

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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61ST ANNUAL REPORT (2008-2009)**NOTICE OF AGM**

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

61ST ANNUAL REPORT (2008-2009)**DIRECTORS' REPORT**

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.

61ST ANNUAL REPORT (2008-2009)**DIRECTORS' 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

61ST ANNUAL REPORT (2008-2009)**CORPORATE GOVERNANCE****(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

- 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 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.

- 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 acts as Secretary to the Committee.

61ST ANNUAL REPORT (2008-2009)**CORPORATE GOVERNANCE**

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.

61ST ANNUAL REPORT (2008-2009)**CORPORATE GOVERNANCE****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

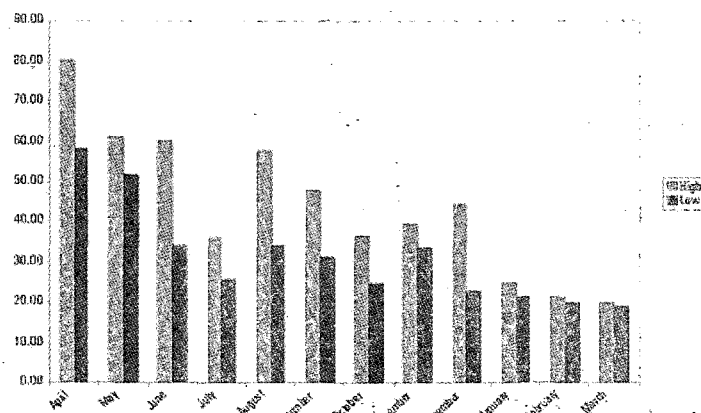
Listing on Stock Exchanges : 1. Bombay Stock Exchange Limited, Mumbai
2. The Delhi Stock Exchange Association Ltd. New Delhi
3. The U. P. Stock Exchange Association Ltd. Kanpur

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

61ST ANNUAL REPORT (2008-2009)**CORPORATE GOVERNANCE****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
NRIs/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