

70th ANNUAL REPORT 2017-2018

Shervani Industrial Syndicate Limited

Shervani Industrial Syndicate Limited

BOARD OF DIRECTORS

CHAIRMAN

Dr. Ashutosh Pratap Singh

MANAGING DIRECTOR

Mr. Saleem Iqbal Shervani

WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER

Mr. Tahir Hasan

DIRECTORS

Mr. Azher Nisar Shervani

Mr. Saeed Mustafa Shervani

Mr. Kush Bhargava

Mr. Gopal Swarup Chaturvedi

Mr. Raju Verghese

Mr. Mohammad Aslam Sayeed

Mrs. Shefali Bansal

COMPANY SECRETARY

Mr. S.K. Shukla

AUDITORS

M/s. Gupta Vaish & Co.

Chartered Accountants,

Kanpur

BANKERS

State Bank of India

Union Bank of India

Central Bank of India

ICICI Bank Ltd.

HDFC Bank Ltd.

REGISTERED OFFICE

Shervani Nagar,

Sulem Sarai, Harwara

Allahabad - 211011

Uttar Pradesh

Annual Report 2017-2018

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NOTICE is hereby given that the 70th Annual General Meeting of the Members of Shervani Industrial Syndicate Limited will be held on Saturday, the 29th September, 2018 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 :
 - (a) the Audited Standalone Financial Statements for the Financial Year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon; and
 - (b) the Audited Consolidated Financial Statements for the Financial Year ended 31st March, 2018 together with the Report of the Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity and Deferred Shares as final dividend for the financial year ended on 31st March, 2018.
3. To appoint a Director in place of Mr. Tahir Hasan (DIN: 00074282) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Saeed Mustafa Shervani (DIN: 00024390) who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the appointment of M/s. Gupta Vaish & Co., Chartered Accountants (Firm Registration No. 005087C), as the Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s. Gupta Vaish & Co., Chartered Accountants (Firm Registration No. 005087C), as Auditors of the Company made at the 69th Annual General Meeting held on 28th September, 2017 for a period of five years, be and is ratified for the period from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and that the Auditors be paid such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Audit Committee."

SPECIAL BUSINESS

6. To re-appoint Mr. Saleem Iqbal Shervani (DIN:00023909) as Managing Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to provisions of Section 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or

re-enactment thereof for the time being in force) and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. Saleem Iqbal Shervani (DIN:00023909) as Managing Director of the Company to exercise Powers of day to day management of affairs of the Company for a period of 5 (Five) years with effect from 3rd April, 2018 and his continuance to hold such office even after attaining the age of seventy years, on the following terms and conditions which have been approved by the Board of Directors of the company on the recommendations of the Nomination and Remuneration Committee:

Section I

Payable when the Company has adequate Profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits as given in Section II below or as may be revised from time to time subject to the condition that the total remuneration payable to the Managing Director shall not exceed the limits laid down under Section 197 of the Companies Act, 2013.

Section II

Payable when the Company has no profits or inadequate profits:

- (A) **Salary** : Rs.1,00,000/- (Rupees One Lakh only) per month.
- (B) **Perquisites** : In addition to Salary as above, the Managing Director shall be entitled to the following perquisites:

CATEGORY 'A'

Medical Reimbursement

One month's Salary in a year or three month's Salary over a period of three years for self and family.

Personal Accident/Mediclaim Insurance

As per rules of the Company.

Club Memberships

Subscription or reimbursement of membership fees for clubs in India and / or abroad, including admission and life membership fees.

Housing

Unfurnished Residential Accommodation subject to deduction of 15% of his salary towards house rent.

Other Benefits

The Managing Director shall be entitled to such other benefits as may be approved by the Nomination & Remuneration Committee from time to time.

Explanations

Perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost to the Company.

For the purpose of perquisites stated herein above,

'family' means the spouse and dependent children of the appointee.

CATEGORY 'B'

The Managing Director shall also be entitled to following perquisites as per rules of the Company or as may be approved by the Nomination & Remuneration Committee which will not be included in the computation of the ceiling of remuneration as above:

Contribution to Provident Fund and Annuity Fund to the extent these, either singly or put together are not taxable under the Income-Tax Act, 1961.

Gratuity Payable as per rules of the Company.

Provision of chauffeur driven Car or reimbursement of driver's remuneration on Company's business and telephone, telefax, mobile and other communication facilities at residence for official purposes will not be considered as perquisites

"RESOLVED FURTHER THAT where in any financial year during the currency of term of Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Managing Director, remuneration by way of salary, commission, perquisites and allowances as specified above as minimum remuneration, subject to the compliance of the provisions of Schedule V and other applicable provisions of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter, vary, modify the terms and conditions of appointment including remuneration of Mr. Saleem Iqbal Shervani from time to time during the tenure of his appointment as Managing Director of the Company, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule V and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution and matters incidental, consequential and connected therewith.

7. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2019 and, in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Shishir Jaiswal & Co., Cost Accountants (Firm Registration No. 102450). appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2019 amounting to Rs. 40,000 (Rupees Forty Thousand only), plus taxes

as applicable and re-imbursement of actual travel / conveyance and out-of-pocket expenses incurred in connection with the aforesaid audit, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

By Order of the Board
For Shervani Industrial Syndicate Limited

S. K. Shukla
Company Secretary

Place : Allahabad
Date : May 29, 2018

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/ HER SELF AND A 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 forty-eight hours before the commencement of the Annual General Meeting.
2. A person can act as proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Business under Item Nos.6 and 7 as set out above is annexed hereto.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution under section 113 of the Companies Act, 2013 authorizing their representative to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their attendance slip duly filled in along with copy of Annual Report to the Meeting.
6. In case of Joint Shareholders attending the Meeting, only such Shareholder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company shall remain closed from Sunday, 23rd September, 2018 to Saturday, 29th September, 2018 (both days inclusive).
9. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, dividend which remains unpaid / unclaimed in the Unpaid Dividend Account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. The Members who

have not encashed their dividend warrant(s) so far for the financial years 2010-2011, 2011-2012, 2013-2014 and 2017-18 (Interim) are requested to lodge their claims with Registrar and Transfer Agents (RTA) or with the Company. Further, as per the provisions of Section 124 of the Companies Act, 2013, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the Investor Education and Protection Fund (IEPF) Authority. The Members, whose unclaimed dividend /shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in.

10. Members holding shares in electronic form are requested to intimate immediately any change in their Address or Bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar and Transfer Agents (Link Intime India Private Ltd., C-101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai- 400083) ("RTA").
11. Pursuant to SEBI Circular No. SEBI/HO/MIRSD /DOP1/CIR/P/2018/73 dated 20th April, 2018, the Company is required to obtain the copy of PAN Card and Bank details from all the shareholders holding shares in physical form. Members are requested to get their details updated by sending the below-mentioned documents along-with a duly signed request letter to RTA:
 - a) Self-attested copy of PAN Card of all the holders;
 - b) Original cancelled cheque leaf with name of member printed on it (if name is not printed, a copy of Bank Passbook/ Statement bearing name, duly attested by the Bank) and;
 - c) Self-attested copy of address proof (viz. aadhaar, voter-id, passport, driving license, any utility bill not older than 3 months).
12. SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 has come out with SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 (effective date of implementation is 5th December, 2018), wherein it has mandated that the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in the cases of transmission or transposition of securities. In view of above amended Regulations, Members are requested to get their shares dematerialised at the earliest to avoid any inconvenience.
13. To support "Green Initiative", members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Reports, Notices, Circulars etc. from the Company electronically.
14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in Form No. SH-13 prescribed under Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 which can be obtained from the Company or its RTA.
15. Members desirous of obtaining any information / clarifications, intending to raise any query concerning the annual accounts or operations of the Company, are requested to forward the same at least seven days prior to

the date of meeting to the Company Secretary at the Registered office of the Company, so that the same may be attended appropriately.

16. In terms of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing its members the facility to exercise their right to vote by electronic means on all businesses specified in the accompanying Notice. The necessary arrangements have been made by the Company with Central Depository Services Ltd ("CDSL") to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the General Meeting. The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on Wednesday, 26th September, 2018 at 10.00 A.M. and ends on Friday, 28th September, 2018 at 5.00 P.M. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the 22nd September, 2018 (cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website **www.evotingindia.com**.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|--|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Date of Birth | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

| | |
|-----------------------|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Date of Birth | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the <Shervani Industrial Syndicate Limited> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

General Instructions:

- i. The facility of voting through ballot paper shall also be made available at the Meeting. Members attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper.
- ii. Members who have cast their vote by remote e-voting prior to the Meeting, may also attend the Meeting, but shall not be entitled to cast their vote again.
- iii. The voting rights of the shareholders (for voting through remote e-voting or by ballot paper at the Meeting) shall be in proportion to their shares of the paid-up Equity share capital of the Company as on 22nd September, 2018 (the cut-off date).
- iv. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.
- v. Any person, who acquires shares of the Company and becomes member of the Company after 17th August, 2018 i.e. BENPOS date considered for dispatch of the notice, and holding shares as on the cut off date i.e. 22nd September, 2018, may obtain the login Id and password by sending a request at helpdesk.evoting@cdslindia.com.
- vi. M/s. Sidiqqi & Associates, Practising Company Secretaries (Membership No. 2229 and Certificate of Practice No.- 1284) have been appointed as the Scrutinizer by the Company to scrutinize the remote e-voting process in a fair and transparent manner.
- vii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper/Polling Paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
- viii. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.
- ix. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.shervaniind.com and on the website of CDSL immediately after the declaration of results by the Chairman. The results shall also be immediately forwarded to Stock Exchanges where the shares of the Company are listed.
- x. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
17. As required under Listing Regulations and Secretarial Standards-2 on General Meetings, the relevant details in respect of directors seeking re-appointment under Item Nos. 3,4 and 6 of this Notice are as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

| Particulars | Mr. Tahir Hasan | Mr. Saeed Mustafa Shervani | Mr. Saleem Iqbal Shervani |
|---|---|---|--|
| D I N | 00074282 | 00024390 | 00023909 |
| Date of Birth / Age | 21 st July, 1946 | 29 th May, 1959 | 22 nd March, 1953 |
| Date of Appointment on the Board | 14 th August, 2014 | 9 th January, 1986 | 03 rd April, 2013 |
| Qualifications | B E, PGDBM | Diploma in Hotel Management | B. A. (Hons.), AMIMA |
| Experience and expertise in specific functional area | Engineering and Operations | Industrialist | Industrialist |
| Remuneration last drawn p.a. (excluding perquisites) | Rs. 3,00,000/- | - | Rs. 12,00,000/- |
| Directorship in other Companies | M/s Tara Products and Services Pvt Ltd M/s Saraswati Sugar Mills Limited M/s ISGEC Heavy Engineering Ltd M/s Shervani Hospitalities Ltd Uttar Pradesh Cricket Association | M/s Shervani Hospitalities Ltd M/s Sherans Infrastructures Pvt Ltd Hotel and Restaurant Association of Northern India | M/s Capon Food Specialities Limited. M/s Shervani Foods Pvt. Ltd. M/s ATB Cargo Pvt. Ltd. M/s Farco Foods Pvt. Ltd. |
| Chairman / Member of Committee of the Board of other Companies (a) Audit Committee (b) Stakeholders' Relationship Committee | - | - | - |
| Shareholding in Shervani Industrial Syndicate Limited | 15,415 Equity shares | 1,83,410 Equity shares | 4,27,580 Equity Shares |
| Relationship with other Directors / KMPs | Sisters Husband of Mr Saleem I. Shervani, Mr A. N. Shervani and Mr S. M. Shervani | Brother of Mr. Saleem I. Shervani and Mr A. N. Shervani | Brother of Mr. A. N. Shervani and Mr. S. M. Shervani |
| No. of Board Meetings held during the tenure and attended by the Director during the Financial year 2017-18 | Held – 4 Attended - 4 | Held – 4 Attended - 2 | Held- 4 Attended- 4 |

By Order of the Board
For Shervani Industrial Syndicate Limited

S. K. Shukla
Company Secretary

Place : Allahabad
Date : May 29, 2018

ANNEXURE TO NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 6

The members at the 65th Annual General Meeting of the Company held on 21st September, 2013 approved the appointment of Mr. Saleem Iqbal Shervani as Managing Director of the Company for a period of five years w.e.f. 3rd April 2013 and his term of office as Managing Director expired on 2nd April, 2018. The Board of Directors of the Company recognising his role and invaluable contribution leading to Company's successful diversification in Real Estate Business, in its meeting held on 18th January, 2018, upon the recommendations of the Nomination and Remuneration Committee, re-appointed Mr. Saleem Iqbal Shervani as Managing Director of the Company for a further period of five years w.e.f. 3rd April, 2018 on the terms and conditions as set out in the resolution which are in accordance with the provisions of Section 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board recommends the resolution placed at Item No. 6 of the Notice for approval of members.

Except Mr. S. I. Shervani himself and Mr. A. N. Shervani and Mr. S. M. Shervani, Directors being related to him, none of the Directors and / or Key Managerial Personnel of the Company and / or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

ITEM NO.7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Shishir Jaiswal & Co., Cost Accountants (Firm Registration No. 102450) as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 on the terms and conditions as set out in the resolution placed at Item No.7 of the Notice. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members of the Company is being sought for passing the Ordinary Resolution as set out at Item No.7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the members.

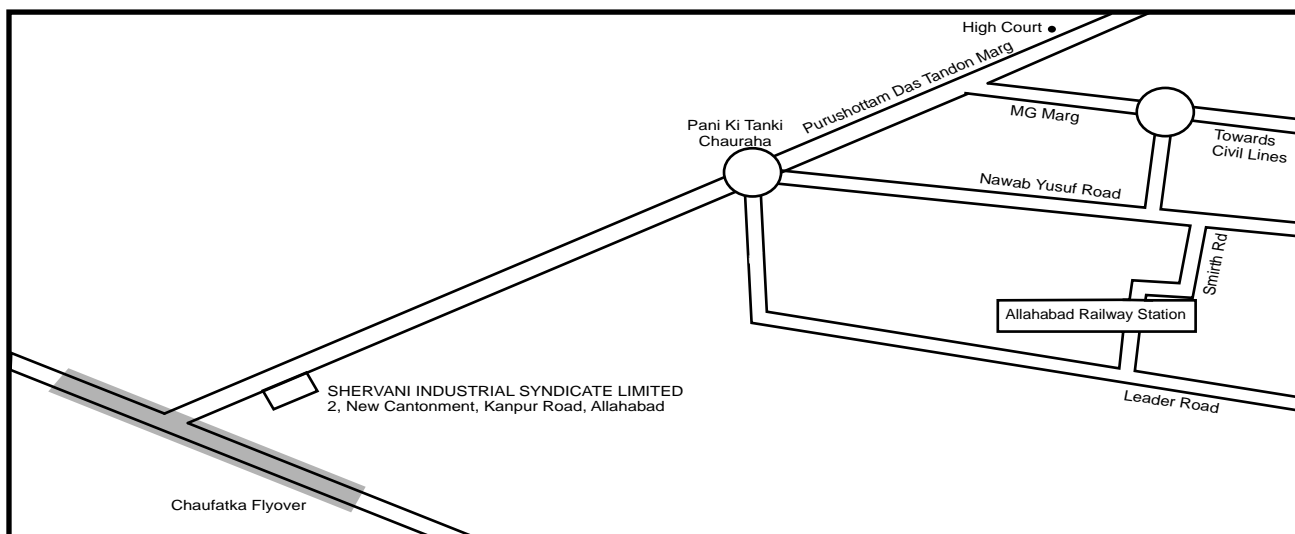
None of the Directors and / or Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of the Notice.

By Order of the Board
For Shervani Industrial Syndicate Limited

S. K. Shukla
Company Secretary

Place : Allahabad
Date : May 29, 2018

LOCATION MAP OF VENUE OF ANNUAL GENERAL MEETING



Dear Members,

Your Director's take pleasure in presenting the 70th Annual Report together with the Audited Financial Statements for the year ended on 31st March, 2018.

FINANCIAL RESULTS

| | (Rs. in Lakh) |
|--------------------------------------|---------------|
| Total Revenue | 11453 |
| Profit before Depreciation | 4676 |
| Depreciation | 40 |
| Profit after Depreciation before tax | 4636 |
| Tax Expense (including earlier year) | 907 |
| Other Comprehensive Income | 43 |
| Profit after Tax | 3772 |

The company has adopted Indian Accounting Standards (Ind AS) with effect from 1st April 2017 pursuant to Ministry of Corporate Affairs notification of the Companies (Indian Accounting Standard) Rules 2015 and the annual accounts for 2017-18 has been drawn in terms of provisions of the Ind AS.

DIVIDEND

In view of the profit accrued during the current year and the consequent fulfillment of the conditions prescribed in section 123(3) of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the Board of Directors' announced an interim dividend @ Rs 5 per ordinary share of Rs 10 and Rs 12.50 per deferred share of Rs 25 in January, 2018. The interim dividend absorbed Rs 156.80 Lakh and Rs 31.92 Lakh as tax on dividend. Another interim dividend at the rate of Rs 80 per ordinary share and Rs 200 per deferred share was announced by the Directors after the close of financial year in April, 2018. This has absorbed Rs 2508.81 Lakh and Rs 515.69 Lakh as tax on dividend.

OPERATIONS REVIEW

The construction activity of the Group Housing Project is progressing satisfactorily despite facing State wide problems in supply of coarse sand in the preceding past. The availability of coarse sand became better after the 2nd quarter of current financial year 2017-2018. The management is making all effort to complete its current project Tara Towers as per schedule and expects to offer the possession of flats to customers by the last quarter of 2018-2019. We have booked more than 75% of the flats and are very thankful for the trust and faith reposed by the customers in the company. At the same time in the context of plots we have executed sale deeds in favour of customers completing their payments. The company is also constructing 120 LIG/EWS flats for the weaker sections of society as per guidelines of the Govt. in this matter.

The company is also finalising the plans for the next phase of Group Housing Project in 'Shervani Legacy' and we expect that the proposal for the same would be submitted in next one or two months.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Business Overview, Industry Structure and Development

Generally, in a country like ours, we take the growth mode of the real estate business for granted. There is no stopping the rising demand due to combination of factors such as migration of public in search of jobs, better life, and consequent increase in income and aspirations of the middle-income service group. But a few years ago urban housing prices fell. And over the last few years the sector experienced a fall or correction in prices, loss of consumer confidence and continues to be sluggish. But the worst seems to be over. While speculators are out of the market and cautious, prices have corrected and genuine buyers are getting better options. The company feels that its reputation backed by quality construction and value pricing will keep its performance ahead of competition.

The relaxation in banking regulations and interest rates has made a positive impact on demand for flats by the middle-income group and the market for this sector is growing. We expect this trend to continue for some time because the middle income group is largest in terms of quantity. Another factor that should have a positive influence on demand is the implementation of RERA which should inspire renewed faith and trust in the public.

B. Outlook on Opportunities, Threats, Risks and Concern

As already explained the real estate industry is showing sign of recovery. However the real estate industry is no exception to risks and threats of business. Among the major areas of risk before the real estate industry is related to supply of raw materials. This can sometimes stall projects and escalate costs wherein both buyers and sellers have to suffer. The shortage of sand for instance is a case in point. Another area is the introduction of RERA and its impact on the sector. This, we will know only in the next few years as it is implemented, understood and adopted. A third area of risk are macro economic factors related to money supply, and so on.

We at 'Shervani Legacy' have been cognizant to minimize the risks and concern of the buyers. We are working hard to win the trust of buyers by hiring respected professionals for guidance, adopting high construction standards, and maintaining our construction schedule and commitments as far as possible. We are continuously working to employ the most efficient systems for procurement and tests of raw materials as well as to optimize the operating efficiency of construction projects.

C. Subsidiary Company

M/s Farco Foods Pvt Limited, the wholly owned subsidiary of your Company manufactured 5052 MT as against the quantity of 5723 MT biscuits in previous year, of Priyagold Brand, on job work basis. The decrease in production is mainly because of adoption of new technical and

efficiency methods which took 3 months to implement consequently lower quantity was produced. However we are very hopeful that the plant will yield higher productivity in coming months.

D. Internal Financial Controls

The Company has an adequate system of internal control to ensure compliance with policies and procedures commensurate with the size and scale of operations. The internal controls designed and adopted by the Company are in accordance with the guidelines issued by the Institute of Chartered Accountants of India. The interest of Company and other stake holders is well protected.

The internal audit work has been assigned to an independent firm of Chartered Accountant which evaluates the efficiency and adequacy of internal control systems. The internal audit reports and recommendations are reviewed by the Audit Committee of the Board.

E. Development in Human Resource and Industrial Relations

The Company maintains a very cordial relationship with its employees. They whole-heartedly support the management in all its activities and endeavors.

F. Research and Development

In view of the nature of business activities of the Company there is little scope for research and development work. The company is making all efforts to reduce costs by maintaining standards that benefit the consumers.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements which have been set out by SEBI. The Company has complied with all mandatory requirements of Corporate Governance. A separate report on governance practices followed by the Company in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a Certificate of Compliance from the Statutory Auditors is attached with the said separate report which forms integral part of this Director's Report.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014 the extract of the Annual Return of the Company in Form MGT-9 is annexed to this report as Annexure A.

BOARD MEETINGS

The calendar of Meetings is prepared and circulated in advance to the Directors. During the year four Board Meetings were convened and details of same are given in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) of the Companies Act, 2013, the Directors state that;

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the Annual Accounts on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BUY BACK OF EQUITY SHARES

In accordance with the provisions of section 68, 69 and 70 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014 and the approval granted by SEBI, the company placed an offer before the shareholders to buy back the 2,47,400 Ordinary shares through 'Tender Offer Route for Buy Back' mechanism for acquisition of shares through Stock Exchange. Upon close of said buy back offer and the approval granted by SEBI the Company extinguished 1,44,232 nos of Ordinary shares on 27.11.2017. Consequently the Issued, Subscribed and Paidup Equity Share Capital of the Company reduced from 32,60,250 to 31,16,018 shares.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A meeting of the independent Directors was held on 18th January 2018.

NOMINATION & REMUNERATION

The Board on the recommendation of the Nomination & Remuneration Committee, considers and approves the appointment of Directors, senior management and decides upon their remuneration. Key Management Personnel are appointed by the Board after consideration of their qualification and exposure to required fields. The details are stated in the Corporate Governance Report. There are no changes among the Board of Directors and Key Managerial Personnel of the Company during the year under review.

RELATED PARTY TRANSACTIONS

To provide transparency in management and ensure