

ANNUAL REPORT

2004-2005



Shervani Industrial Syndicate Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of the members of '**Shervani Industrial Syndicate Limited**' will be held on Wednesday, the 28th September, 2005 at 11:30 A. M. at 2, New Cantonment, Kanpur 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, 2005 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. Azhar Nisar Shervani, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. Tahir Hasan, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Mr. Saeed Mustafa Shervani, 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, 309 and 311 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 Whole Time Director of the Company for a period of three years with effect from 1st June, 2005 on the following terms and conditions and remuneration including perquisites in accordance with the limits specified in Part II of Schedule XIII to the Companies Act, 1956:

1. Salary : Rs.12,000/- per month
2. Medclaim/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, 309, 310 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Article 92(1) of the Articles of Association of the Company, the following remuneration including perquisites in accordance with the limits specified in Part II of the Schedule XIII to the Act be and is hereby approved for the payment to Mr. Saleem Iqbal Shervani, Managing Director of the Company with effect from 1st July, 2005 for the remaining period of his tenure i.e. upto 2nd April, 2008.

Salary : Rs.1,00,000/-per month.

Perquisites:

- i) Housing : Unfurnished residential accommodation.
- ii) Medical reimbursement for self and family : One month's salary in a year or three month's salary over a period of three years.
- iii) Personal Accident/ Medclaim Insurance : In accordance with the rules framed by the Company in this regard.
- iv) Company's contribution towards Provident Fund : 12% of salary.

The aforesaid perquisite stated in 'iv' will not be included in the computation of the ceiling on remuneration as specified in Part II of the Schedule.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

By Order of the Board
For Shervani Industrial Syndicate Limited

B. K. Misra
Company Secretary

Place: Allahabad.
Date: July 29, 2005
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 & 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 Registered 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, 2005 to 28th September, 2005 (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 28th September, 2005 or Register of Beneficial Owners maintained by Depositories as on 16th September, 2005
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 1997-98 to 2003-2004 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.
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 re-appointed as Whole time Director of the Company on 16th April, 2004, for a period of one year with effect from 1st June, 2004. The Board of Directors in its meeting held on 25th April, 2005 re-appointed him as Whole time Director under the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 for a period of three years with effect from 1st June, 2005 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.

The Explanatory Statement together with the notice should be treated as an abstract of the terms and conditions under Section 302 of the Companies Act, 1956.

ITEM NO. 8

Mr. Saleem Iqbal Shervani was re-appointed as Managing Director of the Company on 30th June, 2003, for a period of five years with effect from 3rd April, 2003 under the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII of the Companies Act, 1956. The Board of Directors in its meeting held on 29th July, 2005 approved the revised remuneration payable to him for the remaining period with effect from 1st July, 2005 on the terms and conditions as set out in the resolution.

The payment of revised remuneration is as per Schedule XIII of the Act 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

Mr. Saleem Iqbal Shervani is concerned or interested in the resolution. No other Director except Mr. A. N. Shervani,

Mr. S. M. Shervani, Directors as brother, Mrs. Salma Hasan, Director as sister and Mr. Tahir Hasan, Whole time Director as sister's husband related to Mr. S. I. Shervani may be considered interested in the resolution.

The Explanatory Statement together with the notice should be treated as an abstract of the terms and conditions under Section 302 of the Companies Act, 1956.

By Order of the Board
For Shervani Industrial Syndicate Limited

B. K. Misra
Company Secretary

Place: Allahabad.
Date: July 29, 2005

ANNEXURE TO THE AGM NOTICE

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

Name of the Director	Azhar Nisâr Shervani	Tahir Hasan	Saeed Mustafa Shervani
Date of birth	15.08.1947	21.07.1946	29.05.1959
Date of appointment	31.10.2000	28.06.1979	09.01.1986
Specialised expertise	Industrialist	Industrialist	Industrialist
Qualifications	B. Com.	B.E., P.G.D.M.	3 yrs Diploma in Hotel Management
Directorship of other Companies as on 31.3.2005	Shervani Sugar Syndicate Ltd.	Shervani Sugar Syndicate Ltd.	Shervani Hospitalities Ltd. Beam Estates Pvt. Ltd.
	Shervani Hospitalities Ltd.	The Saraswati Sugar Mills Ltd.	
	Shervani Fabrics Pvt Ltd.	Shervani Hospitalities Ltd.	
		Tara Cement Co. Pvt.Ltd.	
		Samar Foods Pvt. Ltd.	
Chairman/Member of other Committees of Companies as on 31.3.2005	Nil	The Saraswati Industrial Syndicate Ltd. Remuneration Committee Shervani Sugar Syndicate Ltd.	Nil

BOARD OF DIRECTORS

Mr. Azhar Nisar Shervani
Chairman

Mr. Tahir Hasan
Vice Chairman

Mr. Saleem Iqbal Shervani
Managing Director

Mr. Saeed Mustafa Shervani
Ms. Salma Hasan
Mr. Kush Bhargava
Mr. Gopal Swaroop Chaturvedi
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. B. K. Misra

AUDITORS

M/s P.L. Tandon & Co.

BANKERS

Central Bank of India
Union 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 2004 - 2005

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57TH ANNUAL REPORT (2004-2005)**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 57th Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS:

	(Rs. in Lacs)
Profit before Depreciation	132
Depreciation	61
Profit before Exceptional items	71
Net Income on Exceptional items	85
Profit before Tax	156
Tax for the year	6
Deferred Tax Expenses	29
Net Profit for the year after Tax	121
Add: Balance brought forward from last year	2
Surplus Available for Appropriation	123
Appropriation:	
Dividend including tax on dividend	37
Balance Carried Forward	86

DIVIDEND:

Directors recommend retaining the dividend of 10% for the year 2004-05 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 reporting year the Torch production increased to 2.96 million from 2.10 million and Battery for DGS&D from 7.84 million to 15.64 million; consequently the turnover grew by 28%. The restructuring program undertaken by the Company in the last couple of years started yielding good result as the staff cost reduced considerably. Your Company continued contract manufacturing 'Geep', 'Eveready' and 'Salora' brand Torches during the year. As per the trend prevailing in the current year, Company shall achieve higher capacity utilization in comparison to the previous year.

SUBSIDIARY COMPANIES:**SHERVANI SUGAR SYNDICATE LIMITED**

This Subsidiary Company's operational performance improved notably during the reporting period. However, due to reduced availability of sugarcane, the Company was unable to capitalize on its improved operational efficiency.

SHERVANI HOSPITALITIES LIMITED

This subsidiary company changed its name from Star Hotels Limited to Shervani Hospitalities Limited in December 2004. The company has suffered a net loss of Rs.205 lacs during the year. However, the Subsidiary expects to eliminate any future cash loss in view of its projected plans already under implementation.

The audited statements of accounts of the subsidiaries are attached. The statements pursuant to Sec.212 of the Companies Act, 1956 are also enclosed.

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 shareholders who desire to obtain these statements, would be provided the same on receiving such request.

DIRECTORS

In compliance of clause 49 of Corporate Governance of the listing agreement with the Stock Exchanges, the Board was reconstituted. Consequently, Mr. S.I.Shervani has resigned from the Chairmanship of the Board. Mr. Azhar Nisar Shervani and Mr. Tahir Hasan have been appointed as Chairman and Vice Chairman of the Board respectively, by the Board of Directors in its meeting held on 25th April, 2005. Mr. R.U.Khan has resigned from Whole Time Directorship with effect from 1st January, 2005 and from Directorship from 29th March, 2005 on personal grounds. Board accepted his resignation and placed on record appreciation for his invaluable services to the Company during his long tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Azhar Nisar Shervani, Mr. Tahir Hasan and Mr. Saeed Mustafa Shervani, 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.

57TH ANNUAL REPORT (2004-2005)**DIRECTORS' REPORT****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.4.00 lacs were paid, 13 Deposits amounting to Rs.0.72 lacs due for payment on or before 31st March, 2005 were not claimed by the depositors till 31st March, 2005. Depositors were intimated well in advance regarding the maturity of deposits with requests to claim their deposits on maturity

INDUSTRIAL RELATIONS

Industrial Relations remained cordial 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 appreciation for the devoted services of all the employees of the Company.

For and on behalf of the Board

A. N. Shervani
Chairman

Saleem I. Shervani
Managing Director

Place: Allahabad

Date: July 29, 2005

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, 2005.

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.3.04 lacs and Foreign Exchange earned - Nil.

For and on behalf of the Board

A. N. Shervani
Chairman

Saleem I. Shervani
Managing Director

Place: Allahabad

Date: July 29, 2005

57TH ANNUAL REPORT (2004-2005)**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 stakeholders and the society at large by adopting better corporate practices in fair and transparent manner. Your Company continues to follow procedures and practices in conformity with the code of corporate governance outlined in the listing agreement.

2. BOARD OF DIRECTORS

The Board comprises of Managing Director, one Whole-time Director and six Non-executive Directors of whom three are Independent Directors. Mr. A. N. Shervani, Non Executive Director has been appointed as Non Executive Chairman w.e.f. 25th April, 2005.

During the Financial Year ending 31st March, 2005, five Board Meetings were held on 16th April, 2004, 25th June, 2004, 24th July, 2004, 30th October, 2004, and 27th January, 2005. 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, 2005 are given below:

Director	Category	Attendance		No. of outside Directorship *	No. of other Board Committees	
		Board Meeting	AGM		Member	Chairman
Mr. S. I. Shervani#	MD, Executive	5	X	6	Nil	Nil
Mr. Tahir Hasan	WTD, Executive	4	✓	4	1	Nil
Mr. R. U. Khan##	WTD, Executive	5	X	1	Nil	Nil
Mr. S. M. Shervani	Non Executive	X	X	1	Nil	Nil
Dr. Kamal Kumar	Independent	4	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	3	✓	Nil	Nil	Nil
Mr. A. N. Shervani	Non Executive	X	X	2	Nil	Nil

Mr. S. I. Shervani has resigned from the Chairmanship w.e.f. 1st April, 2005.

Mr. R. U. Khan has resigned from WTD and Directorship w.e.f. 1st January, 2005 and 29th March, 2005 respectively.

* 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 292 A of the Companies Act, 1956.

The Committee had met on 20th June, 2004, 30th October, 2004 and 27th January, 2005 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.

57TH ANNUAL REPORT (2004-2005)**CORPORATE GOVERNANCE****5. REMUNERATION COMMITTEE**

The Board has constituted Remuneration Committee comprising following members in compliance of Schedule XIII of the Companies Act, 1956 and Clause 49 of the listing agreement with the Stock Exchanges.

a. Mr. G. S. Chaturvedi, Chairman	Independent & Non-executive
b. 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 Committee had met on 11th April, 2004 attended by all members.

Director's remuneration details for the year ended 31st March, 2005 are as under: (Amount in Rs.)

Name of Directors	Salary	Perquisites (including Retirement benefits)	Total
Mr. S. I. Shervani	7,20,000	2,61,239	9,81,239
Mr. R. U. Khan	1,35,000	36,044	1,71,044
Mr. Tahir Hasan	84,000	46,559	1,30,559

6. GENERAL BODY MEETINGS

AGM/EGM	Date	Time	Venue
AGM (for 2001-2002)	25/09/2002	11.30 A. M.	Registered Office: 28, South Road, Allahabad-211001
AGM (for 2002-2003)	24/09/2003	11.30 A. M.	Same as above
AGM (for 2003-2004)	22/09/2004	11.30 A. M.	Same as above
EGM	08/12/2004	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.

7. DISCLOSURES

There was no transaction of material nature with the directors or management or their relatives during the year. There was no non-compliance 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. Mumbai Stock Exchange has suspended trading of our Scrips w.e.f. 21st December, 2004 due to non-registration under EDIFAR. The Company has applied for revocation of suspension.

8. 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.

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

DATE	: September 28, 2005
DAY	: Wednesday
TIME	: 11.30 A. M.
VENUE	: 2, New Cantonment, Kanpur Road, Allahabad-211001, U. P.

Financial Calendar:

Financial reporting for the

Financial year	April-March
Quarter ending June 30, 2005	End of July 2005
Half year ending September 30, 2005	End of October 2005
Quarter ending December 31, 2005	End of January 2006
Quarter ending March 31, 2006	End of April 2006/June 2006