

ANNUAL REPORT

2003-2004



Shervani Industrial Syndicate Limited
Formerly Geep Industrial Syndicate Limited

BOARD OF DIRECTORS

Mr. Saleem Iqbal Shervani
Chairman cum Managing Director

Mr. Tahir Hasan
Mr. Refaat Ullah Khan
Executive Directors

Mr. Saeed Mustafa Shervani
Ms. Salma Hasan
Mr. Kush Bhargava
Mr. Gopal Swaroop Chaturvedi
Mr. Azhar Nisar Shervani
Dr. Kamal Kumar
Directors

EXECUTIVES

Mr. Raju Verghese
G.M. (Commercial)
Mr. Sadiq 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.

BANKERS

Central Bank of India
State Bank of India
ICICI Bank Ltd.

REGISTERED OFFICE :

**28, SOUTH ROAD,
ALLAHABAD - 211 001 (U.P.)**

SHERVANI INDUSTRIAL SYNDICATE LIMITED

ANNUAL REPORT 2003 - 2004

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56TH ANNUAL REPORT (2003-2004)**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 56th Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS:

(Rs. in Lacs)

Operating Loss before Depreciation	240
Depreciation	61
Operating Loss	301
Net Income on Exceptional items	353
Profit before Tax	52
Tax for the year	(1)
Deferred Tax Credit	(22)
Net Profit for the year after Tax	29
Transfer from General Reserve	5
Balance brought forward	5
from last year	
Surplus Available for Appropriation	39
Appropriation:	
Dividend including tax on dividend	37
Balance Carried Forward	2

DIVIDEND:

Directors recommend retaining the dividend of 10% for the year 2003-04 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 :

During the year Flashlight manufacturing volume increased to 2.13 million from the previous year's level of 1.38 million. Gillette assigned the 'Sourcing Agreement' for Torches & Lamps to Geep Batteries (India) Pvt. Ltd., a Thanawala group company, with the consent of your company, consequently they stepped into the shoes of Gillette for procurement of Geep brand Torches from your Company till December 2004. Your Company manufactured 'Eveready' and 'Salora' brand flashlights in the reporting year on job work basis. During the fag end of the year under review, your Company launched its own 'TARALITE' brand Torches in M.P. Your Directors have plans to further streamline the operations of the torch factory for optimum capacity utilization.

SUBSIDIARY COMPANIES :**SHERVANI SUGAR SYNDICATE LIMITED**

In the reporting period, the working of this Subsidiary Company showed some improvement in operations and made a small profit of eleven lacs after a gap of many years. With expected increase in sugar prices, the profitability of subsidiary company may further improve during the current sugar season.

STAR HOTELS LIMITED

Star Hotels Limited became subsidiary of the Company during the year on further investment of Rs. 200 lakh in its equity by the Company to be utilized for expansion cum renovation, refurbishing of existing hotels and opening of new restaurants. The Subsidiary Company has suffered a loss of Rs. 120 lakhs during the year.

CONSOLIDATED FINANCIAL STATEMENTS

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 those share holders who desire to obtain these statements, would be provided the same upon receiving such request.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. U. Khan, Mr. Kush Bhargava and Dr. Kamal 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.

CORPORATE GOVERNANCE

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

56TH ANNUAL REPORT (2003-2004)**DIRECTORS' 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.20.30 lacs were paid. 17 Deposits amounting to Rs.1.02 lacs due for payment on or before 31st March 2004 were not claimed by the depositors till 31st March, 2004. 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 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 : June 25, 2004

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, 2004.

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.0.09 lacs and Foreign Exchange earned Rs.Nil.

For and on behalf of the Board

Saleem I. Shervani
Chairman cum Managing Director

Place :Allahabad

Date :June 25, 2004

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the members of '**Servani Industrial Syndicate Limited**' will be held on Wednesday, the 22nd September, 2004 at 11:30 A. M. at the Registered Office of the Company at 28, South Road, Allahabad to transact the following business:

ORDINARY BUSINESS:

1. To consider and, if thought fit, to approve and adopt the audited accounts of the Company for the year ended 31st March, 2004 and the Balance Sheet at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To elect a Director in place of Mr. R. U. Khan, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. Kush Bhargava, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Dr. Kamal Kumar, who retires by rotation and being eligible, offers himself for re-election.
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 as a special resolution that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Tahir Hasan, Director be and is hereby re-appointed as Whole time Director of the Company for a period of one year with effect from 1st June, 2004 on the following terms and conditions and remuneration including perquisites in accordance with the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

- | | | |
|---|---|---|
| 1. Salary | : | Rs.7,000/- per month |
| 2. Provident Fund and Superannuation Fund | : | As per rules of the Company (i.e.12% to PF & 15% to SF) |
| 3. Gratuity | : | As per rules of the Company |
| 4. Leave | : | With full pay as per rules of the Company |
| 5. Medical | : | Reimbursement of expenses incurred for self and family subject to ceiling of one month salary per annum |
| 6. L.T.A. | : | For self and family as per rules of the Company |
| 7. Medi claim/Personal Accident Insurance | : | As per rules of the Company |

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

RESOLVED as a special resolution that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. R. U. Khan, Director be and is here-by re-appointed as Whole time Director of the Company for a period of one year with effect from 1st May, 2004 on the following terms and conditions and remuneration including perquisites in accordance with the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

- | | | |
|-------------------------|---|-----------------------------|
| 1. Salary | : | Rs.15,000/-per month |
| 2. Conveyance Allowance | : | Rs.800/- per month |
| 3. Medi claim Insurance | : | As per rules of the Company |

By Order of the Board
For Servani Industrial Syndicate Limited

I. A. Khan
Company Secretary

Place: Allahabad.
Date: June 25, 2004
Registered Office:
28, South Road,
Allahabad – 211 001 U.P.

NOTES:

1. The explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the item nos. 7 and 8 and the relevant details in respect of item nos. 3 to 5 above pursuant to clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll to vote instead of himself, and the proxy need not be a member. A proxy form is enclosed. Proxy forms in order to be effective must be duly stamped, completed, signed and deposited at the Regd. Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th September, 2004 to 22nd September, 2004 (both days inclusive) for the purpose of Annual General Meeting.
4. The Dividend, if approved, will be paid to Shareholders, whose names will appear on the Register of Members of the Company as on 22nd September, 2004 or Register of Beneficial Owners maintained by Depositories as on 16th September, 2004.
5. Members are requested to intimate to the Company immediately any change in their address alongwith Pin Code Number indicating their Folio Numbers.
6. As per Section 205A and 205C of the Companies Act, 1956, the amount of Dividend for the Year 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-2002 & 2002-2003 remaining unclaimed over a period of seven years from the date it became due for payment, shall be transferred 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. The claims for the dividend of above mentioned financial years may be sent to the Company before the expiry of period of seven years from the date of dividend became due for payment.

The shareholders who have so far not claimed their dividend upto the financial year 1994-95 are requested to claim the dividend from the Registrar of Companies, U.P. by submitting an application in the prescribed form.

7. As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the Equity and Deferred Shares held by them. Members who desire to avail of this facility may send Form 2B in duplicate duly filled in and signed to the Company at its Registered Office. The facility would be made available folio wise to individual shareholders including joint holders.

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

ITEM NO. 7

Mr. Tahir Hasan was appointed as Whole time Director of the Company on 27th April, 2002, for a period of two years with effect from 1st June, 2002. The Board of Directors in its meeting held on 16th April, 2004 re-appointed him as Whole time Director under the provisions of Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 for a period of one year with effect from 1st June, 2004 on the terms and conditions as set out in the resolution.

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

MEMORANDUM OF INTEREST

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

ITEM NO. 8

Mr. R. U. Khan was appointed as Whole time Director of the Company on 30th June, 2003, for a period of one year with effect from 1st May, 2003. The Board of Directors in its meeting held on 16th April, 2004 re-appointed him as Whole time Director under the

provisions of Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 for a period of one year with effect from 1st May, 2004 on the terms and conditions as set out in the resolution.

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

MEMORANDUM OF INTEREST

No other Director except Mr. R. U. Khan (appointee) is concerned or interested in the resolution.

By Order of the Board
For Shervani Industrial Syndicate Limited

I. A. Khan
Company Secretary

Place: Allahabad.
Date: June 25, 2004

ANNEXURE TO THE AGM NOTICE

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

Name of the Director	R. U. Khan	Kush Bhargava	Kamal Kumar
Date of birth	30.06.1931	20.10.1952	30.10.1955
Date of appointment	31.10.2000	11.07.1981	12.10.2003
Specialised expertise	Company Executive	Company Executive	Doctor
Qualifications		M.A.	M.D.,M.I.C.C.
Directorship of other Companies as on 31.3.2004	Star Hotels Ltd. Reed Finance Pvt.Ltd.	K.B. Builders Pvt.Ltd.	Nil
Chairman/Member of other Committees of Companies as on 31.3.2004	Nil	Nil	Nil



56TH ANNUAL REPORT (2003-2004)**CORPORATE GOVERNANCE****(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 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, two Whole-time Directors and six Non-executive Directors of whom three are Independent Directors.

During the Financial Year ending 31st March, 2004, four Board Meetings were held on 30th June, 2003, 16th July, 2003, 12th October, 2003, and 28th January, 2004. 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, 2004 are given below:

Director	Category	Attendance Board Meeting	AGM	No. of outside Directorship*	No. of other Board Committees Member Chairman
Mr. S. I. Shervani	C.M.D, Executive	3	X	6	Nil Nil
Mr. A. Q. Khan #	Jt. M.D, Executive	1	X	X	Nil Nil
Mr. Tahir Hasan	WTD, Executive	2	✓	3	Nil Nil
Mr. R. U. Khan	WTD, Executive	4	X	1	Nil Nil
Mr. S. M. Shervani	Non Executive	2	X	1	Nil Nil
Dr.Kamal Kumar @	Independent	2	X	Nil	Nil Nil
Mrs. Salma Hasan	Non Executive	1	X	Nil	Nil Nil
Mr. Kush Bhargava	Independent	1	X	Nil	Nil Nil
Mr. G.S.Chaturvedi	Independent	1	✓	Nil	Nil Nil
Mr. A. N. Shervani	Non Executive	X	X	2	Nil Nil

Mr. A. Q. Khan has resigned from 1st July, 2003.

@ Dr. Kamal Kumar was coopted on 12.10.2003.

* This excludes directorships held in Private Limited Companies.

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

3. AUDIT COMMITTEE

- | | |
|-----------------------------------|---------------------------|
| a. Mr. G. S. Chaturvedi, Chairman | Independent Non-executive |
| b. Mrs. Salma Hasan, Member | Non-executive |
| c. Mr. Kush Bhargava, 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 292A of the Companies Act, 1956.

The Committee had met on 28th June, 2003, 12th October, 2003 and 28th January, 2004 attended by all members.

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 investors.