

64th ANNUAL REPORT 2011-2012

Shervani Industrial Syndicate Limited

Shervani Industrial Syndicate Limited

BOARD OF DIRECTORS

CHAIRMAN EMERITUS

Mr. Azhar Nisar Shervani

VICE CHAIRMAN

Mr. Tahir Hasan

MANAGING DIRECTOR

Mr. Saleem Iqbal Shervani

DIRECTORS

Mr. Saeed Mustafa Shervani

Mr. Kush Bhargava

Mr. Gopal Swaroop Chaturvedi

Mr. Raju Verghese

COMPANY SECRETARY & 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 2011-2012

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NOTICE is hereby given that the 64th Annual General Meeting of the Members of SHERVANI INDUSTRIAL SYNDICATE LIMITED will be held on Saturday, the 29th September, 2012 at 11.30 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 of the Company for the year ended 31st March 2012 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on shares for the financial year 2011-12.
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 Mr. Saeed Mustafa Shervani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Kush Bhargava, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors 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 THAT pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded to the appointment of Mrs. Salma Hasan, a relative of Directors of the Company to hold office or place of profit under the Company as General Manager (Public Relations) for a period of 5 (Five) years with effect from 1st April, 2012 on the following terms and conditions:-

1. Salary: Rs. 48,750/- (Rs. Forty Eight Thousand Seven Hundred and Fifty) only per month.
2. Perquisite: In addition to Salary, the General Manager (Public Relations) shall be entitled to reimbursement of medical expenses up to Rs. 15,000/- p.a.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary, modify and revise the terms and conditions of appointment from time to time during her tenure of appointment subject, however, to the compliance with the applicable provisions of the Companies Act, 1956

and the Rules and Regulations made thereunder for the time being in force and as may be enacted from time to time .

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded to the appointment of Mrs. Zeba Hasan, a relative of Directors of the Company to hold office or place of profit under the Company as General Manager (Project) for a period of 5 (Five) years with effect from 1st April, 2012 on the following terms and conditions:-

1. Salary: Rs. 48,750/- (Rs. Forty Eight Thousand Seven Hundred and Fifty) only per month.
2. Perquisite: In addition to Salary, the General Manager (Project) shall be entitled to reimbursement of medical expenses up to Rs. 15,000/- p.a.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary, modify and revise the terms and conditions of appointment from time to time during her tenure of appointment subject, however, to the compliance with the applicable provisions of the Companies Act, 1956 and the Rules and Regulations made thereunder for the time being in force and as may be enacted from time to time .

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board
For Shervani Industrial Syndicate Limited

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

Place : Allahabad
Date : May 30, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members intending to depute their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Explanatory Statement pursuant to the Provisions of the Section 173(2) of the Companies Act, 1956 in respect of businesses placed at item Nos. 7 and 8 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2012 to 29th September, 2012 (both days inclusive).
5. The Dividend on Shares, as recommended by Board of Directors, if approved by the Members at the Annual General Meeting, will be paid to the Members whose names appear on the Company's Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company and its Registrars on or before 23rd September, 2012. In respect of Equity Shares held in Dematerialised Form, the dividend will be payable to the "Beneficial Owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 23rd September, 2012.
6. Member's may note that the whole amount of Unclaimed Dividend declared up to the Financial year ended 31st March, 2004 has 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.
7. Pursuant to the Provisions of Section 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2005 and thereafter, which remain unpaid or unclaimed for a period of Seven years from the date on which such dividend was 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 warrants for the aforesaid years may write to the Company for issue of duplicate in lieu thereof.
8. Members seeking any information or clarification on any matter concerning Accounts are requested to write to the Company at its Registered Office at least seven days in advance of the date of meeting so as to enable the management to keep the information ready at the meeting, if the Chairman so permits.
9. Members holding Shares in physical form may write to the Company's Registrar & Transfer Agents, "M/s Link Intime India Private Limited" C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W) Mumbai – 400078 for change in their address, if any, under their signatures clearly quoting their folio numbers, old address along with a valid address proof showing the changed address with Pin Code and Members holding Shares in electronic form may inform any change in address to their Depository Participants.
10. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance of dividend by means of ECS. Members holding shares in physical form may obtain and send the ECS mandate Form to Registrar and Share Transfer Agent (RTA) of the Company i.e. "M/s Link Intime India Private Limited" C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W) Mumbai – 400078. Members holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Members who have already furnished the ECS Mandate Form to the Company/ Registrar and Share Transfer Agents / DP with complete details need not send it again.
11. As per the Circular Nos. MRD/DoP/Cir-05/2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer/ transposition/ transmission of shares in physical form. Therefore, the transferee(s)/ legal heir(s) are required to furnish a copy of their PAN card to the Registrar & Share Transfer Agents of the Company.
12. 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.

13. Disclosures pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting are given in the Annexure.
14. 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.
15. 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 at the meeting.

By Order of the Board
For Shervani Industrial Syndicate Limited

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

Place: Allahabad
Date: May 30, 2012

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

ITEM NO. 7

With a view to strengthen the management functions of the Company, the Board of Directors of the Company had appointed Mrs. Salma Hasan , a relative of Directors of the Company as General Manager (Public Relations) for a period of five years with effect from 1st April, 2012 on the terms and conditions as mentioned in the proposed Resolution.

Mrs. Salma Hasan has adequate experience to her credit to discharge her functional responsibilities. As required under Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011, the proposal is placed for approval of Shareholders. The Board recommends the resolution for approval.

None of the Directors of the Company except Mr. Saleem Iqbal Shervani, Managing Director Mr. Azhar Nisar Shervani, Mr. Saeed Mustafa Shervani, Directors and Mr. Tahir Hasan, Whole Time Director of the Company being related to her may be considered as concerned or interested in the resolution.

ITEM NO. 8

With a view to strengthen the management functions of the Company, the Board of Directors of the Company had appointed Mrs. Zeba Hasan , a relative of Directors of the Company as General Manager (Project) for a period of five years with effect from 1st April, 2012 on the terms and conditions as mentioned in the proposed Resolution.

Mrs. Zeba Hasan has adequate experience to her credit to discharge her functional responsibilities. As required under Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011, the proposal is placed for approval of Shareholders. The Board recommends the resolution for approval.

None of the Directors of the Company except Mr. Saleem Iqbal Shervani, Managing Director Mr. Azhar Nisar Shervani, Mr. Saeed Mustafa Shervani, Directors and Mr. Tahir Hasan, Whole Time Director of the Company being related to her may be considered as concerned or interested in the resolution.

By Order of the Board
For Shervani Industrial Syndicate Limited

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

Place: Allahabad
Date: May 30, 2012

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. A. N. Shervani	Mr. S. M. Shervani	Mr.Kush Bhargava
Date of Birth	15.08.1947	29.05.1959	20.10.1952
Date of Appointment	31.10.2000	09.01.1986	11.07.1981
Specialised expertise	Industrialist	Company Executive	Company Executive
Qualifications	B. Com.	Diploma in Hotel Management	M.A.

Directorship of other**Companies as****on 31.03.2012**

Shervani Hospitalities Limited	Shervani Hospitalities Limited	K. B. Builders Pvt. Limited
Shervani Sugar Syndicate Limited	SPS Propmart Pvt. Ltd.	
Shervani Enterprises Pvt. Ltd.	Sherans Infrastructure Pvt. Ltd.	
	Cherry Auto Industries Pvt. Ltd.	
	Hotel & Restaurant Association of Northern India.	

Chairman/Member of**Committees of other****Companies as****on - 31-03-2012**

NIL	NIL	NIL
2.91%	4.00%	0.03%

Shareholding in the Company

Your Directors take pleasure in presenting the 64th Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

	(Rs. in Lacs)
Profit before Depreciation	89
Depreciation	15
Profit after Depreciation & before Tax	74
Current / Earlier Tax	(07)
MAT Credit Entitlement (Current / Earlier Year)	07
Profit after Tax	74
Add Balance brought forward from last year	276
Surplus Available for Appropriation	350

Appropriation:

Proposed Dividend	33
Tax on dividend	5
Balance Carried Forward	312

DIVIDEND

Your Directors recommend dividend @ 10% for the year 2011-12 payable as under:

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

OPERATIONS REVIEW

The Company has recognised the revenue of Rs. 682.13 Lacs during the year under review against Rs 611.70 lacs in previous Financial Year 2010-11 from its real estate project showing an increase of 11.50%. The Company is also looking for land at prime location for its next project in Allahabad.

SUBSIDIARY COMPANY

FARCO FOODS PRIVATE LIMITED

During the first year of its Job Work agreement, Subsidiary Company produced 3836 MT of Biscuits on Job Work basis. Management is taking all necessary steps to improve the efficiency of plant. The management is hopeful that this agreement would go a long way in revival of 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. Azhar Nisar Shervani, Mr. Saeed Mustafa Shervani and Mr. Kush Bhargava Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment.

AUDITORS

The observations of the Auditors in their report are appropriately dealt with 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 deposits amounting to Rs.17.00 Lac was paid and renewed on or before 31st March, 2012. 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, 2012.

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. 7.39 Lac and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

Tahir Hasan
Wholetime Director

Saleem I. Shervani
Managing Director

Place : Allahabad

Date : May 30, 2012

(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, 2012, Five Board Meetings were held on 30th May, 2011, 13th August, 2011, 8th November, 2011, 7th December, 2011 and 14th February, 2012. 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, 2012 are given below:

Director	Category	Attendance Board Meeting	AGM	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	5	✓	4	1	Nil
Mr. S. I. Shervani	M.D., Executive	5	X	4	Nil	Nil
Mr. S. M. Shervani	Non Executive	1	X	1	Nil	Nil
Mr. Raju Verghese	Independent, Non Executive	X	X	1	Nil	Nil
Mr. Kush Bhargava	Independent, Non Executive	X	X	Nil	Nil	Nil
Mr. G.S.Chaturvedi	Independent, Non Executive	5	✓	1	Nil	Nil

*This excludes directorships held in Private Limited Companies

**Resigned from directorship w.e.f. 30th May, 2012

Particulars of the directors being re-appointed are given in Annexure to the 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 30th May, 2011, 13th August, 2011, 8th November, 2011 and 14th February, 2012 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.