CONSOLIDATED SCHEDULE

SCHEDULE 6 - INVESTMENTS (AT COST)

| | | As at 31.3.2011 | As at 31.3.2010 | | |
|--|---|-----------------|-----------------|-----------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| (A) LONG TERM INVESTMENTS: | | | | | |
| Trade Investment: | | | | | |
| No. of Shares/Units | In Equity Shares Unquoted fully paid up | | | | |
| OTHER COMPANIES: | | | | | |
| 300000 (300000) | Shervani Sugar Syndicate Ltd. of Rs. 10/- each* | | 300,000 | | 3,000,000 |
| 1535750 (1535750) | Shervani Hospitalities Ltd. of Rs. 10/- each (including 21450 Bonus Shares) | | 15,143,000 | | 15,143,000 |
| 85000 (4900) | Youngtronics India Private Ltd. of Rs.10/- each | | 850,000 | | 850,000 |
| IN DEBENTURES- Unquoted fully paid up | | | | | |
| 50000 (100000) | 0% Unsecured fully convertible debentures of Rs.1000/- each of M/s Shervani Sugar Syndicate Ltd. | | 50,000,000 | | 50,000,000 |
| OTHER INVESTMENTS (In Equity Shares- Unquoted Fully Paid Up | | | | | |
| 500 (500) | 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 |
| 500000 (500000) | (-) 5% Cumulative Redemable Preference Shares of Rs.100/- each of M/s Shervani Sugar Syndicate Ltd. | | 50,000,000 | | 50,000,000 |
| (B) CURRENT INVESTMENTS | | | | | |
| Other Investment | | | | | |
| In Equity Shares-Quoted fully paid up | | | | | |
| (5000) | - Arvind Mills Limited OF Rs.10/- each | - | | 169,000 | |
| 1000 (1000) | Bombay Dyeing and Manufacturing Co. Ltd. of Rs.10/- each | 366,300 | | 552,700 | |
| (1000) | - Crompton Greaves Limited of Rs.2/- each (including 750 Bonus Shares) | - | | 269,112 | |
| 500 (500) | DLF Limited of Rs.2/- each | 133,600 | | 154,450 | |
| 6000 (6000) | I.D.B.I. Bank Limited of Rs.10/- each | 7,245,667 | | 690,000 | |
| 3800 (3800) | IDEA Cellular Limited of Rs.10/- each | 256,500 | | 248,710 | |
| 2000 (2000) | Infrastructure Development Finance Co. Ltd. of Rs.10/- each | 233,700 | | 233,700 | |
| (1624) | - Reliance Industries Limited of Rs.10/- each | - | | 1,653,101 | |
| (500) | - Tata Motors Limited of Rs.10/- each | - | | 320,915 | |
| 3100 (3100) | Firstsource Solutions Limited of Rs.10/- each | 55,800 | | 88,815 | |
| (608) | - Indian Oil Corporation of Rs.10/- each allotted in lieu of Bongaigaon | - | | 140,510 | |
| (1000) | - Hanung Toys and Textiles Limited of Rs.10/- each | - | | 137,002 | |
| 1000 (1000) | India Cements Limited of Rs.10/- each | 95,600 | | 131,800 | |
| 1100 (1100) | india Infoline | 81,455 | | 125,455 | |
| 1000 (1000) | Schrader Duncan Limited of Rs.10/- each | 115,150 | | 138,050 | |
| 1500 (1500) | RDB Industries Limited of Rs.10/- each | 41,325 | | 172,875 | |
| Balance Carried over | | 2,103,997 | 126,998,000 | 5,226,195 | 126,998,000 |

CONSOLIDATED SCHEDULE

| | | | | |
|--|------------|-------------|------------|-------------|
| Balance Brought Forward | 2,103,997 | 126,998,000 | 5,226,195 | 126,998,000 |
| - J K Cement Limited of Rs.10/- each (1000) | - | | 171,507 | |
| 1000 Reliance Energy Limited of Rs.10/- each (1000) | 687,800 | | 998,350 | |
| 2000 Networth Stock Broking Limited of Rs.10/- each (2000) | 70,700 | | 78,700 | |
| - Minda Industries Limited of Rs.10/- each (1500) | - | | 345,578 | |
| 2000 Power Grid Corporation of India Ltd. of Rs.10/- each (2000) | 203,600 | | 214,300 | |
| 4000 Kirloskar Ferrous Industries Limited of Rs.5/- each (4000) | 93,200 | | 132,800 | |
| - Oriental Bank of Commerce of Rs.10/- each (2000) | - | | 524,688 | |
| 1000 Aries Agro Ltd. of Rs.10/- each (+) | 120,150 | | - | |
| 3000 Fortis Healthcare Ltd. of Rs.10/- each (+) | 453,424 | | - | |
| 10000 Cerebra Integrated Technologie of Rs.10/- each (+) | 282,000 | | - | |
| 5000 V-Guard Industries Ltd. of Rs.10/- each (+) | 840,250 | | - | |
| 5000 Hathway Cable and Datacom Ltd. of Rs.10/- each (+) | 488,250 | | - | |
| 10000 Finolex Cables Limited of Rs.10/- each (+) | 471,000 | | - | |
| 5000 Essar Oil Limited of Rs.10/- each (+) | 622,500 | | - | |
| 1500 RDB Reality & Infrastructure Ltd. of (+) Rs.10/- each allotted due to Demerger | | 6,436,871 | | 7,692,118 |
| In Mutual Fund Units-Unquoted | | | | |
| - AIG India Equity Fund (Growth) (447187.193) of Rs.11.181 | - | | 5,100,000 | |
| 5310.105 AIG Liquid Fund Retail weekly Dividend (+) of Rs.1002.6698 | 5,324,282 | | | |
| - Birla Midcap Fund (Growth) of Rs.93.86 each (53270.829) | - | | 5,100,000 | |
| - Birla Sunlife Frontline Equity Fund (Growth) (64775.23) of Rs.77.19 each | - | | 5,100,000 | |
| - Birla Sunlife International Equity Fund (Growth) (487804.878) of Rs.10/- each | - | | 4,216,829 | |
| - DSP BR Equity Fund Regular (Growth) (696247.984) of Rs.14.04 each | - | | 9,996,000 | |
| - DSP BR Small & Midcap Fund (Growth) (368731.563) of Rs.13.56 each | - | | 5,100,000 | |
| - DSP BR TIGER Fund (Growth) of Rs.10/- each (181712.458) | - | | 8,192,143 | |
| 250000.00 HDFC Infrastructure Fund (Growth) of Rs.10/- each (250000.00) | 2,500,000 | | 2,500,000 | |
| - HSBC Progressive Themes Fund (Growth) (260768.192) of Rs.13.038/- each | - | | 3,382,398 | |
| - HSBC Dynamic Fund (Growth) of Rs.10/- each (975609.756) | - | | 9,353,756 | |
| - HSBC Midcap Equity Fund (Growth) (237997.772) of Rs.21.0086 each | - | | 5,100,000 | |
| - HSBC Equity Fund (Growth) of Rs.82.3026 each (48601.138) | - | | 4,000,000 | |
| 977995.11 JM Contra Fund (Growth) of Rs.10/- each (977995.11) | 5,012,910 | | 5,478,631 | |
| Balance Carried over | 12,837,192 | 133,434,871 | 72,619,757 | 134,690,118 |

CONSOLIDATED SCHEDULE

| | | | | | |
|----------------|--|------------|-------------|------------|-------------|
| | Balance Brought Forward | 12,837,192 | 133,434,871 | 72,619,757 | 134,690,118 |
| (538302.277) | - Morgan Stanley A.C.E. Fund (Growth) of Rs.12.075 each | - | - | 6,630,000 | - |
| (250000.00) | - Sundaram Energy Opportunities Fund (Growth) of Rs.10/- each | - | - | 2,082,450 | - |
| (143023.05) | - Tata Infrastructure Fund (Growth) of Rs.10/- each | - | - | 4,804,345 | - |
| (116522.955) | - Taurus Starshare (Growth) of Rs. 42.91 each | - | - | 5,000,000 | - |
| (315059.861) | - Taurus Ethical Fund (Growth) of Rs. 15.87 each | - | - | 5,000,000 | - |
| 40802.731 (+) | Birla Sunlife Midcap Fund(Growth) of Rs.120.09 each | 4,303,056 | - | - | - |
| 254876.463 (+) | DSP BR Small & Midcap Fund(Growth) of Rs.19.225 each | 4,396,874 | - | - | - |
| 44534.888 (+) | HSEC Equity Fund(Growth) of Rs.110.026 each | 4,688,139 | - | - | - |
| 302170.696 (+) | Morgan Stanley A.C.E. Fund (Growth) of Rs.16.216 each | 4,530,747 | - | - | - |
| 233111.323 (+) | Taurus Ethical Fund(Growth) of Rs.21.020 each | 4,998,000 | - | - | - |
| 99979.596 (+) | Taurus Starshare Fund(Growth) of Rs.49.01 each | 4,998,000 | - | - | - |
| 254017.626 (+) | Birla Sunlife Infrastructure Fund(Growth) of Rs.19.29 each | 4,163,349 | - | - | - |
| 411418.976 (+) | Birla Sunlife India Reforms Fund(Growth) of Rs.11.91 each | 4,015,449 | - | - | - |
| 51470.048 (+) | DSP BR Opportunities Fund(Growth) of Rs.95.201 each | 4,435,586 | - | - | - |
| 271618.625 (+) | Taurus Discovery Fund (Growth) of Rs. 18.04 each | 3,810,809 | - | - | - |
| 178782.188 (+) | Sundaram Ultra ST Fund (Dividend) of Rs. 10.6548 each | 1,908,198 | - | - | - |
| 555611.386 (+) | Birla Sunlife Saving Fund (Daily Dividend) of Rs. 10.0068 each | 5,559,892 | - | - | - |
| 18950.41 (+) | DSP BR Money Manager Fund(Weekly Dividend) of Rs.1000.80 each | 18,972,555 | - | - | - |
| 760267.009 (+) | HSEC Floating Rate Fund(Weekly Dividend) of Rs.10.0045 each | 7,610,394 | 91,228,240 | - | 96,136,552 |
| | HDFC AMC REAL ESTATE -1 | | 4,258,915 | | 3,170,041 |
| | Share Application Money | | | | |
| | India Global Exports Pvt. Limited | 24,300,000 | | 24,300,000 | |
| | Youngtronics India Pvt. Ltd. | 4,205,000 | 28,505,000 | 750,000 | 25,050,000 |
| | | | 257,427,026 | | 259,046,711 |

Previous year figures have been shown in bracket.

| | | |
|----------------------|-------------|--------------|
| Aggregate value of | Book Value | Market Value |
| Quoted Investments | 6,436,871 | 6,643,330 |
| Unquoted investments | 222,485,155 | - |

CONSOLIDATED SCHEDULE

SCHEDULE 7 - INVENTORIES

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-------------------|-------------------|
| (Inventories and Valuation as certified by the Managing Director) | Rs. | Rs. |
| Stores and Spare Parts | 38,387 | 732,129 |
| Raw Materials Stock | - | 30,726 |
| Finished Goods | 321,115 | 585,190 |
| Work in process (Real Estate Project) | 31,048,360 | 51,437,827 |
| | 31,407,862 | 52,785,872 |

SCHEDULE 8 - SUNDRY DEBTORS

| | As at 31.3.2011 | As at 31.3.2010 |
|--|------------------|------------------|
| DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS | Rs. | Rs. |
| Unsecured-considered good | 1,129,952 | 1,893,232 |
| Unsecured-considered Doubtful | 309,397 | 309,397 |
| OTHER DEBTS | | |
| Unsecured-considered good | - | 325,482 |
| | 1,439,349 | 2,528,111 |

SCHEDULE 9 - CASH AND BANK BALANCES

| | As at 31.3.2011 | | As at 31.3.2010 | |
|---|-----------------|--------------------|-----------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| CASH BALANCES | | | | |
| On Hand | - | 78,116 | - | 137,073 |
| CHEQUES/ Dds ON HAND | | - | - | 45,287 |
| BALANCES WITH SCHEDULED BANKS | | | | |
| In Current Accounts | 6,239,880 | - | 2,590,125 | - |
| In Savings Accounts | 5,000 | | 28,726 | |
| In Fixed Deposits (FDRs Pledged with Banks) | 119,375,249 | 125,620,129 | 113,708,571 | 116,327,422 |
| | | 125,698,245 | | 116,509,782 |

SCHEDULE 10- LOANS AND ADVANCES

| | As at 31.3.2011 | As at 31.3.2010 |
|--|--------------------|--------------------|
| Unsecured -(Considered good unless otherwise stated) | Rs. | Rs. |
| Loans | | |
| Associate Companies | | |
| Shervani Hospitalities Limited | 59,300,000 | 59,300,000 |
| Shervani Sugar Syndicate Limited | 135,564,000 | 135,564,000 |
| Others | 1,000,000 | 2,500,000 |
| Advances-recoverable in cash or kind or for value to be received | 7,463,625 | 2,663,216 |
| Security and other Deposits | 3,036,743 | 4,760,138 |
| Balances with Central Excise Department | 12,241 | 16,752 |
| Vat Recoverable | 1,691,873 | - |
| Advance payment of Taxes | 9,974,381 | 10,937,218 |
| MAT Credit Entitlement | 6,054,108 | - |
| Less: Provision for Doubtful Advances | (40,000,000) | (40,000,000) |
| | 184,096,971 | 175,741,324 |

CONSOLIDATED SCHEDULE

SCHEDULE 11 - CURRENT LIABILITIES

| | As at 31.3.2011 | As at 31.3.2010 |
|---|-----------------|-----------------|
| | Rs. | Rs. |
| Sundry Creditors | 7,127,386 | 4,470,502 |
| Advance from Customers | 15,836,327 | - |
| Other Liabilities | 12,119,267 | 8,203,348 |
| Interest accrued but not due on Loans | 32,600 | 32,600 |
| 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 | 538,351 | 497,266 |
| | 35,658,131 | 13,207,916 |

SCHEDULE 12 - OTHER INCOME

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-----------------|-----------------|
| | Rs. | Rs. |
| Rent | 841,200 | 985,200 |
| Miscellaneous Receipts | 511,478 | 820,429 |
| Loss on sale of Assets / Stores (Net) | (262,919) | (383,906) |
| Profit on sale of current investments (Net) | 5,977,008 | 12,154,506 |
| Liability written back | - | 3,346,796 |
| Diminution in value of investment no longer required | 4,075,063 | 33,036,106 |
| Provision of Liability no longer required | 103,782 | 23,993 |
| Dividend Received | 337,327 | 104,723 |
| | 11,582,939 | 50,087,847 |

SCHEDULE 13 - INTEREST (NET)

| | 2010-2011 | | 2009-2010 | |
|------------------------------------|-----------|------------|-----------|-------------|
| | Rs. | Rs. | Rs. | Rs. |
| Interest Received (TDS Rs.1294708) | | 13,751,133 | | 15,616,378 |
| Less: Interest on Fixed Loans | (144,000) | | (157,728) | |
| Other Interest | (502,833) | (646,833) | (864,433) | (1,022,161) |
| | | 13,104,300 | | 14,594,217 |

SCHEDULE 14 - DECREASE IN FINISHED/PROCESS STOCK

| | 2010-2011 | | 2009-2010 | |
|-------------------------------|-----------|---------|-----------|---------|
| | Rs. | Rs. | Rs. | Rs. |
| STOCKS AT COMMENCEMENT | | | | |
| Finished Goods | 585,190 | | 665,890 | |
| Work-in-Process | - | 585,190 | 11,265 | 677,155 |
| STOCK AT CLOSE | | | | |
| Finished Goods | 321,115 | 321,115 | 585,190 | 585,190 |
| Work-in-Process | - | | - | |
| | | 264,075 | | 91,965 |

CONSOLIDATED SCHEDULE

SCHEDULE 15 - COST OF CONSTRUCTION & DEVELOPMENT EXPENSES

| | 2010-2011 | | 2009-2010 | |
|-----------------------------------|------------|--------------|-----------|-----|
| | Rs. | Rs. | Rs. | Rs. |
| Opening Stock | 51,437,827 | | - | |
| Expenses incurred during the year | 32,003,074 | 83,440,901 | - | - |
| Closing WIP | | (31,048,359) | | - |
| | | 52,392,542 | | - |

SCHEDULE 16 - EXPENSES

| | 2010-2011 | | 2009-2010 | |
|---|-----------|-------------------|-----------|-------------------|
| | Rs. | Rs. | Rs. | Rs. |
| PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | | | |
| Salaries, Wages, Bonus, Compensation etc. | 6,117,385 | | 4,562,371 | |
| Company's Contribution to Provident Fund and Gratuity Fund | 249,114 | | 259,129 | |
| Welfare Expenses | 95,259 | 6,461,758 | 86,645 | 4,908,145 |
| OTHER EXPENSES | | | | |
| Other Manufacturing Expenses | 70,774 | | - | |
| Obsolete Store & Raw Material Written Off | 725,629 | | - | |
| Rent | 471,641 | | 563,400 | |
| Rates and Taxes | 124,457 | | 145,212 | |
| Telephone Expenses | 1,091 | | 583,831 | |
| Sales Tax | - | | 51,832 | |
| Repairs Building | 301,845 | | 554,808 | |
| Repairs Others | 942,920 | | 82,614 | |
| Electricity Expenses | 483,150 | | 3,419,852 | |
| Safety & Protection | 1,018,648 | | 974,387 | |
| Insurance | 160,105 | | 212,924 | |
| Vehicle Maintenance | 847,119 | | 1,188,319 | |
| Retainership | 1,395,115 | | 1,300,052 | |
| Professional Charges | 2,020,778 | | 2,290,895 | |
| Legal Charges | - | | 390,129 | |
| Travelling and Conveyance Expenses (including Rs. 16361 paid to auditors) | 904,378 | | 698,610 | |
| Diminution in the value of current investments | 7,876,386 | | 104,963 | |
| Miscellaneous Expenses | 4,713,343 | 22,057,379 | 3,719,638 | 16,281,466 |
| Remuneration to Statutory Auditors | - | | - | |
| Audit Fee | 105,515 | | | |
| Certificates including limited reviews | 50,000 | | | |
| Tax Audit Fee | 10,000 | 165,515 | 165,515 | |
| Directors' Remuneration | 1,344,000 | | 1,479,000 | |
| Directors' Fee | 51,000 | | 75,000 | |
| Charity and Donations | 60,000 | | 64,505 | |
| Asset Written off | - | 1,620,515 | 1,445,337 | 3,229,357 |
| | | 30,139,652 | | 24,418,968 |

CONSOLIDATED SCHEDULE

| | 31.03.2011 (Rs.) | 31.03.2010 (Rs.) |
|--|---------------------|---------------------|
| C Nature and volume of transactions | | |
| (i) Remuneration | Refer Note '11' | |
| (ii) Rent | | |
| Key management personnel (Paid) | 636,000 | 636,000 |
| Associate Company (Received) | 73,200 | 217,200 |
| (iii) Hire charges of Assets | | |
| Key management personnel (Paid) | 120,000 | 120,000 |
| Associate/Subsidiary Companies (Received) | 480,000 | 480,000 |
| (iv) Interest Received | | |
| Associate Company | 4,744,000 | 4,744,000 |
| (v) Closing Balance at the end of the year | | |
| Associate Companies | | |
| Shervani Sugar Syndicate Ltd. | 135,564,000 | 135,564,000 |
| Provision for doubtful loan | (40,000,000) | (40,000,000) |
| Shervani Hospitalities Limited | 59,300,000 | 59,300,000 |
| Corporate guarantee to HDFC Bank | 10,000,000 | 10,000,000 |

| | | |
|--|------------|------------|
| 10 Earning per share : | 31.03.2011 | 31.03.2010 |
| (a) Net Profit available for equity share holders (Numerator used for calculation) | 5,330,897 | 36,220,505 |
| (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.) | 1.63 | 11.04 |

(Equity Shares of face value of Rs.10 each)

| | | |
|---|----------------|--------------------|
| 11 Minimum remuneration has been paid to Directors as under : | This Year(Rs.) | Previous Year(Rs.) |
| (A) Salary | 1,344,000 | 1,479,000 |
| (B) Company's Contribution to P.F. | 144,000 | 144,000 |
| (C) Perquisites | 81,186 | 61,656 |

| | | | | | | |
|--|----------------------|-----------|----------------------|-----------|---------|-------------|
| 12 Quantitative Information regarding opening and closing stocks and sale of goods | | | | | | |
| (Figures in brackets refer to previous year) | (Qty. in Numbers) | | | | | |
| Class of Goods | Opening Stock (Qty.) | Rs. | Closing Stock (Qty.) | Rs. | Sales | |
| | | | | | (Qty) | Value (Rs.) |
| Flashlight | 9,890 | 585,190 | 6,265 | 321,115 | 3,625 | 346,084 |
| Cases | (11,190) | (665,890) | (9,890) | (585,190) | (1,300) | (107,889) |
| Total | | | | | | 346,084 |
| | | | | | | (107,889) |

13 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.

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

CONSOLIDATED CASH FLOW STATEMENT

| | 20010-2011 (Rs.) | | 2009-2010 (Rs.) | |
|---|---------------------|--------------|--------------------|--------------|
| | | | | |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit/(Loss) Before Tax | | 601,360 | | 37,265,576 |
| Adjustment For | | | | |
| Depreciation | 2,417,743 | | 2,506,654 | |
| Profit/(Loss) on sale of assets | 262,919 | | (4,374,708) | |
| Asset written off | - | | 1,445,337 | |
| Interest (Net) | (13,104,300) | | (14,594,217) | |
| Dividend Received | (337,327) | | - | |
| Liability written back | - | | (3,346,796) | |
| Profit on Sale of Investments | (5,977,008) | | (12,154,506) | |
| Diminution in the value of current investments | 3,801,323 | (12,936,650) | (32,931,143) | (63,449,379) |
| Operating Profit before Working Capital Changes | | (12,335,290) | | (26,183,803) |
| Adjustment For | | | | |
| (Increase)/Decrease in Trade and other receivables | (8,229,722) | | (244,338) | |
| (Increase)/Decrease in Inventories | 21,378,010 | | (25,431,122) | |
| Increase/(Decrease) in Trade Payables | 22,450,215 | 35,598,503 | (283,094) | (25,958,554) |
| Cash generated used in operation | | 23,263,213 | | (52,142,357) |
| Add/(Deduct) For : | | | | |
| Direct tax paid /refund of earlier years | | (1,542,644) | | (3,017,341) |
| Mat Credit Entitlement | | 6,054,108 | | - |
| Net Cash from operating activities (Total - A) | | 27,774,677 | | (55,159,698) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | | (1,854,134) | | (1,685,979) |
| Sale of Fixed Assets | | 592,857 | | 28,603,107 |
| Loans made with Subsidiary/Others | | - | | (1,712,581) |
| Sale of Investments | | 3,795,370 | | 91,806,849 |
| Purchase of Investments | | - | | (83,584,435) |
| Interest received | | 2,335,453 | | 15,616,378 |
| Net Cash from investing activities (Total - B) | | 4,869,546 | | 49,043,339 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | | (2,624,200) | | (1,640,125) |
| Bank Borrowings | | (20,512,054) | | 5,818,729 |
| Unsecured Loans | | (10,000) | | 3,610,047 |
| Interest Paid | | (646,833) | | (1,022,161) |
| Dividend Received | | 337,327 | | - |
| Net Cash used financing activities (Total - C) | | (23,455,760) | | 6,766,490 |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | | 9,188,463 | | 650,131 |
| Add : Cash and Cash Equivalents as on 01.04.2010 | | 116,509,782 | | 115,859,651 |
| Cash and Cash Equivalents at the as on 31.03.2011 | | 125,698,245 | | 116,509,782 |

Note : Figures in brackets indicate negative figures

SHERVANI INDUSTRIAL SYNDICATE LIMITED
 Regd. Office : Shervani Nagar, Sulem Sarai, Allahabad-211011 (U.P.)

ATTENDANCE SLIP

| Name | Folio No. / Client ID | No. of Shares | |
|-------|-----------------------|---------------|----------|
| | | Ordinary | Deferred |
| _____ | _____ | _____ | _____ |

I hereby record my presence at the 63rd ANNUAL GENERAL MEETING of the Company at 2, New Cantonment, Kanpur Road, Allahabad at 11.00 a.m. on Friday, the 30th September, 2011.

 (Proxy's full name)

 Member's / Proxy's Signature

- Notes:**
1. The Member/Proxy must bring the Attendance Slip to the meeting duly completed and signed and hand over the same at the entrance of the Meeting place.
 2. Please bring your copy of Annual Report.

PROXY FORM

I/We _____ of _____
 _____ in the District of _____
 being a Member / Members of SHERVANI INDUSTRIAL SYNDICATE LIMITED, Shervani Nagar, Sulem Sarai, Allahabad- 211011
 hereby appoint _____ of _____
 _____ in the district of _____ of failing him _____ of _____
 _____ in the district of _____ as my / our Proxy to attend and vote for me/us
 on my/our behalf at the 63rd Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 11.00
 a.m. at 2, New Cantonment, Kanpur Road, Allahabad - 211001 and at any adjournment thereof.

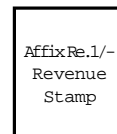
Signed this _____ day _____ 2011

Folio No. / Client ID. : _____

No. of Shares held : _____

Ordinary _____

Deferred _____



Note: The form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

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 2010 to 31st March 2011**

| | |
|---|---|
| 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, 2011. (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, 2011. | Nil |
| (B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2011 | (Rs. 3,203,081) |
| 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, 2011. | Nil |
| (B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2011 | (Rs. 64,733,816) |
| Material changes between the end of the financial year of the Subsidiary Company and 31st March, 2011 | |
| a) Fixed assets | N.A. |
| b) Investments | N.A. |
| c) Moneys lent by the Subsidiary Company | N.A. |
| d) Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities | N.A. |