

ANNUAL REPORT 2000-2001



Shervani Industrial Syndicate Limited
Formerly Geep Industrial Syndicate Limited

BOARD OF DIRECTORS

Mr. Saleem Iqbal Shervani
Chairman cum Managing Director

Mr. Aslam Qadar Khan
Joint Managing Director

Mr. Tahir Hasan
Whole-time Director

Mr. Saeed Mustafa Shervani

Mrs. Salma Hasan

Mr. Raghunath Rai Kumar

Mr. Kush Bhargava

Mr. Gopal Swaroop Chaturvedi

Mr. Refaat Ullah Khan

Mr. Azhar Nisar Shervani

COMPANY SECRETARY

Mr. I. A. Khan

AUDITORS

M/s. P.L. Tandon & Co.
M.G. Marg, The Mall
Kanpur-208001

BANKERS

Central Bank of India
State Bank of India

REGISTERED OFFICE :

28, South Road,
ALLAHABAD-211 001 (U.P.)

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53rd ANNUAL REPORT (2000-2001)**53rd ANNUAL REPORT**

Your Directors take pleasure in presenting the 53rd Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

| | (Rs. in Lacs) |
|--|---------------|
| Operating Loss before | |
| Depreciation and Interest | 418 |
| a) Depreciation | 72 |
| b) Interest | 51 |
| Total Operating Loss | 541 |
| Net of Income over Exceptional item | 127 |
| Loss before Tax | 414 |
| Tax | 71 |
| Net Loss for the year | 485 |
| Tax Adjustments & Transfer | |
| from General Reserve | 517 |
| Add : Balance brought forward from | |
| last year | 44 |
| Surplus Available for Appropriation | 76 |
| APPROPRIATION | |
| Dividend | 33 |
| Tax on Proposed Dividend | 3 |
| Balance Carried Forward | 40 |

DIVIDEND

In view of the operating loss your directors recommend reducing dividend to 10% for the year 2000-01.

| | (Rs. in Lacs) |
|----------------------|---------------|
| Ordinary Shares | 32.60 |
| @ Rs. 1.00 per share | |
| Deferred Shares | |
| @ Rs. 2.50 per share | 0.20 |
| TOTAL | 32.80 |

OPERATIONS REVIEW

Your company restructured and downsized its operations in the light of changed business circumstances. However the extent of job orders received were less than planned. During the last two quarters of the year under review, orders for batteries virtually dried up. Thus, inspite of reduction in expenses, your company incurred an operating loss. The trend of low orders for batteries has continued during the current year forcing your board to take the unpleasant decision of closing down the battery factory. On account of closure and other related costs there was a cash outflow of approximately Rs 12 crores. This outflow will be reflected in the current year accounts.

The battery factory equipment has been carefully packed and can be put to immediate use. This has been done in order to keep alive, atleast for some time, the option for renegotiating short term

contract work for batteries. During the current year, torch orders have improved, and the company is in the process of negotiating a long term contract manufacturing agreement with Gillette.

SUBSIDIARY COMPANY- SHERVANI SUGAR SYNDICATE LIMITED

Your company has a large exposure in Shervani Sugar Syndicate Limited. Plans for reviving it during the year under review failed, and have been a matter of great concern to your board of directors. The total exposure inclusive of loan funds and equity is around Rs 34 crores. While these investments are stated at cost, they stand at a high risk of diminution if the business does not turn around. In fact your external auditors have suggested that provisioning for diminution may become necessary in the near future, particularly if the company's financial performance does not improve. In the present industry and market scenario, the unit cannot be made profitable on a sustainable basis unless good quality cane is developed and the plant is expanded to higher capacity. Achieving this goal will take three years and requires major investments.

With industry sentiments not positive, it is difficult to find outside financing for expansion. However, there are reasons to believe that over the next couple of years these sentiments will improve. But to keep the plant alive during the next two years, and minimise losses, it is imperative that some working capital funds are infused right away. This will further increase the exposure of your company to this subsidiary apart from subjecting these additional investments to the same high risk as the earlier funds. Your board has deliberated on this issue at great length and recommends a further investment of Rs. 5 crores as a final attempt to turnaround the company.

The audited statements of accounts for the year ended September 30, 2000 as well as the estimated P&L for the year ended September 30, 2001 are attached. The statement pursuant to section 212 of the Companies Act, 1956 is also enclosed.

DIRECTORS

Mr. S. I. Shervani, Managing Director has been appointed as Chairman cum Managing Director of the Company w.e.f. 30th January, 2001.

Mr. A. Q. Khan, Director, has been appointed as Joint Managing Director of the Company w.e.f. 1st February, 2001.

Mr. Refaat Ullah Khan and Mr. Azhar Nisar Shervani were co-opted as Additional Directors on the Board of the Company on 31st October, 2000 under the Article 70(1) of Articles of Association. Their term of office shall expire at this Annual General Meeting.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Saleem Iqbal Shervani, Mrs. Salma Hasan and Mr. R. R. Kumar, 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.

LISTING OF SHARES & PAYMENT OF FEE

The Ordinary Shares of your Company are listed at three Stock Exchanges named as under:

The U. P. Stock Exchange, Kanpur
The Delhi Stock Exchange, New Delhi
The Stock Exchange, Mumbai

The listing fee for the financial year 2001-2002 has been paid to all three Stock Exchanges.

DEMATERIALIZATION

As per instruction of SEBI & Stock Exchanges, The trading of Company's Equity Shares had been started in Dematerialised form from 2nd April 2001 therefore the Company has joined both the Depositories i. e. NSDL & CDSL to enable commencement of paperless trading. The Company has appointed M/s Intime Spectrum Registry Private Limited as Registrar for this purpose.

CORPORATE GOVERNANCE

Report on Corporate governance 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 are given as Annexure 'B' to this Report.

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 alongwith proper explanation relating to material departures;

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;

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;

That the Annual Accounts have been prepared on a going concern basis.

DEPOSITS

During the year fixed deposits amounting to Rs. 42.71 lacs were paid. 50 Deposits, amounting to Rs. 2.91 lacs due for payment on or before 31st March 2001 were not claimed by the depositors till 31-3-2001. Depositors were intimated well in advance regarding the maturity of deposits with a request to claim their deposits on maturity.

INDUSTRIAL RELATIONS

Industrial Relations remained satisfactory during the period under review.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for assistance and co-operation received from Banks and Financial Institutions during the year.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of all the employees of the Company.

For and on behalf of the Board

Saleem I. Shervani
Chairman cum Managing Director

Place : New Delhi
Date : July 2, 2001

53rd ANNUAL REPORT (2000-2001)**DIRECTORS' REPORT****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, 2001.

A. CONSERVATION OF ENERGY**a) ENERGY CONSERVATION MEASURES TAKEN**

We have provided Earth Leakage Circuit Breakers (ELCBs) on Pumps to control the leakage of current.

b) ADDITIONAL INVESTMENTS & SCHEMES BEING IMPLEMENTED

NIL

c) IMPACT OF MEASURE (a) & (b) ABOVE

Attained improvement in energy efficiency.

B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT**1. Specific area in which R&D is carried out by the Company**

NIL

2. Benefits derived as a result of above R & D

NIL

3. Expenditure on R & D

NIL

4. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGOING

Foreign Exchange used equivalent to Rs. 1.97 Lacs and foreign exchange earned Rs. NIL.

For and on behalf of the Board

Saleem I. Shervani

Chairman cum Managing Director

Place : New Delhi

Date : July 2, 2001

ANNEXURE 'B' TO THE DIRECTORS' REPORT

STATEMENT UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001

A. Employed throughout the year

| Name | Designation/ Nature of Duties | Total Remuneration (Rs.) | Qualifications | Experience (Years) | Date of Commen- cement of Employment | Age (Year) | Particulars of Previous Employment |
|------------------|--------------------------------------|--------------------------------|-----------------------|-----------------------|---|---------------|--|
| Mr.S.I. Shervani | Chairman cum Managing Director | 9,44,400 | B.A. (Hons.) AMIMA | 25 | 03-04-1998 | 48 | Managing Director of the Company |

Notes :

1. Nature of employment is contractual.
2. Besides salary and allowances, the remuneration shown above includes Company's contribution to Superannuation Fund, Gratuity, Provident Fund and benefits like Housing, Medical etc.
3. Remuneration is as per the provisions of Schedule XIII of the Companies Act, 1956.
4. Mr. S. I. Shervani is related to Mr. S. M. Shervani, Mr. Tahir Hasan, Mr. A. N. Shervani and Mrs. Salma Hasan who are the Directors of the Company.

B. Employed for part of the year and were in receipt of remuneration not less than Rs. 50,000/- per month.

NA

BOARD OF DIRECTORS

The Board currently comprises of one Chairman cum Managing Director, One Joint Managing Director, One Whole-time Director and seven Non-executive Directors of whom 3 are Independent Directors.

The Board of the company met 6 times after the last Annual Report. The meetings were held on 29th July, 2000, 31st October, 2000, 30th December, 2000, 30th January, 2001, 28th April, 2001 and 28th June 2001. The details of attendance of each director at said meetings, at Annual General Meeting and Directorship held in other corporate are as below.

| Name of Director | Category* | Attendance | | No. of outside Directorship # |
|----------------------|------------------------|---------------|-----|-------------------------------|
| | | Board Meeting | AGM | |
| Mr. S. I. Shervani | C. M. D., Executive | 5 | Y | 3 |
| Mr. A. Q. Khan | Joint M. D., Executive | 3 | N | 3 |
| Mr. Tahir Hasan | WTD, Executive | 6 | Y | 3 |
| Mr. S. M. Shervani | Non Executive | 2 | N | 1 |
| Mr. R. R. Kumar | Independent | 1 | N | 12 |
| Mrs. Salma Hasan | Non Executive | 4 | N | NIL |
| Mr. Kush Bhargava | Independent | 1 | N | NIL |
| Mr. G. S. Chaturvedi | Independent | 5 | N | NIL |
| Mr. R. U. Khan** | Non Executive | 4 | NA | 1 |
| Mr. A. N. Shervani** | Non Executive | - | NA | 2 |

* An Independent Director is a director who apart from receiving directors' remuneration does not have any material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the Board may effect his/her independence of judgement.

This excludes directorships held in Private Limited Companies.

** Mr. R. U. Khan & Mr. A. N. Shervani were co-opted as Directors on 31st October, 2000.

SHAREHOLDERS COMMITTEE

Presently the committee is being headed by Mr. S. I. Shervani, CMD. The other members of the Committee are Mr. Tahir Hasan and Mr. R. U. Khan. The committee shall be reconstituted in next few months according to the requirement of the recommendations on Corporate Governance.

During the year the company received 6 complaints regarding non receipt of Annual Report and Dividend from the investors which were attended timely. No share transfer except those were incomplete, has been kept pending for more than 25 days.

GENERAL BODY MEETINGS

| AGM/EGM | Date | Time | Venue |
|---------|------------|------------|---|
| AGM | 29.07.1998 | 11.00 A.M. | Registered Office 28, South Road, Allahabad-211001, U.P. |
| EGM | 16.09.1998 | 11.30 A.M. | Same as above |
| EGM | 06.01.1999 | 11.30 A.M. | Same as above |
| AGM | 29.09.1999 | 11.30 A.M. | Same as above |
| EGM | 09.02.2000 | 11.30 A.M. | Same as above |
| AGM | 06.09.2000 | 11.30 A.M. | Same as above |

Some Special Resolutions were proposed in the above meetings and were duly passed by show of hands. The Company has not introduced the system of postal ballot.

STATUTORY DISCLOSURES

There was no non compliance during the last three years 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.

MEANS OF COMMUNICATIONS

- Quarterly/half yearly Financial Results of the Company are published in Aaj (Hindi) and all editions of Financial Express.
- The Company has not made any presentations to any Institutional Investors/Analyst.
- The Company has not got any web site.

SHAREHOLDERS INFORMATION**Annual General Meeting:**

| | | |
|-------|---|---|
| DATE | : | September 12, 2001 |
| DAY | : | Wednesday |
| TIME | : | 11.30 A. M. |
| VENUE | : | 28, South Road, Allahabad-211001, U. P. |

FINANCIAL CALENDAR

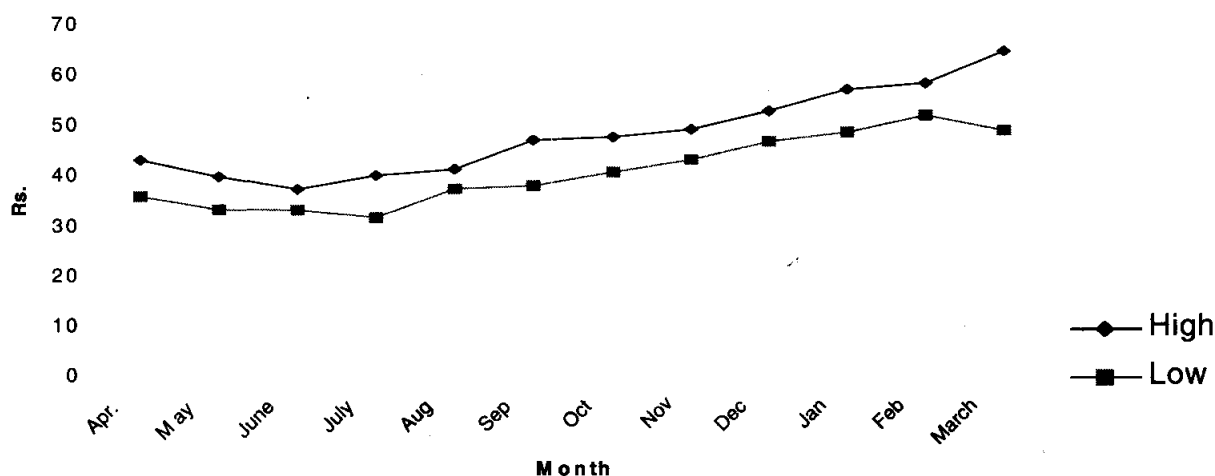
| | |
|-------------------------------------|----------------|
| Financial reporting for the | |
| Quarter ending June 30, 2001 | : July 2001 |
| Half year ending September 30, 2001 | : October 2001 |
| Quarter ending December 31, 2001 | : January 2002 |
| Year ending March 31, 2002 | : June 2002 |

| | |
|----------------------------|--|
| DATE OF BOOK CLOSURE | : 1st September 2001 to 12th September 2001 (both days inclusive) |
| DATE OF DIVIDEND PAYMENT | : On or after 12th September, 2001 but with in the statutory time limit |
| LISTING ON STOCK EXCHANGES | : 1. The Stock Exchange, Mumbai 2. The Delhi Stock Exchange Association Limited, New Delhi 3. The U. P. Stock Exchange Association Limited, Kanpur |
| STOCK CODE | : 26117(BSE) / 3079(DSE) |

ISIN : INE011D01013

MARKET PRICE DATA (FINANCIAL YEAR 2000-2001)

| | Apr. | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| High | 43.25 | 39.95 | 37.05 | 39.90 | 41.00 | 46.70 | 47.50 | 49.00 | 52.55 | 56.80 | 57.90 | 64.30 |
| Low | 36.05 | 33.05 | 32.90 | 31.25 | 37.00 | 37.80 | 40.50 | 42.75 | 46.50 | 48.25 | 51.45 | 48.60 |

Share Price Movement

REGISTRAR

Intime Spectrum Registry Private Limited
260, Shanti Industrial Estate
Sarojini Naidu Road
Mulund(W), Mumbai- 400080

SHARE TRANSFER SYSTEM

To expedite the transfer, authority has been delegated to the Share Transfer Committee of the Board. The in house share transfer department ensures the despatch of duly transferred share certificates within 25 days of receipt. The Share Transfer Committee meets once in a fortnight. In compliance with the Listing Agreement, at every six months, the share transfer system is audited by a Practicing Company Secretary and a certificate to that effect is issued by him.

SHAREHOLDING PATTERN AND DISTRIBUTION OF SHARES AS ON 31ST MARCH, 2001

| SHAREHOLDING PATTERN | | | DISTRIBUTION OF SHAREHOLDING | | |
|----------------------------------|---------------|--------|------------------------------|---------------------|-----------|
| Category | No. of Shares | % | No. of Shares | No. of Shareholders | Shares |
| Promoters, Directors & Relatives | 12,84,165 | 39.39 | 1-500 | 1137 | 1,52,020 |
| Public Financial Institution | 7,13,650 | 21.89 | 501-1000 | 98 | 77,900 |
| Nationalised Bank | 6,140 | 0.19 | 1001-2000 | 59 | 86,100 |
| Geep Welfare Fund Trust | 2,68,950 | 8.25 | 2001-3000 | 25 | 62,950 |
| Bodies Corporate | 94,225 | 2.89 | 3001-4000 | 15 | 52,900 |
| Public | 8,88,250 | 27.24 | 4001-5000 | 8 | 35,175 |
| Others (Foreign Nationals) | 920 | 0.03 | 5001-10000 | 20 | 1,48,310 |
| NRIs/OCBs | 3950 | 0.12 | 10001 and above | 39 | 26,44,895 |
| Total | 32,60,250 | 100.00 | | 1401 | 32,60,250 |

DEMATERIALISATION OF SHARES

At present the shares of the Company are compulsorily tradable in dematerialised form from 2nd April, 2001 as per the notification issued by the Securities and Exchange Board of India. Therefore no shares were dematerialised during the financial year 2000-2001.

PLANT LOCATION

: Shervani Nagar, Harwara, Allahabad

ADDRESS FOR CORRESPONDANCE

: **SHERVANI INDUSTRIAL SYNDICATE LIMITED**

Registered Office: 28, South Road,
Allahabad-211001, U. P.

Phone: 0532-560680,636779

Fax: 0532-560675,637300

Email: sisli@vsnl.com

TO THE MEMBERS OF SHERVANI INDUSTRIAL SYNDICATE LIMITED.

We have audited the attached Balance Sheet of SHERVANI INDUSTRIAL SYNDICATE LIMITED as at 31st March, 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

(1) As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

(2) Further to our comments in the Annexure referred to in paragraph 1 above :

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 the books;

(c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;

(d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(e) On the basis of the written representations received from the directors as on 31st March, 2001, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and accounting policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -

(i) In the case of Balance Sheet, the state of affairs of the Company as at 31st March, 2001, and

(ii) In the case of the Profit & Loss Account, the Loss of the Company for the year ended on that date.

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

(A.K. AGARWAL)
PARTNER

PLACE : KANPUR
DATED : July 02, 2001