

# Shervani Industrial Syndicate Limited

## BOARD OF DIRECTORS

### CHAIRMAN EMERITUS

Mr. Azhar Nisar Shervani

### CHAIRMAN

Dr. Kamal Kumar

### VICE CHAIRMAN

Mr. Tahir Hasan

### MANAGING DIRECTOR

Mr. Saleem Iqbal Shervani

## DIRECTORS

Mr. Saeed Mustafa Shervani

Mr. Kush Bhargava

Mr. Gopal Swarup Chaturvedi

Mr. Raju Verghese

### COMPANY SECRETARY & SR. ACCOUNTS MANAGER

Mr. B. K. Misra

## AUDITORS

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

Chartered Accountants,  
Kanpur

## BANKERS

Union Bank of India

HDFC Bank Ltd.

ICICI Bank Ltd.

Central Bank of India

State Bank of India

## REGISTERED OFFICE

Shervani Nagar,

Sulem Sarai,

Allahabad - 211011

Uttar Pradesh

## Annual Report 2010-2011

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

#### ORDINARY BUSINESS :

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

#### SPECIAL BUSINESS :

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

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

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

By Order of the Board  
For Shervani Industrial Syndicate Limited

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

Place: Allahabad

Date: May 30, 2011

#### NOTES:

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

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

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

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

**ITEM No.7**

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

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

**MEMORANDUM OF INTEREST**

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

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

By Order of the Board  
For Shervani Industrial Syndicate Limited

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

Place: Allahabad  
Date: May 30, 2011

**ANNEXURE TO THE AGM NOTICE**

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

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

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

#### FINANCIAL RESULTS

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

#### Appropriation

Proposed Dividend	33
Tax on dividend	5
Balance Carried Forward	276

#### DIVIDEND

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

	(Rs. in Lacs)
(1) Ordinary Shares @ Re.1.00 per share	32.60
(2) Deferred Shares @ Rs.2.50 per share	0.20
<b>TOTAL</b>	<b>32.80</b>

#### OPERATIONS REVIEW

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

#### SUBSIDIARY COMPANY

##### FARCO FOODS PRIVATE LIMITED

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

#### CONSOLIDATED FINANCIAL STATEMENT

In accordance with the accounting standard AS-21 on consolidated financial statements read with accounting standard AS-23 on accounting for investments in associates, your company has prepared the consolidated financial statements and annexed to this Annual Report.

#### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Tahir Hasan, Dr. Kamal Kumar and Mr. Gopal Swarup Chaturvedi Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment.

#### AUDITORS

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

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

#### CORPORATE GOVERNANCE

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

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

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

#### PARTICULARS OF EMPLOYEES

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there is no material departure;
- That the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;

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

**DEPOSITS**

During the year fixed deposit amounting to Rs. 1.00 Lac was paid and renewed on or before 31st March, 2011. Depositors were intimated well in advance regarding the maturity of deposits with requests to claim their deposits on maturity.

**INDUSTRIAL RELATIONS**

Industrial Relations remained satisfactory during the period under review.

**ACKNOWLEDGEMENT**

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

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Information under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended from time to time and forming part of Directors' Report for the year ended 31st March, 2011.

**A. CONSERVATION OF ENERGY**

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

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

Foreign Exchange used equivalent to Rs. 2.28 Lac and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

**Saleem I. Shervani**  
Managing Director

**Tahir Hasan**  
Wholetime Director

Place : Allahabad  
Date : May 30, 2011

## (Pursuant to clause 49 of the Listing Agreement)

**1. COMPANY'S PHILOSOPHY**

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

**2. BOARD OF DIRECTORS**

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

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

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

\*This excludes directorships held in Private Limited Companies.

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

**3. AUDIT COMMITTEE**

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

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

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

The Committee had met on 22nd May, 2010, 31st July, 2010, 6th November, 2010 and 9th February, 2011 attended by Mr. G.S. Chaturvedi, Chairman and Dr. Kamal Kumar, Member.

**4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

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

**5. REMUNERATION COMMITTEE**

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

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

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

Directors' remuneration details for the year ended 31<sup>st</sup> March, 2011 are as under :

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

#### 6. GENERAL BODY MEETINGS

A G M	Date	Time	Venue
2007-2008	30/08/2008	11.30 A.M.	2, New Cantonment Kanpur Road, Allahabad - 211 001
2008-2009	26/09/2009	11.30 A.M.	Same as above
2009-2010	25/09/2010	11.30 A.M.	Same as above

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

#### 7. DISCLOSURES

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

#### 8. MEANS OF COMMUNICATIONS

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

The website of the company is under construction.

#### 9. CEO/CFO CERTIFICATION

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

#### 10. SHAREHOLDERS INFORMATION

Annual General Meeting:

DATE	: September 30, 2011
DAY	: Friday
TIME	: 11.00 A. M.
VENUE	: 2, New Cantonment, Kanpur Road, Allahabad-211001, U. P.

#### Financial Calendar

Financial reporting for the	
Financial year	: April-March
Quarter ending June 30, 2011	: 14 <sup>th</sup> August, 2011
Half year ending September 30, 2011	: 14 <sup>th</sup> November, 2011
Quarter ending December 31, 2011	: 14 <sup>th</sup> February, 2012
Quarter ending March 31, 2012	: 30 <sup>th</sup> May, 2012

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

**Date of Dividend Payment** : Within statutory time limit

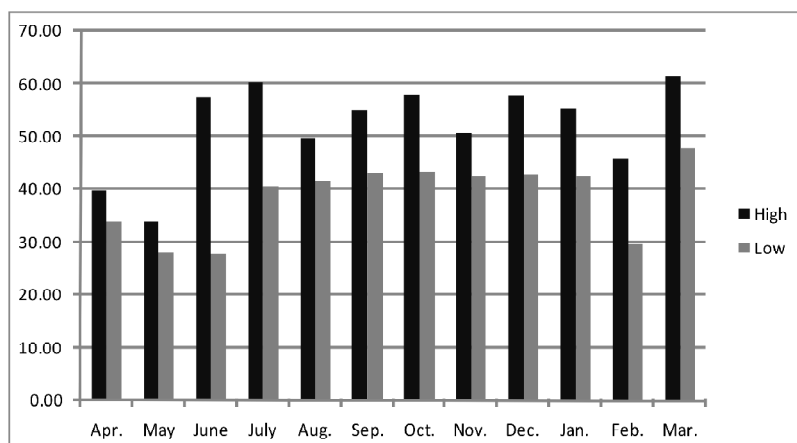
#### Listing on Stock Exchanges & Stock Code

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

**Market Price Data** (Financial Year 2010-2011)

The detail of share price movement is as under :-

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

**REGISTRAR**

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

C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W),  
Mumbai- 400 078

**Share Transfer System**

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

**Shareholding Pattern and Distribution of Shares as on 31<sup>st</sup> March, 2011**

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

**Dematerialisation of Shares**

The shares of the Company are fully under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2011 over 76% of the shares of the Company are dematerialised.

**Location**

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

**Address for Correspondence: SHERVANI INDUSTRIAL SYNDICATE LIMITED**

Registered Office: Shervani Nagar, Sulem Sarai  
Allahabad-211011(U.P.)  
Phone: 0532-2102305 Fax:0532-2436928,  
Email: shervaniind@rediffmail.com



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

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

**Outlook on Opportunities, Threats, Risks and Concern**

There are enough opportunities in residential segment. Your company is making all efforts to encash these opportunities. The real estate business is correlated to the speed of execution. Any delay in execution of projects can expose the company to risks of higher costs as well as affect its profitability. Being a small city based player the company is dependent on economic climate of city. As the company has entered into a new segment of business, risk as a new player in the segment is involved. Valuations of land in the posh localities are too high which restrain to launch the new project aggressively.

**Financial Performance**

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

**Subsidiary Company**

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

**Internal Control Systems and Adequacy**

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

**Human Resource**

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

**To The Members of Shervani Industrial Syndicate Limited**

We have examined the compliance of conditions of Corporate Governance by SHERVANI INDUSTRIAL SYNDICATE LIMITED as at 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

P.P. SINGH  
Partner  
Membership No.72754

Place : Allahabad  
Date : May 30, 2011

## TO THE MEMBERS OF SHERVANI INDUSTRIAL SYNDICATE LIMITED

1. We have audited the attached Balance Sheet of Shervani Industrial Syndicate Limited, as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except Liability for leave encashment and gratuity which have been provided on the basis of actual liability determined by the management as on 31st March, 2011
  - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
    - (b) in the case of the Profit & Loss Account of the Profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

**P.P. SINGH**  
Partner  
Membership No. 72754

Place : Allahabad  
Date : May 30, 2011