



**61st ANNUAL REPORT
2008-2009**

Shervani Industrial Syndicate Limited

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

WHOLE-TIME DIRECTOR

Mr. Raju Verghese

DIRECTORS

Mr. Saeed Mustafa Shervani

Ms. Salma Hasan

Mr. Kush Bhargava

Mr. Gopal Swaroop Chaturvedi

COMPANY SECRETARY & ACCOUNTS MANAGER

Mr. B. K. Misra

AUDITORS

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

Chartered Accountants,

Kanpur

BANKERS

Central Bank of India

Union Bank of India

State Bank of India

ICICI Bank Ltd.

HDFC Bank Ltd.

REGISTERED OFFICE

Shervani Nagar,

Sulem Sarai,

Allahabad - 211011

Uttar Pradesh

Annual Report 2008-2009

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NOTICE is hereby given that the 61st Annual General Meeting of the Members of SHERVANI INDUSTRIAL SYNDICATE LIMITED will be held on **Saturday, the 26th September, 2009 at 11.30 A.M** at 2, New Cantonment, Kanpur Road, Allahabad to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009, 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. Azhar Nisar Shervani, 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 Mrs. Salma Hasan, who retires by rotation and being eligible offers herself 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.

By Order of the Board
For Shervani Industrial Syndicate Limited

B.K. MISRA
Company Secretary & Accounts Manager

Place: Allahabad
Date: June 29, 2009

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 forty-eight hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21st September, 2009 to Saturday, 26th September, 2009 (both days inclusive).
3. The Dividend, as recommended by the Directors, if declared at this Annual General Meeting, will be paid on or after 30th September, 2009 to those members, whose names appear in the Company's Register of Members on 20th September, 2009, 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, 2001 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, 2002 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" (Formerly M/s. Intime Spectrum Registry 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.

By Order of the Board
For Shervani Industrial Syndicate Limited

B. K. MISRA
Company Secretary & Accounts Manager

Place: Allahabad
Date: June 29, 2009

Your Directors take pleasure in presenting the 61st Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs. in Lacs)
Loss before Depreciation	321
Depreciation	16
Loss after Depreciation	337
Exceptional items	21
Loss before Tax	358
Fringe Benefit Tax	3
Current Tax	1
Interest paid on Tax Demand	2
Income Tax Refund pertaining to earlier years	(1)
Adjustment of Deferred Tax Liability	(33)
Net Loss after Tax	330
Add Balance brought forward from last year	(260)
Add Transfer from General Reserve	(270)
Surplus Available for Appropriation	200

Appropriation:	
Dividend	16
Tax on dividend	3
Balance Carried Forward	181

DIVIDEND

Your Company has the track record of paying dividend every year. During this year your company has not been able to generate profit but to keep up with the track record of dividend payment your Directors are of the view that continuity not be broken and dividend may be paid out of accumulated profits. Accordingly your Directors recommend dividend @ 5% for the year 2008-09 payable as under:

	(Rs. in Lacs)
(1) Ordinary Shares @ Rs.0.50 per share	16.30
(2) Deferred Shares @ Rs.1.25 per share	0.10
TOTAL	16.40

OPERATIONS REVIEW

The year under review was very much discouraging for the Company. The negotiations with principal purchasers of Flashlights not yielded any fruitful outcome. Your directors have decided to dispose of the Plant & Machinery pertaining to the manufacturing division of the Company with the permission of its shareholders. Simultaneously the Company has decided to diversify its activity by entering in to real estate business. Your directors are planning to develop the land situated within the Factory premises after the complete disposal of plant & machinery. Meanwhile your company has entered in to a Joint Venture Agreement with Youngtronics LLC, a USA based company to

manufacture Printed Circuit Boards by floating a new company in the name & style of Youngtronics India Private Limited. It is expected that the new company will start trial operation in next 3 to 6 months..

SUBSIDIARY COMPANY

FARCO FOODS LIMITED

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

CONSOLIDATED FINANCIAL STATEMENTS

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 those share holders who desire to obtain these statements, would be provided the same upon receiving such request.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Azhar Nisar Shervani, Dr. Kamal Kumar and Mrs. Salma Hasan Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment.

AUDITORS

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

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

CORPORATE GOVERNANCE

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

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

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there is no material departure;
- (ii) That the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Annual Accounts have been prepared on a going concern basis.

DEPOSITS

During the year fixed deposits amounting to Rs. 17.00 lacs were renewed. No Deposits was due for payment on or before 31st March, 2009. Depositors was intimated well in advance regarding the maturity of deposits with requests to claim their deposits on maturity.

INDUSTRIAL RELATIONS

Industrial Relations remained satisfactory during the period under review.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Saleem I. Shervani
Managing Director

Raju Verghese
Whole-time Director

Place : Allahabad
Date : June 29, 2009

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, 2009.

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. NIL and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

Saleem I. Shervani
Managing Director

Raju Verghese
Whole-time Director

Place : Allahabad
Date : June 29, 2009

(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, two Whole-time Directors and Five Non-executive Directors of whom three are Independent Directors.

During the Financial Year ending 31st March, 2009, five Board Meetings were held on 26th April, 2008, 21st June, 2008, 10th July, 2008, 25th October, 2008, and 24th January, 2009. The details of attendance of each Director at said meetings, at Annual General Meeting, number of Companies and other Board Committees where he/she is a director/member or chairman as at 31st March, 2009 are given below:

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

* This excludes directorships held in Private Limited Companies.

Particulars of the directors being re-appointed are given at the end of this report.

3. AUDIT COMMITTEE

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

The Company Secretary of the company 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 21st June, 2008, 10th July, 2008, 25th October, 2008 and 24th January, 2009 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 received 2 (two) complaints from the investors and they were addressed suitably.

5. REMUNERATION COMMITTEE

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

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

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

Directors' remuneration details for the year ended 31st March, 2009 are as under:

Name of Directors	Salary	Perquisites (including retirement benefits)	Total
Mr. S. I. Shervani	12,00,000	1,62,034	13,62,034
Mr. Tahir Hasan	1,44,000	20,326	1,64,326
Mr. Raju Verghese	1,80,000	27,000	2,07,000

6. GENERAL BODY MEETINGS

AGM	Date	Time	Venue
Year 2005-2006	27/09/2006	11.30 A.M.	2, New Cantonment Kanpur Road, Allahabad - 211 001
Year 2006-2007	12/09/2007	11.30 A.M.	Same as above
Year 2007-2008	30/08/2008	11.30 A.M.	Same as above

One Special & One Ordinary Resolution was passed through postal ballot in the 60th Annual General Meeting. Brief particulars of the said resolutions are detailed as under;

Brief particulars of resolution passed by Postal Ballot pursuant to Section 192 of the Companies Act, 1956.

1. Date of Postal Ballot Notice : 10th July, 2008
2. Scrutinizer of Postal Ballot : Mr. S. K. Gupta,
Practicing Company Secretary
3. Declaration of Postal Ballot Results : 30th August, 2008
4. *Details of Resolutions Carried out in Postal Ballots
 - (a) Alteration of Objects Clause of Memorandum of Association by a Special Resolution U/s 17 of the Companies Act, 1956
 - (b) Disposal of the Flashlight and Drycell Battery Division by Ordinary Resolution U/s 293 (1) (a) of the Companies Act, 1956

PARTICULARS	Refer 4 (a)*		Refer 4(b)*	
	No. of Postal Ballot Forms	No. of Shares	No. of Postal Ballot Forms	No. of Shares
Total postal ballot forms received	153	1984085	153	1984085
Less: Invalid postal ballot forms	4	180	7	475
Net valid postal ballot forms	149	1983905	146	1983610
Postal ballot forms with assent	142	1978859 (99.75%)	140	1983100 (99.97%)
Postal ballot forms with dissent	7	5046 (0.25%)	6	510 (0.03%)

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

7. DISCLOSURES

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

8. MEANS OF COMMUNICATIONS

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

The Company has not got any web site.

9. CEO/CFO CERTIFICATION

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

10.SHAREHOLDERS INFORMATION**Annual General Meeting**

DATE	: September 26, 2009
DAY	: Saturday
TIME	: 11.30 A. M.
VENUE	: 2, New Cantonment, Kanpur Road, Allahabad-211001, U. P.

Financial Calendar

Financial reporting for the Financial year	1st April - 31st March
Quarter ending June 30, 2009	End of July 2009
Half year ending September 30, 2009	End of October 2009
Quarter ending December 31, 2009	End of January 2010
Quarter ending March 31, 2010	End of April 2010/June 2010

Date of Book Closure : 21st September 2009 to 26th September 2009. (both days inclusive)

Date of Dividend Payment : Within statutory time limit

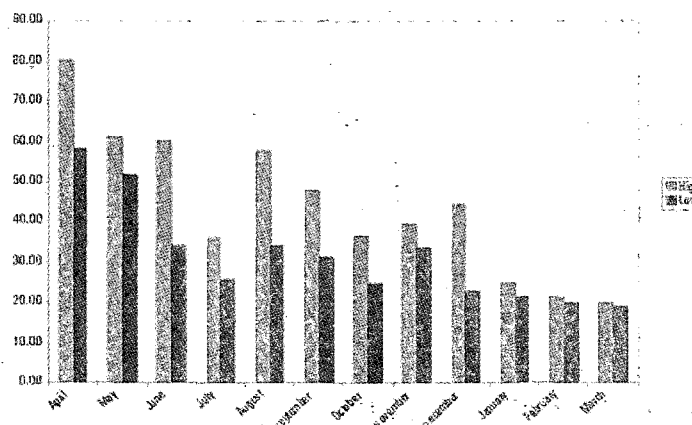
Listing on Stock Exchanges : 1. Bombay Stock Exchange Limited, Mumbai
2. The Delhi Stock Exchange Association Ltd. New Delhi
3. The U. P. Stock Exchange Association Ltd. Kanpur

Stock Code : 526117(BSE) / 3079(DSE)

Market Price Data (Financial Year 2008-2009)

The detail of share price movement is as under :-

	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	80.25	60.95	60.30	36.50	58.00	48.00	36.75	39.70	44.80	25.30	21.75	20.00
Low	58.20	52.00	34.20	25.90	34.40	31.25	24.80	33.75	22.85	21.80	20.00	19.05

**REGISTRAR :**

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry 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, 2009

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares
Promoters, Directors & Relatives	1636340	50.19	1-500	1194	152811
Nationalised Bank	6040	0.19	501-1000	92	71394
Bodies Corporate	475158	14.57	1001-2000	59	86120
Public	1137752	34.90	2001-3000	27	66888
Others (Foreign Nationals)	920	0.03	3001-4000	17	57746
NRI/OCBs	4040	0.12	4001-5000	6	25676
			5001-10000	24	183972
			10001 and above	39	2615643
Total	32,60,250	100.00		1458	3260250

Dematerialisation of Shares

The shares of the Company are fully under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2009 over 76% of the share of the Company are dematerialised.

Location : Shervani Nagar, Harwara, Allahabad (U.P.)

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

Particulars of Directors who retire by rotation and seek Re-appointment at the ensuing 61st Annual General Meeting of the Company

Name of the Director	Mr. Azhar Nisar Shervani	Dr. Kamal Kumar	Mrs. Salma Hasan
Date of Birth	15.08.1947	30.10.1955	18.11.1951
Date of Appointment	31.10.2000	12.10.2003	16.03.1994
Specialized Expertise	Industrialist	Doctor	Business Executive
Qualification	B. Com.	M.D. MICC	B.A.
Directorship of Other Companies as on 31.03.2009	Shervani Hospitalities Limited Shervani Sugar Syndicate Limited Shervani Fabrics Private Limited	NIL	NIL
Chairman/Member of Other Committees as on 31.03.2009	NIL	NIL	NIL

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

Due to non availability of regular orders from principal purchaser of Flashlights the Company has decided to dispose of its manufacturing division and simultaneously initiated the efforts for entering in to real estate business by developing the existing factory land.

Outlook on Opportunities and Threats Risk and Concern

Though Company has decided to diversify its business activity from manufacturing of flashlights to real estate, risk as a new player in the segment is involved. However, there is scarcity of developed residential colony in the city of Allahabad.

Financial Performance

There is no income from Job Charges because of non availability of orders. Expenses of the company has been met out from interest income, profit on sale of assets of the company together with other income.

Subsidiary Company

The name of wholly owned subsidiary of the Company has changed to Farco Foods Limited. The subsidiary has not done any business during the year. The management is looking for alternate arrangement to safeguard the interest of the Company.

Internal Control System and Adequacy

The company has adequate internal control procedure commensurate with its size and nature of business.

Human Resource

The Company maintains a very cordial relationship with its employees and they whole heartedly support the management in the present scenario of the company.

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 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges(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 abovementioned 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

S.K. SRIVASTAVA
Partner
Membership No.70455

Place : Allahabad
Date : June 29, 2009

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, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. Except Liability for leave encashment and gratuity have been provided on the basis of actual liability determined by the management as on 31.03.2009.
 - e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;
 - (b) in the case of the Profit & Loss Account of the Loss 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

S.K. SRIVASTAVA
Partner
Membership No.70455

Place : Allahabad
Date : June 29, 2009

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

- (i) In respect of its Fixed Assets :
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the company has made disposal of fixed assets pertaining to flashlights and Dry Cell battery divisions of the Company during the year (refer note no. 4).
- (ii) In respect of its Inventories :
- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us :
- (a) The company has / had granted loans to three Parties. The maximum amount involved during the year was Rs.2551.24 Lacs and the year end balance of such loan granted was Rs.2551.24 Lacs.
 - (b) In our opinion the rate of interest and other terms and conditions are not prima facie, prejudicial to the interest of the company.
 - (c) Shervani Sugar Syndicate Limited an associate company and Farco & Foods Limited a subsidiary company have not repaid the principal and interest.
 - (d) Repayment terms of Shervani Sugar Syndicate Limited may be dependent upon Modified Rehabilitation Scheme under consideration of BIFR. Repayment of Loan to wholly owned subsidiary company depends on disposal of assets of subsidiary company.
 - (e) 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, paragraphs 4(iii)(f) and (g) of the Order, are not applicable.
- (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 :
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provision of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposit accepted from the Public.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) No Manufacturing activities have been carried out during the year, the provisions of clause 4(viii) of the companies (Auditors report) order, 2003 are therefore not applicable to the Company.

- (ix) According to the information and explanations given to us, in respect of statutory and other dues:
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears as at 31-03-2009 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Forum where dispute is pending
Sales Tax	Demands on Assessment	0.30	Case remanded to Assessing Officer

- (x) The company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the immediately preceding financial year, however, it has incurred cash losses during the financial year covered by our audit.
- (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 clause (xiii) is not applicable.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has given Corporate guarantee of Rs.1 Crore for loans taken by associate Company Shervani Hospitalitis Ltd.
- (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, paragraph (xix) of the Companies (Auditor's Report) Order, 2003 is 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

S.K. SRIVASTAVA
Partner
Membership No.70455

Place: Allahabad
Date : June 29, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.3.2009		As at 31.3.2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS					
Share Capital	1	32,802,500		32,802,500	
Reserves and Surplus	2	545,887,046	578,689,546	580,860,619	613,663,119
LOAN FUNDS					
Secured Loans	3	14,693,325		8,538,383	
Unsecured Loans	4	2,496,923	17,190,248	2,639,390	11,177,773
Deferred Tax Liability					3,275,340
TOTAL			595,879,794		628,116,232
APPLICATION OF FUNDS :					
FIXED ASSETS					
Gross Block	5	166,600,021		197,401,313	
Less: Depreciation		89,572,777		107,654,616	
Net Block		77,027,244		89,746,697	
Capital Work in Progress		1,991,059	79,018,303	-	89,746,697
INVESTMENTS	6		224,883,476		248,496,857
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	6,926,422		11,760,469	
Sundry Debtors	8	1,567,850		1,190,484	
Cash and Bank Balances	9	115,821,563		128,513,696	
Other Current Assets		12,996,670		17,185,201	
Loans and Advances	10	210,480,913		196,486,692	
		347,793,418		355,136,542	
Less: CURRENT LIABILITIES & PROVISIONS					
Liabilities	11	11,634,278		16,376,908	
Provision for Dividend		1,640,125		3,280,250	
Provision for Taxes		42,541,000		45,606,706	
		55,815,403		65,263,864	
NET CURRENT ASSETS			291,978,015		289,872,678
TOTAL			595,879,794		628,116,232
Notes on accounts	17				

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

B.K.MISRA
Company Secretary & Accounts Manager

RAJU VERGHESE
Whole-time Director

SALEEM I. SHERVANI
Managing Director

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

S.K. SRIVASTAVA
Partner

Place : Allahabad
Dated : June 29, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME :					
Sales		164,714		746,153	
Services rendered		-		3,966,609	
Other Income	12	9,294,268		17,299,650	
Interest (Net)	13	15,327,550	24,786,532	20,277,616	42,290,028
EXPENDITURE :					
Decrease in Finished / Process Stocks	14	122,385		59,475	
Expenses	16	56,169,555		46,962,608	
Excise Duty		634,806		28,428	
Depreciation		1,583,380	58,510,126	5,151,162	52,201,673
(Loss) Before Exceptional Items			(33,723,594)		(9,911,645)
Exceptional items	15		(2,088,545)		30,257,124
(Loss)/PROFIT BEFORE TAX			(35,812,139)		20,345,479
Fringe Benefit Tax			(290,000)		(381,500)
Current Tax			(131,000)		(2,415,330)
Income Tax Refunds pertaining to Earlier Years			81,092		-
Adjustment of Deferred Tax Liability			3,275,340		-
Interest paid on tax demands			(178,002)		-
(LOSS)/PROFIT AFTER TAX			(33,054,709)		17,548,649
Add : Balance Brought Forward from last year			26,048,660		12,337,741
Add: Transfer from General Reserve			27,044,434		-
AMOUNT AVAILABLE FOR APPROPRIATIONS			20,038,385		29,886,390
APPROPRIATIONS :					
Proposed Dividend		1,640,125		3,280,250	
Tax on Proposed Dividend		278,740		557,480	
Balance carried to Balance Sheet		18,119,520	20,038,385	26,048,660	29,886,390
Earnings Per Share (Basic/Diluted)			(10.08)		5.35
Notes on accounts	17				

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

B.K.MISRA

Company Secretary & Accounts Manager

RAJU VERGHESE

Whole-time Director

SALEEM I. SHERVANI

Managing Director

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

S.K. SRIVASTAVA
Partner

Place : Allahabad
Dated : June 29, 2009

SCHEDULE 1-SHARE CAPITAL

	As at 31.3.2009	As at 31.3.2008
	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 31.3.2009		As at 31.3.2008	
	Rs.	Rs.	Rs.	Rs.
General Reserve	547,044,434		547,044,434	
Less : Transferred to Profit & Loss Account	27,044,434	520,000,000	-	547,044,434
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		18,119,521		26,048,660
		545,887,046		580,860,619

SCHEDULE 3 - SECURED LOANS

	As at 31.3.2009	As at 31.3.2008
	Rs.	Rs.
UNION BANK OF INDIA	14,693,325	8,538,383
(Against pledge of Fixed Deposit Receipts)	14,693,325	8,538,383

SCHEDULE 4 - UNSECURED LOANS

As at 31.3.2009 As at 31.3.2008

	Rs.	Rs.
Fixed Deposits	1,990,230	1,990,230
Security Deposits		
From Contractors	506,693	593,462
ICICI Bank Limited		
(Temporary Overdraft)	-	55,698
	2,496,923	2,639,390

SCHEDULE 5 - FIXED ASSETS

<----- GROSS BLOCK----->

<----- NET BLOCK----->

DESCRIPTION	Book	Additions	Deductions	TOTAL	Depreciation	Depreciation	As at	As at
	Value as at				for the year	upto	31-03-2009	31-03-2008
	01-04-2008				2008-2009	31-03-2009		
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	1	2	3	4	5	6	7	8
Land (including leasehold having original cost of Rs.5179)	18,349,838	-	43	18,349,795	-	-	18,349,795	18,349,838
Buildings	41,199,549	-	18,554,474	22,645,075	369,115	818,596	21,826,479	31,016,256
Furniture and Fixtures	1,183,952	-	127,360	1,056,592	23,517	860,887	195,706	383,638
Plant and Machinery #	14,759,217	15,444	13,263,708	1,510,952	134,357	1,063,831	447,121	26,678,147
Electric Appliances & Installations	2,496,677	225,400	711,571	2,010,506	53,981	801,741	1,208,765	3,653,266
Office Equipments	40,000	-	-	40,000	1,900	4,065	35,935	952,885
Laboratory Equipments	-	-	-	-	-	-	-	218,414
Capital Expenditure on Scientific Research (other than Plant and Machinery)	84,479	-	84,479	-	-	-	-	48,464
Vehicles	10,377,112	4,452,884	2,471,337	12,358,659	952,086	3,690,395	8,668,264	6,530,609
Tube Wells	1,477,203	-	-	1,477,203	23,476	404,937	1,072,266	1,095,743
Data Processing Machines	5,115,849	34,000	316,048	4,833,802	24,948	4,525,145	308,657	819,437
Assets Held for Disposal								
Plant and Machinery	96,475,228	-	-	96,475,228	-	72,213,341	24,261,887	-
Furniture and Fixtures	1,994,681	-	-	1,994,681	-	1,836,633	158,047	-
Data Processing Machines	3,847,528	-	-	3,847,528	-	3,353,206	494,323	-
	197,401,313	4,727,728	35,529,020	166,600,021	1,583,380	89,572,777	77,027,245	89,746,697
Previous Year	186,521,256	25,618,860	14,738,803	197,401,313	5,151,162	107,654,616		
Capital Work in Progress							1,991,059	-

Deductions includes sale value of items amounting Rs.1,322,185 which could not be linked.

SCHEDULE 6 - INVESTMENTS (AT COST)

		As at 31.3.2009		As at 31.3.2008	
		Rs.	Rs.	Rs.	Rs.
(A) LONG TERM INVESTMENTS:					
Trade Investment:					
No. of Shares/ Units	In Equity Shares Unquoted fully paid up				
SUBSIDIARY COMPANY:					
900000 (900000)	Farco Foods Limited of Rs. 10/- each		2,700,000		2,700,000
OTHER COMPANIES:					
3000000 (3000000)	Shervani Sugar Syndicate Ltd. of Rs. 10/- each* Less: provision for diminution	30,000,000 27,000,000	3,000,000	30,000,000 27,000,000	3,000,000
1535750 (1535750)	Shervani Hospitalities Ltd. of Rs. 10/- each (including 21450 Bonus Shares)		15,143,000		15,143,000
4,900 (-)	Youngtronics India Private Limited of Rs.10/- each		49,000		-
IN DEBENTURES- Unquoted fully paid up					
100000 (100000)	0% Unsecured fully convertible debentures of Rs.1000/- each of M/s Shervani Sugar Syndicate Ltd.		100,000,000		100,000,000
OTHER INVESTMENTS					
500 (500)	Shares of Super Bazar Cooperative Stores Ltd. of Rs. 10/- each		5,000		5,000
80000 -	6% Non Cumulative Pref. Shares of India Global Exports Pvt. Ltd. of Rs.100/- each		8,000,000		-
(B) CURRENT INVESTMENTS					
In Equity Shares-Quoted fully paid up					
5000 (5000)	Arvind Mills Limited of Rs.10/- each	67,000		188,750	
1000 (1000)	Bombay Dyeing and Manufacturing Co. Ltd. of Rs.10/- each	167,950		571,810	
1000 (1000)	Crompton Greaves Limited of Rs.2/- each	123,100		269,112	
500 (500)	DLF Limited of Rs.2/- each	83,600		287,833	
6000 (6000)	I.D.B.I. Bank Limited of Rs.10/- each	272,400		534,300	
3800 (3800)	IDEA Cellular Limited of Rs.10/- each	190,570		390,450	
2000 (2000)	Infrastructure Development Finance Co. Ltd. of Rs.10/- each	108,400		233,700	
500 (500)	Reliance Industries Limited of Rs.10/- each	761,600		896,840	
500 (500)	Tata Motors Limited of Rs.10/- each	90,150		311,725	
3100 (3100)	Firstsource Solutions Limited of Rs.10/- each	47,771		113,615	
3000 (3000)	Bongaigaon Refinery & Petrochemicals Ltd. of Rs.10/- each	123,000		146,550	
1000 (1000)	Hanung Toys and Textiles Limited of Rs.10/- each	32,250		137,002	
1000 (1000)	India Cements Limited of Rs.10/- each	105,950		186,800	
1000 (1000)	Schrader Duncan Limited of Rs.10/- each	76,100		156,250	
1500 (500)	RDB Industries Limited of Rs.10/- each	67,350		64,475	
Balance Carried over		2,317,191	131,214,191	4,489,212	125,337,212

	Balance Brought Forward	2,317,191	131,214,191	4,489,212	125,337,212
1000	J K Cement Limited	39,650		163,000	
(1000)	of Rs.10/- each				
5000	Reliance Petroleum Limited of	475,750		756,261	
(5000)	Rs.10/- each				
1000	Reliance Infrastructure Limited of	515,350		1,251,150	
(1000)	Rs.10/- each				
2000	Networth Stock Broking Limited	43,000		133,700	
(2000)	of Rs.10/- each				
1500	Minda Industries Limited	137,625		216,075	
(1500)	of Rs.10/- each				
2000	Power Grid Corporation of India Ltd.	191,300		195,900	
(2000)	of Rs.10/- each				
4000	Kirloskar Ferrous Industries Limited	43,960		164,200	
(4000)	of Rs.5/- each				
2000	Oriental Bank of Commerce	219,800		353,300	
(2000)	of Rs.10/- each				
2150	XL Tel Ene	63,640	4,047,266	-	7,722,798
(-)	of Rs.10/- each				
	In Mutual Fund Units-Unquoted				
497017.89	Birla Infrastructure Fund (Growth)	4,015,905		5,000,000	
(497017.89)	of Rs.10/- each				
173550.85	Birla Sunlife Frontline Equity Fund (Growth)	7,185,005		10,000,000	
(173550.85)	of Rs.10/- each				
487804.878	Birla Sunlife International Equity Fund (Growth)	3,422,927		4,589,220	
(487804.878)	of Rs.10/- each				
181712.458	DSP Meryll Lynch TIGER Fund (Growth)	4,575,701		7,506,178	
(181712.458)	of Rs.10/- each				
754420.907	DSP Meryll Lynch World Gold Fund (Growth)	9,261,724		10,000,000	
(754420.907)	of Rs.10/- each				
250000.00	HDFC Infrastructure Fund (Growth)	1,295,500		2,338,500	
(250000.00)	of Rs.10/- each				
468594.78	HSBC Advantage India Fund (Growth)	3,900,021		5,000,000	
(468594.78)	of Rs.10/- each				
975609.756	HSBC Dynamic Fund (Growth)	6,154,927		9,430,146	
(975609.756)	of Rs.10/- each				
977995.11	JM Contra Fund (Growth)	3,204,303		9,361,956	
(977995.11)	of Rs.10/- each				
279712.46	Reliance Equity Opportunities Fund (Growth)	3,783,391		5,000,000	
(279712.46)	of Rs.10/- each				
323659.161	Sundaram BNP Paribas India Leadership Fund	6,486,971		10,000,000	
(323659.161)	(Growth) of Rs.10/- each				
495348.676	Sundaram BNP Paribas SMILE Fund (Growth)	6,608,992		10,000,000	
(495348.676)	of Rs.10/- each				
278429.38	Sundaram Capex Opportunities Fund (Growth)	3,050,082		4,000,000	
(278429.38)	of Rs.10/- each				
250000.00	Sundaram Energy Opportunities Fund (Growth)	1,151,650		1,992,075	
(250000.00)	of Rs.10/- each				
143023.05	Tata Infrastructure Fund (Growth)	2,583,282	66,680,381	4,560,276	98,778,351
(143023.05)	of Rs.10/- each				
	HDFC AMC REAL ESTATE -1		1,758,829		547,708
	Share Application Money				
	India Global Exports Pvt. Limited	23,000,000		20,600,000	
	Youngtronics India Pvt. Limited	500,000	23,500,000	-	20,600,000
			224,883,476		248,496,857

*30,00,000 Shares are pledged with State Bank Of India
Previous year figures have been shown in bracket.

Aggregate of
Quoted investments
Unquoted Investments

Book Value
4,047,266
201,883,476

Market Value
4,047,266
-

SCHEDULE 7 - INVENTORIES

	As at 31.3.2009	As at 31.3.2008
	Rs.	Rs.
(Inventories and Valuation as certified by the Managing Director)		
Stores and Spare Parts	6,072,053	8,787,777
Raw Materials Stock	177,214	2,054,212
Packing Materials Stock		118,940
Finished Goods	665,890	788,275
Work in Progress	11,265	11,265
	6,926,422	11,760,469

SCHEDULE 8 - SUNDRY DEBTORS

	As at 31.3.2009	As at 31.3.2008
	Rs.	Rs.
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS:		
Unsecured-considered good	1,186,272	531,633
OTHER DEBTS:		
Unsecured-considered good	381,578	658,851
	1,567,850	1,190,484

SCHEDULE 9 - CASH AND BANK BALANCES

	As at 31.3.2009		As at 31.3.2008	
	Rs.	Rs.	Rs.	Rs.
CASH BALANCES:				
On Hand		610,508		35,939
CHEQUES/ DDs ON HAND		1,050,860		400,363
BALANCES WITH SCHEDULED BANKS				
In Current Accounts	1,413,421		1,533,279	
In Savings Account	22,917		21,381	
In Fixed Deposits	112,723,857	114,160,195	126,522,734	128,077,394
(FDRs of Rs.11 Crores Pledged with Banks)				
		115,821,563		128,513,696

SCHEDULE 10- LOANS AND ADVANCES

	As at 31.3.2009	As at 31.3.2008
	Rs.	Rs.
Unsecured -(Considered good unless otherwise stated)		
Loans		
Secured	-	1,820,000
Subsidiary Company:		
-Farco Foods Limited (Refer Note No.3)	60,260,280	46,714,379
Associate Companies:		
-Shervani Hospitalities Limited	59,300,000	59,300,000
-Shervani Sugar Syndicate Limited (Refer Note No.3)	135,564,000	135,564,000
Others	4,500,000	16,500,000
Advances-recoverable in cash or kind or for value to be received	2,421,241	3,829,146
Advance for Purchase of Land	19,702,699	-
Security and other Deposits	4,751,138	5,106,543
Balances with Central Excise Department	16,608	16,147
Advance payment of Taxes	8,964,947	12,636,477
Less: Provision for Doubtful Advances (Refer Note No.3)	(85,000,000.00)	(85,000,000.00)
	210,480,913	196,486,692

SCHEDULE 11 - CURRENT LIABILITIES

	As at 31.3.2009	As at 31.3.2008
	Rs.	Rs.
Sundry Creditors	3,908,490	4,816,056
Other Liabilities	7,157,440	11,094,698
Interest accrued but not due on Loans	78,240	61,234
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	485,908	400,720
	11,634,278	16,376,908

SCHEDULE 12 -OTHER INCOME

	2008-2009		2007-2008	
	Rs.		Rs.	
Rent	1,073,200		2,295,200	
Miscellaneous Receipts	300,377		219,034	
Profit/(Loss) on sale of Asset (Net)	6,648,736		(1,148,508)	
Profit on sale of current investments (Net)	-		13,967,528	
Provision of Liability no longer required	1,183,625		1,958,096	
Dividend Received	88,330		8,300	
	9,294,268		17,299,650	

SCHEDULE 13 -INTEREST (NET)

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
Interest Received (TDS Rs.3173477)		15,844,258		21,104,539
Less: Interest on Fixed Loans	161,007		166,404	
Other Interest	355,701	516,708	660,519	826,923
Net Income from Interest		15,327,550		20,277,616

SCHEDULE 14-DECREASE IN FINISHED/PROCESS STOCK

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
STOCKS AT COMMENCEMENT :				
Finished Goods	788,275		847,750	
Work-in-Process	11,265	799,540	11,265	859,015
STOCKS AT CLOSE :				
Finished Goods	665,890		788,275	
Work-in-Process	11,265	677,155	11,265	799,540
		122,385		59,475

SCHEDULE-15 EXCEPTIONAL ITEMS

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
VRS & Related Expenses		(2,810,284)		(27,098,566)
Retrenchment Compensation				(1,093,845)
Profit on sale of land				142,397,476
Loss on sale of shares of Subsidiary Co.	-		90,000,000	
Less: Provision for diminution made in earlier years written back	-		90,000,000	
Provision for loans:				
-Tara Snacks & Foods Ltd. (Subsidiary Co.)	-		(45,000,000)	
-Shervani Sugar Syndicate Limited	-		(40,000,000)	(85,000,000)
Adjustment relating to prior period				(49,532)
Expenses Realised from others		721,739		1,101,591
		(2,088,545)		30,257,124

SCHEDULE 16 - EXPENSES

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
WORKS EXPENSES				
Stores, Spare Parts, Chemicals etc. Consumed	-		390,836	
Power and Fuel	-		4,638,024	
Repairs Machinery	-		231,501	
Repairs Electricals	-		212,407	
Other Manufacturing Charges	-		248,331	5,721,099
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus, Compensation etc.	5,671,318		16,698,367	
Company's Contribution to Provident Fund and Gratuity Fund	263,900		3,250,816	
Company's Contribution to Employees State Insurance Corporation	833		181,351	
Welfare Expenses	136,884	6,072,935	364,319	20,494,853
OTHER EXPENSES				
Rent	467,300		458,100	
Rates and Taxes	85,806		323,650	
Telephone Expenses	582,508		714,425	
Repairs Building	265,358		139,315	
Repairs Others	393,655		240,890	
Safety & Protection	1,175,201		1,530,895	
Insurance	242,311		355,431	
Vehicle Maintenance	1,206,507		1,465,900	
Retainership	1,130,126		1,209,358	
Professional Charges	2,185,887		1,629,382	
Legal Charges	350,455		392,619	
Travelling and Conveyance Expenses	442,997		369,233	
Diminution in the value of current investments	36,493,252		7,008,581	
Miscellaneous Expenses	3,241,313	48,262,676	2,944,312	18,782,091
Remuneration to Statutory Auditors :				
Audit Fee	Rs. 100,000			
(Previous Year Rs.1,00,000)				
Certificates including limited reviews	Rs. 50,000			
(Previous Year Rs. 50000)				
Service Tax	Rs. 15,450			
(Previous Year Rs.18360)				
Travelling Expenses	Rs. NIL			
(Previous Year Rs. 50,000)				
Tax Audit Fee	Rs. 11,030	176,480	235,956	
(Previous Year Rs.11236)				
Directors' Remuneration	1,524,000		1,524,000	
Directors' Fee	72,000		69,000	
Bad Debts written-off	-		95,609	
Charity and Donations	13,000		40,000	
Asset Written off	48,464	1,833,944	-	1,964,565
		56,169,555		46,962,608

SCHEDULE -17 NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- 1 Contingent liabilities not provided for: As at 31.03.2009 As at 31.03. 2008
Claims against the company not acknowledged as debts Amount indeterminate
- 2 Current Liabilities - "Sundry Creditors/other Liabilities" shown in Schedule 11 include Rs.86230 payable to Directors and Loans & Advances shown in Schedule 10 include Rs.43614 recoverable from Director.
(Previous Year payable amount Rs.61572 & Rs. 56413 respectively)

3. Investments and Loans outstanding in Subsidiary Company : (Amount in Rs.)

Name of the company	Investment in Shares	% of share holding	Loan Balance outstanding
Farco Foods Limited	2,700,000	100	60,260,280

Provisions have been made for possible losses on loans given to under noted Companies:

Name of the company	Balance Outstanding (Rs.)	Provisions made (Rs.)
Farco Foods Limited (Wholly owned subsidiary Company, whose assets are under active consideration for disposal)	60,260,280	45,000,000
Shervani Sugar Syndicate Limited (Modified Rehabilitation scheme of the Company is pending before BIFR)	135,564,000	40,000,000

- 4 The Company has decided to dispose of the whole or substantially the whole of the undertaking of the Company pertaining to Flashlights and Drycell Battery Divisions as approved by the Shareholders in their meeting on 30th August 2008. accordingly part of assets of these divisions have been sold during the year and remaining assets have been shown as assets held for disposal.
5. Due to Closure of manufacturing operations all the employees have been retrenched except few employees in General Administration of the Company. The Company has decided to make provision for retirement benefits on actual basis as on date of Balance Sheet instead of actuarial valuation.
6. Major components of deferred tax Assets / Liabilities are :

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Deferred Tax Liability		
Depreciation	16489343	13,303,788
Deferred Tax Asset		
Compensation under Voluntary Retirement Scheme	7656033	10,116,435
Provision for Liability Covered under Sec 43 (B) of I.T. Act	548764	496,819
Unabsorbed Depreciation to be carried forward	18856852	15,273,003
	<u>27,061,649</u>	<u>25,886,257</u>
Net Deferred Tax Asset	<u>10,572,306</u>	<u>12,582,469</u>

The company has not recognised the net deferred tax asset due to business losses, as there is no virtual certainty that sufficient taxable income will be available in future to realise the deferred tax asset.

7. Related Party disclosures.

Relationship

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

D Nature and volume of transactions	31.03.2009 (Rs.)	31.03.2008 (Rs.)
(i) Remuneration	Refer Note '9'	
(ii) Rent		
Key management personnel (Paid)	520,000	456,000
Associate Company (Received)	265,200	265,200

(iii)	Hire charges of Assets						
	Key management personnel (Paid)			206,452			240,000
	Associate Company (Received)			480,000			480,000
(iv)	Interest Received						
	Associate Company			4,744,000			4,744,000
(v)	Balance at the end of the year						
	Subsidiary Company						
	Farco Foods Limited			60,260,280			46,714,379
	Provision for doubtful loan			(45,000,000)			(45,000,000)
	Associate Companies						
	Shervani Sugar Syndicate Limited			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 a Bank			10,000,000			-
8	Earning per share :			31.03.2009			31.03.2008
(a)	Net Profit available for equity shareholders (Numerator used for calculation)			(33,054,709)			17,548,694
(b)	Weighted Average No. Equity Share used as denominator for calculating EPS			3,280,250			3,280,250
(c)	Basic and Diluted Earning per share (Rs.) (Equity Shares of face value of Rs.10 each)			(10.08)			5.35
9	In view of inadequacy of profit under section 349 of the Companies Act 1956 no commission is payable to the Directors. Minimum remuneration has been paid as under :						
				This Year (Rs.)			Previous Year (Rs.)
(A)	Salary			1,524,000			1,524,000
(B)	Company's Contribution to P.F.			144,000			144,000
(C)	Perquisites			65360			220972
10	Quantitative Information regarding opening and closing stocks and sale of goods (Figures in brackets refer to previous year)						
							(Quantities in Numbers)
	Class of Goods	Opening Stock (Qty)	Rs. in Lacs	Closing Stock (Qty)	Rs. in Lacs	Job Work Despatches/ Sales	Value Rs.
(a)	Flashlight Cases	13025 (14050)	788275 (847750)	11190 (13025)	665890 (788275)	1835 (1025)	164714 (77800)
(b)	Misc. Items						(668353)
	Total						164714 (746453)
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 (Rs.)	Percentage Total	Value (Rs.)	Percentage Total	Value Rs.	
	Stores and Spare Parts	(-)	(-)	(390836)	(100)	(390836)	
				(Amount in Rs.)			
13	Expenditure in Foreign Currency			This Year		Previous Year	
	others					3677	
14	Based on the information available with the Company there are no dues payable to Small Scale Industrial Undertakings.						
15	The figures of the previous year have been rearranged wherever necessary.						

1) Basis of Preparation of Financial Statement

- a) 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.
- b) The company generally follows mercantile systems of accounting and recognises significant items of income and expenditure on accrual basis.

2) Fixed Assets and Depreciation

- a) 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.
- b) Depreciation on Fixed Assets is provided on straight line method at rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

3) Investments

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

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

4) Inventories

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

Job charges are accounted for on the basis of finished goods produced and taken in Excise Record.

5) Sales

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

6) Excise, Custom Duty

- a) Liability for Excise Duty/Custom in respect of materials lying in bonded ware-house or finished goods lying in approved factory premises is accounted for as and when material is removed.
- b) Interest Payable/Receivable on demands/Refunds of Excise Duty/Income Tax/Sales Tax/Trade Tax are accounted for in the year of payment/receipt.

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 is charged to Profit and Loss Account.

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

The entire liability on account of Payments made under VRS / Retrenchment Compensation are fully charged to Profit and Loss Account in the same year.

	2008-2009 (Rs.)		2007-2008 (Rs.)	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) Before Tax		(35,990,141)		20345479
Adjustment For :				
Depreciation	1,583,380		5151162	
Loss /(Profit) on sale of assets	(6,648,736)		(141248968)	
Asset written off	48,464		-	
Stores written off	341,362		-	
Interest (Net)	(15,327,550)		(20277616)	
Profit on Sale of Investments	-		(13967528)	
Provision for Loans	-		85000000	
Diminution in the value of current investments	36,493,252	16,490,172	7008581	(78,334,369)
Operating Profit before Working Capital Changes		(19,499,969)		(57,988,890)
Adjustment For :				
(Increase)/Decrease in Trade and other receivables	(14,128,685)		38998925	
(Increase)/Decrease in Inventories	4,834,047		914992	
Increase/(Decrease) in Trade Payables	(5,038,376)	(14,333,014)	(16047757)	23,866,160
Cash generated used in operation		(33,832,983)		(34,122,730)
Add/(Deduct) For :				
Direct tax paid /refund of earlier years		265,917		(4824512)
Net Cash used in operating activities (Total - A)		(33,567,066)		(38,947,242)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(6,718,787)		(25618860)
Sale of Fixed Assets		22,122,711		153382220
Loans made with Subsidiary/Others		274,099		5000000
Sale of Investments		-		38967528
Purchase of Investments		(12,879,871)		(115109730)
Interest received		15,844,258		21104539
Net Cash from investing activities (Total - B)		18,642,410		77,725,697
C) CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid		(3,280,250)		(3280250)
Bank Borrowings		6,154,942		(85560877)
Unsecured Loans		(142,467)		(418037)
Interest Paid		(499,702)		(813615)
Net Cash from financing activities (Total - C)		2,232,523		(90,072,779)
Net Increase /(Decrease)in Cash and Cash Equivalents (A+B+C)		(12,692,133)		(51,294,324)
Add : Cash and Cash Equivalents as on 01.04.2008		128,513,696		179,808,020
Cash and Cash Equivalents at the as on 31.03.2009		115,821,563		128,513,696

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	31-03-2009	20
II Capital Raised During the year	Public Issue	Right Issue
	Nil	Nil
	Bonus Issue	Private Placement
	Nil	Nil
III Position of Mobilisation and Deployment of Funds	Total Liabilities	Total Assets
Sources of Funds	595880	595880
	Paid-up Capital	Reserve & Surplus
	32803	545887
	Secured Loans	Unsecured Loans
	14693	2497
Application of Funds	Net Fixed Assets	Investments
	79018	224884
	Net Current Assets	Miscellaneous Expenditure
	291978	NIL
	Accumulated Losses	
	NIL	
IV. Performance of the Company	Turn over	Total Expenditure
	165	58510
	Profit/(Loss)Before Tax	Profit/(Loss) After Tax
	(35812)	(33055)
	Earning Per Share in Rs.	Dividend Rate
	(10.08)	5%
V. Generic Names of Three Principal Products/Services of the Company	Product Description (ITC Code)	Item Code No.
	Flashlight Cases	85131005
	Dry Cell Batteries	85068229
	Miniature/Electric Lamps	85392901

SALEEM I. SHERVANI
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956

Name of the Subsidiary : Farco Foods Limited
 Financial Year of the Company : 1st April 2008 to 31st March 2009

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, 2009. (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, 2009.	Nil
(B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2009	(Rs.9,52,737)
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, 2009.	Nil
(B) Not dealt with in the Accounts of the Company for the year ended 31st March, 2009	(Rs.6,21,33,104)
Material changes between the end of the financial year of the Subsidiary Company and 31st March, 2009	
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.

The Directors submit their Annual report together with the audited statement of accounts for the year ended 31st March 2009.

1. Financial Results

	2008-2009 Rs.	2007-2008 Rs.
Loss before depreciation	348375	611906
Depreciation	871739	941569
Fringe Benefit Tax	500	1100
Loss after Depreciation & Tax	952737	1554575
Less Loss Brought Forward from the earlier year	62133107	60578532
Balance carried to Balance Sheet	63085844	62133107

2. Performance

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

3. Directors Responsibility Statement.

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

- (i) That in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2009 and of the Loss of the company for the year ended 31st March, 2009.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the company and for preventing and detecting fraud and other irregularities ;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2009 on a going concern basis.

4. Directors

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

5. Auditors

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

6. Secretarial Compliance Report/Certificate.

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

7. Particulars of Employees

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

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

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

For and on behalf of the Board

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

Place: Allahabad
Date : June 15, 2009

TO THE MEMBERS OF FARCO FOODS LIMITED

1. We have audited the attached Balance Sheet of FARCO FOODS LIMITED as at 31st March, 2009, and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956 except comments in para (vi)(a) and vi (c) below.
- v) On the basis of written representations received from the directors as on 31st March, 2009 we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi)
 - (a) Gratuity and Leave encashment payable to Employees are accounted for on payment basis.
 - (b) Provision for interest on unsecured Loans has not been made .
 - (c) Attention is invited on note No. 5 regarding determination of extent of deterioration in quality and valuation of raw materials and store materials .
 - vii) Subject to the matters referred to in sub paragraphs (vi) (a), (vi) (b) and vi (c) and read with other notes, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009;
 - (b) In the case of the Profit & Loss Account of the Loss of the Company for the year ended on that date.

For P.L. TANDON & CO.
Chartered Accountants

P.P. Singh
PARTNER

Membership No. 72754

PLACE : KANPUR
DATED : 15.06.2009

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

- I. In respect of its Fixed Assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal during the year.
- 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable to the Company.
- (e) Company had/taken unsecured loans from five parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was Rs.624.89 Lacs and the year end balance was Rs. 624.89 Lacs.
- (f) The rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- II. In respect of its Inventories :
- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (g) There is no stipulation for the repayment of loans in four cases and in one case payment of principal and interest is not regular.
- III. In respect of Loans, Secured or Unsecured, granted or taken by the Company to or from Companies, Firms or other Parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-
- (a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the Provisions of clause
- IV. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

- VI. The company has not accepted any deposit from the Public.
- VII. The company does not have comprehensive internal audit system as the management is of the opinion that the existing system of internal control check is serving the purpose.
- VIII. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- IX. According to the information and explanations given to us, in respect of statutory and other dues.
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2009 for a period more than Six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty and excise duty which have not been deposited on account of any disputes.
- X. In our opinion, the accumulated Losses of the Company are more than fifty percent of its net worth. The Company has incurred Cash Losses during the financial year covered by our audit, and the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution and Bank.
- XII. As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- XIII. The nature of Company's business / activities during the year is such that the provisions of clause 4 (xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company .
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any banks or financial institutions.
- XVI. The Company has not obtained any term loan during the year.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX. As the Company has no debenture outstanding at any time during the year, The provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are therefore, not applicable to the Company
- XX. The Company has not raised any money by Public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **P.L. TANDON & CO.**,
Chartered Accountants,

P.P. Singh
PARTNER

Membership No. 72754

PLACE: KANPUR
DATE : 15.06.2009

BALANCE SHEET AST AT 31ST MARCH, 2009

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
SOURCES OF FUNDS		
Share Capital	9,000,000	9,000,000
LOAN FUNDS		
Secured Loan	1,031,724	4,801,722
Unsecured Loan	62,458,855	58,920,590
	72,490,579	72,722,312
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	20,470,718	21,019,625
Less : Depreciation	6,932,071	6,483,019
Net Block	13,538,647	14,536,606
CURRENT ASSETS, LOANS & ADVANCES		
Cash and Bank Balances	38,088	202,262
Inventories	725,629	725,629
Sundry Debtors	309,397	434,397
Loans & Advances	611,256	610,056
	1,684,370	1,972,344
Less : Current Liabilities & Provisions		
Current Liabilities	5,812,682	5,914,645
Provisions	5,600	5,100
	5,818,282	5,919,745
Net Current Assets	(4,133,912)	(3,947,401)
Profit & loss Account	63,085,844	62,133,107
	72,490,579	72,722,312

As per our report of even date attached.

For and on behalf of the Board

For P.L. TANDON & CO.
CHARTERED ACCOUNTANTS.

P.P. SINGH
Partner

S. ZAFAR SUBHAN
Director

NADESAN T.
Director

Place: Kanpur.
Date : June, 15, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009	2007-2008
	Rs.	Rs.
INCOME:		
Profit on sale of fixed Assets	43,779	-
Other Income (Liability Written Back)	224,098	42,610
TOTAL	267,877	42,610
EXPENDITURE:		
Other Expenses	348,375	377,666
Interest Paid	-	276,850
Depreciation	871,739	941,569
TOTAL	1,220,114	1,596,085
Loss before Tax	952,237	1,553,475
Provision for Fringe Benefit Tax	500	(1,100)
Loss After Tax	952,737	1,554,575
Loss Brought forward from last year	62,133,107	60,578,532
Balance carried to Balance Sheet	63,085,844	62,133,107

As per our report of even date attached.

For and on behalf of the Board

For P.L. TANDON & CO.
CHARTERED ACCOUNTANTS

P.P. SINGH
Partner

S. ZAFAR SUBHAN
Director

NADESAN T.
Director

Place: Kanpur.
Date : June, 15, 2009

FARCO FOODS LIMITED

ACCOUNTING POLICIES :

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

NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- | | AS AT
31.03.2009 | AS AT
31.03.2008 |
|---|---------------------|----------------------|
| 1. Contingent Liabilities not provided for : | | |
| (a) Claims against the Company not acknowledged as debt. | | Amount indeterminate |
| (b) Provision has not been made in respect of disputed demand for -
Power Charges | Rs. 8,117,106 | Rs. 8,117,106 |
| 2. Balances of Sundry Creditors, Unsecured Loans , Loans & Advances, Sundry Debtors, Deposits and others are subject to confirmation. | | |
| 3. The company has not received the required information from suppliers regarding their status under the Micro, Small, and Medium Enterprise Development Act 2006. Hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid/ payable as required under the said Act, have not been made. | | |
| 4. The Name of the Company has been changed from Tara Snacks & Foods Limited to Farco Foods Limited w.e.f. 19-03-2009. | | |
| 5. There are no manufacturing activities during the year . Stock of Raw materials and store materials have been valued on the basis of book balance as in the preceding year. Due to discontinuation of manufacturing activities ,the condition of stock should have been deteriorated. No provision has been made for possible losses which may arise on the deterioration of stocks . | | |
| 6. Gratuity and Leave Encashment Payable to Employees are accounted for on payment basis. | | |
| 7. Provision for interest on unsecured loans has not been made in the books. | | |
| 8. In view of uncertainty regarding availability of sufficient future taxable income, deferred tax assets arising out of timing difference of unabsorbed business loss and unabsorbed depreciation have not been considered in the accounts. | | |
| 9. Provision for doubtful debts has not been made. | | |
| 10. Miscellaneous Expenses includes as Under:- | | |

PARTICULARS	Amount (Rs.)	Amount (Rs.)
Electricity Charges	35,365	39,770
General Charges	15,230	11,598
Books, Periodicals & Newspapers	1,257	1,234
Postage and Telegram	690	461
Printing and Stationery	1,688	935
Retainership Expenses	34,566	5,500
Legal Expenses	3,050	-
Lease Rent	3,369	-
Bank Charges (Mkt.)	624	494
Registration & Filing Fees	6,300	9,300
Total	102,139	69,292

		Current Year		Previous Year
11. Earning Per Share (E P S) :				
(a) Net Profit available for Equity Shareholders (Numerator used for calculation)	(-)	952,737	(-)	1,554,575
(b) Weighted Average Number of Equity Shares used for denominator for calculating EPS.		900,000		900,000
(c) Basic and disputed earning per Share	(-)	1.06	(-)	1.73

FARCO FOODS LIMITED

12. Additional information as required under paragraph 3, 4C and 4D of Part - II of Schedule - VI to the Companies Act, 1956 is as under :-

(A) Quantitative information regarding capacity and production in respect of goods manufactured by the Company.
(Figures in bracket refer to Previous Year)

1.	PRODUCT GROUP	LICENSED CAPACITY	INSTALLED CAPACITY
	Biscuits	-	32 M.T. Per Day (32 M.T. Per Day)
2.	PRODUCTION		
	Biscuit	NIL (NIL)	Cartons Cartons

(B) Quantitative information regarding Opening Stocks, Closing Stocks and Sale of goods manufactured by the Company.
(Figures in bracket refer to Previous Year)
(Qty. in Cartons)

ITEM	OPENING STOCK		CLOSING STOCK		SALE	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
Biscuit	-	-	-	-	-	-
Biscuit	(-)	(-)	(-)	(-)	(-)	(-)

(C) Raw Materials Consumed.

S.No.	ITEM	UNIT	THIS YEAR		PREVIOUS YEAR	
			QTY.	VALUE Rs.	QTY.	VALUE Rs.
1.	Flour	Kgs.	-	-	-	-
2.	Sugar	Kgs.	-	-	-	-
3.	Vegetable Oil	Kgs.	-	-	-	-
4.	Others	-	-	-	-	-

(D) Value of imported and indigenous Raw Materials and Components and Spare Parts Consumed.

	IMPORTED		INDIGENOUS		TOTAL (RS.)
	VALUE	PERCENTAGE TO TOTAL	VALUE	PERCENTAGE TO TOTAL	
Raw Material	NIL (NIL)	NIL (NIL)	NIL NIL	- -	NIL (NIL)
Components & Spare Parts	NIL (NIL)	NIL (NIL)	NIL (NIL)	- -	NIL (NIL)

	CURRENT YEAR	PREVIOUS YEAR
E. Value of Imports on CIF Basis	NIL	NIL
F. Expenditure in Foreign Currencies.	NIL	NIL
G. Earning in Foreign Exchange.	NIL	NIL

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

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 61st ANNUAL GENERAL MEETING of the Company at 2, New Cantonment, Kanpur Road, Allahabad at 11.30 a.m. on Saturday, the 26th September, 2009.

 (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 _____

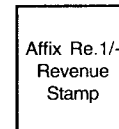
being a Member / Members of SHERVANI INDUSTRIAL SYNDICATE LIMITED, Shervani Nagar, Sulem Sarai, Allahabad-211011 hereby appoint _____ of _____ in the district of _____ of failing him _____ of _____ in the district of _____ as my / our Proxy to attend and vote for me/us on my/our behalf at the 61st Annual General Meeting of the Company to be held on Saturday, the 26th September, 2009 at 11.30 a.m. at 2, New Cantonment, Kanpur Road, Allahabad - 211001 and at any adjournment thereof.

Signed this _____ day _____ 2009

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.

SHERVANI INDUSTRIAL SYNDICATE LIMITED

Shervani Nagar, Sulam Sarai, Allahabad-211011 (U.P.)
Phone: 0532-2102305-06 Fax: 0532-2436928
e-mail: shervaniind@rediffmail.com

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