

# **ANNUAL REPORT**

## **2001-2002**



**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  
Mr. Refaat Ullah Khan  
*Whole-time Directors*

Mr. Saeed Mustafa Shervani  
Ms. Salma Hasan  
Mr. Raghunath Rai Kumar  
Mr. Kush Bhargava  
Mr. Gopal Swaroop Chaturvedi  
Mr. Azhar Nisar Shervani

**EXECUTIVES**

Mr. Raju Verghese  
G.M. (Commercial)  
Mr. Sadique Husain Siddiqui  
G.M. (Corporate Affairs)  
Mr. Kaleem Ahmad Khan  
G.M. (Works)

**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  
ICICI Bank Ltd.

Report  junction.com

**REGISTERED OFFICE :**

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

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Your Directors are pleased to present the 54th Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2002.

## FINANCIAL RESULTS

	(Rs. in Lacs)
Operating Loss before Depreciation	250
Depreciation	57
Operating Loss	307
Net of Income over Exceptional items	225
Loss before Tax	82
Wealth Tax Provision	1
Deferred Tax Credit	43
Net Loss for the year	40
Investment Allowance (utilised) Reserve written back	12
Tax Adjustments & Transfer from General Reserve	44
Add Balance brought forward from last year	40
Surplus Available for Appropriation	56
Appropriation:	
Dividend	33
Balance Carried Forward	23

## DIVIDEND

In the month of March, 2002, your Directors had declared an interim dividend of 10% for the year ending 31st March, 2002. This dividend was rescinded on some technical grounds on the advice from the relevant Stock Exchanges. However, your Directors recommend retaining the same dividend of 10% for the year 2001-02 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

In the reporting year the positive impact of restructuring undertaken last year has not been reflected in full due to drastic reduction in business volume on account of battery unit's closure. Though the flashlight production has almost doubled during the year under review, this trend is not continuing in the current year as the orders from Gillette during the first quarter is less than 50% compared to

corresponding period of 2001-02. The company has entered into an understanding with M/s Sab Electronics Ltd. for contract manufacture of 'Salora' brand flashlights for them. Their supplies have commenced in the current year.

## SUBSIDIARY COMPANY- SHERVANI SUGAR SYNDICATE LIMITED

The operations of the Subsidiary Company has shown improvement during the year. However, due to unprecedented inventory in sugar industry and lower sales realisation, the Subsidiary continued to incur loss during the year. Your Directors are taking steps to value this business to ascertain the diminution provision required which will be made in the current year.

The audited statement of accounts of the Subsidiary Company for the year ended on 30th September, 2001 is attached. The statement pursuant to Section 212 of the Companies Act, 1956 is also enclosed.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Tahir Hasan, Mr. S.M. 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 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 - Nil.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

(i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there is no material departure;

(ii) That the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;

(iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

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

#### **DEPOSITS**

During the year, fixed deposits amounting to Rs. 73 lacs were paid. 48 Deposits amounting to Rs. 2.63 lacs

due for payment on or before 31st March, 2002 were not claimed by the depositors till 31st March, 2002. 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 would like to express their appreciation for assistance and co-operation received from the 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 : Allahabad  
Date : July 13, 2002

### **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, 2002.

#### **A. CONSERVATION OF ENERGY**

- |   |            |
|---|------------|
| a) ENERGY CONSERVATION MEASURES TAKEN                 | <b>NIL</b> |
| b) ADDITIONAL INVESTMENTS & SCHEMES BEING IMPLEMENTED | <b>NIL</b> |
| c) IMPACT OF MEASURE (a) & (b) ABOVE                  | <b>NIL</b> |

#### **B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT**

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGOING**

Foreign Exchange used equivalent to Rs. 2 Lacs and Foreign Exchange earned Rs. NIL.

For and on behalf of the Board

**Saleem I. Shervani**  
Chairman cum Managing Director

Place : Allahabad  
Date : July 13, 2002

**(Pursuant to clause 49 of the Listing Agreement)****1. COMPANY'S PHILOSOPHY**

The company's philosophy on Corporate Governance is to enhance long term economic value of the Company, its stake holders 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 Cum Managing Director, Joint Managing Director, Whole-time Director and seven Non-executive Directors of whom three are Independent Directors.

During the Financial Year ending 31st March, 2002, seven Board Meetings were held on 28th April, 2001, 28th June, 2001, 23rd July, 2001, 27th October, 2001, 28th January, 2002, 4th March, 2002 and 8th March, 2002. The details of attendance of each Director at said meetings, at Annual General Meeting, number of companies and other Board Committees where he/she is a director/member or chairman as at 31st March, 2002, are given below:

Name of Director	Category	Attendance		No. of outside Directorship*	No. of Other Board Committees	
		Board Meeting	AGM		Member	Chairman
Mr. S. I. Shervani	C.M.D., Executive	5	N	4	Nil	1
Mr. A. Q. Khan	Joint M. D., Executive	4	N	3	Nil	Nil
Mr. Tahir Hasan	WTD, Executive	6	Y	3	1	Nil
Mr. S. M. Shervani	Non Executive	4	N	1	Nil	Nil
Mr. R. R. Kumar	Independent	4	N	10	6	2
Ms. Salma Hasan	Non Executive	4	N	Nil	Nil	Nil
Mr. Kush Bhargava	Independent	3	N	Nil	Nil	Nil
Mr. G. S. Chaturvedi	Independent	3	N	Nil	Nil	Nil
Mr. R. U. Khan	Non Executive	4	N	1	Nil	Nil
Mr. A. N. Shervani	Non Executive	2	N	2	Nil	Nil

\* This excludes directorships held in Private Limited Companies.

Particulars of the Directors who are 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. R.U. Khan, Member         | Non-executive             |
| c. | Mr. Kush Bhargava, Member     | Independent Non-executive |

The Company Secretary of the Company also act as Secretary to the Committee.

The Board set up this Committee on 27<sup>th</sup> Oct. 2001. The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Committee had met on 27th January, 2002 attended by all members.

**4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

Presently, the above Committee is headed by Mr. S.I. Shervani, CMD. The other members of the Committee are Mr. Tahir Hasan and Mr. R.U. Khan. The Committee has been reconstituted after the close of the year in terms of Clause 49 of the Listing Agreement.

During the year the Company has not received any complaints regarding non receipt of Annual Report and/or Dividend from the investors.

**5. REMUNERATION COMMITTEE**

The Board may, if it considers expedient, constitute a Remuneration Committee.  
Directors' remuneration details for the year ended 31st March, 2002 are as under:

Name of Director	Salary	Perquisites	Total
Mr. S.I. Shervani	7,20,000	2,24,400	9,44,400
Mr. Tahir Hasan	84,000	61,180	1,45,180

**6. GENERAL BODY MEETINGS**

AGM/EGM	Date	Time	Venue
AGM (for 1998-99)	29.09.1999	11.30 A.M.	Regd. Off. 28, South Road, Allahabad, (U.P.)
EGM	09.02.2000	11.30 A.M.	Same as above
AGM (for 1999-2000)	06.09.2000	11.30 A.M.	Same as above
AGM (for 2000-2001)	12.09.2001	11.30 A.M.	Same as above

Some Special Resolutions were proposed in the above meetings and were duly passed by show of hands. No special resolution was put through postal ballot last year nor it is proposed this year.

**1. DISCLOSURES**

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

**2. MEANS OF COMMUNICATIONS**

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

**3. SHAREHOLDERS INFORMATION****Annual General Meeting:**

DATE	:	September 25, 2002
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, 2002	: In July, 2002
Half year ending September 30, 2002	: In October, 2002
Quarter ending December 31, 2002	: In January, 2003
Year ending March 31, 2003	: In April, 2003

DATE OF BOOK CLOSURE : 16th September 2002 to 25th September 2002 (both days inclusive)

DATE OF DIVIDEND PAYMENT : On or after 25th September, 2002 but within the statutory time limit

LISTING ON STOCK EXCHANGES : 1. The Stock Exchange, Mumbai

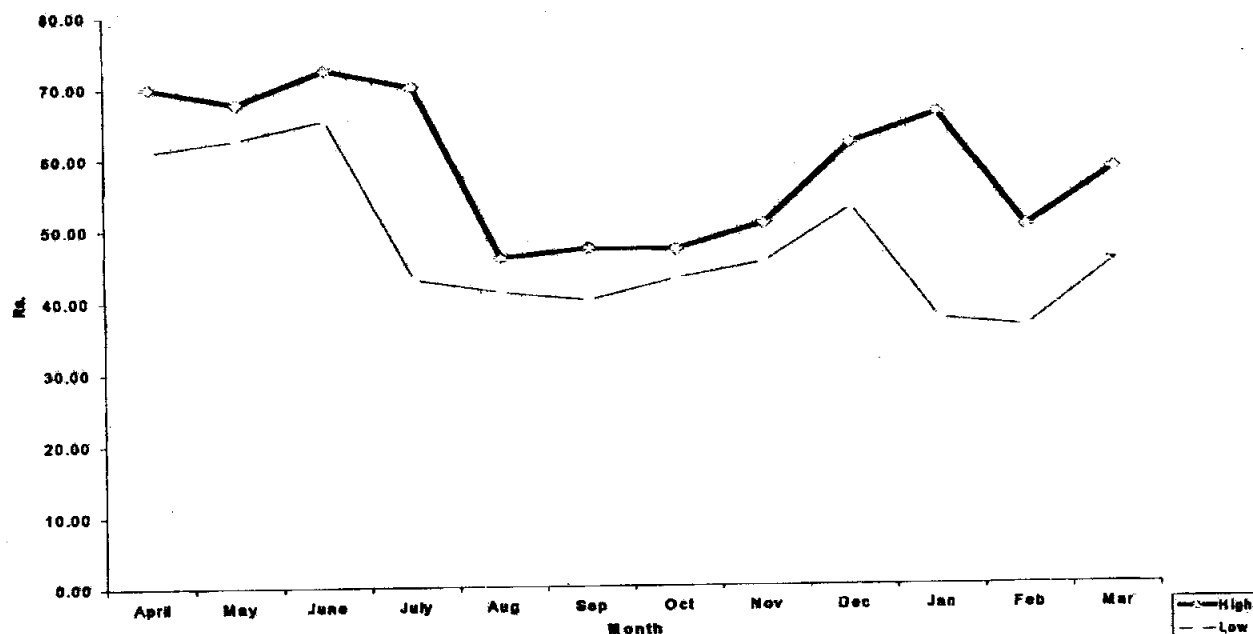
2. The Delhi Stock Exchange Association Limited, New Delhi

3. The U. P. Stock Exchange Association Limited, Kanpur

STOCK CODE : 26117(BSE) / 3079(DSE)

**MARKET PRICE DATA (FINANCIAL YEAR 2001-2002)**

	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	70.00	67.75	72.35	70.00	45.95	47.15	47.00	50.50	61.75	66.00	49.95	58.00
Low	61.00	62.75	65.40	42.90	41.20	39.95	43.00	45.10	52.75	37.00	36.00	45.00

**REGISTRAR:**

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

**SHARE TRANSFER SYSTEM**

The company has appointed M/s Intime Spectrum Registry Private Ltd. having its office as above as Registrar for demat segment. For physical segment, the company has in-house share department at its Registered Office at 28, South Road, Allahabad which provides all related services within the prescribed period under law and the Listing Agreements with the Stock Exchanges. All share transfers etc. are approved by a Committee of Directors, which meets periodically.

**SHAREHOLDING PATTERN AND DISTRIBUTION OF SHARES AS ON 31ST MARCH, 2002**

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares
Promoters, Directors & Relatives	13,63,835	41.83	1-500	1100	1,42,610
Public Financial Institution	4,10,550	12.59	501-1000	101	80,760
Nationalised Bank	6,040	0.19	1001-2000	55	79,420
Geep Welfare Fund Trust	2,68,950	8.25	2001-3000	24	59,440
Bodies Corporate	3,07,305	9.42	3001-4000	13	46,470
Public	8,98,700	27.57	4001-5000	9	39,570
Others (Foreign Nationals)	920	0.03	5001-10000	22	1,58,460
NRIs/OCBs	3,950	0.12	10001 and above	42	26,53,520
Total	32,60,250	100.00		1366	32,60,250

**DEMATERIALIZATION 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 Ltd. and Central Depository Services (India) Ltd. As on March 31, 2002 over 60% of the shares of the Company are dematerialised.

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: geepcorp@sancharnet.in

To

The Members

SHERVANI INDUSTRIAL SYNDICATE LIMITED

We have examined the compliance of conditions of Corporate Governance by Shervani Industrial Syndicate Limited, for the year ended 31st March, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. 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 management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state no investor grievances is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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.

Place : Allahabad  
Dated : 13<sup>th</sup> July, 2002

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

**(ANIL AGARWAL)**  
PARTNER

**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, 2002 and also the Profit and Loss Account 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 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 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 Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose 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 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 those books;
  - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report 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, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 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 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2002, 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 : Allahabad  
DATED : 13<sup>th</sup> July, 2002