

JARDINE HENDERSON, LIMITED

AND ITS SUBSIDIARIES

55th

**ANNUAL REPORT OF THE DIRECTORS
WITH ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH**

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2001



D I R E C T O R S

<i>SURENDRALAL GIRDHARILAL MEHTA</i>	Chairman
<i>PESTON PADAMJI GINWALA</i>	
<i>ASIT KUMAR MITRA</i>	
<i>PRAVIN JHA</i>	Managing Director

Secretary

PARIJAT KUMAR HORE



Registered Office

4, DR. RAJENDRA PRASAD SARANI
KOLKATA – 700 001

JARDINE HENDERSON, LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty fifth Annual General Meeting of the Members of the Company will be held at Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017, on Thursday, the 13th September, 2001 at 10.00 a.m. to transact the following business :

1. To receive and consider the Audited Accounts for the year ended 31st March, 2001, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint Director in place of one retiring by rotation.
4. To appoint Auditors and to fix their remuneration.

4, Dr. Rajendra Prasad Sarani,
Kolkata 700 001.

By Order of the Board

Dated: July 26, 2001.

P. K. HORE
SECRETARY

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- NOTES: a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- b) The Register of Members and Transfer Book of the Company will remain closed from 1st September, 2001 to 13th September, 2001, both days inclusive.
- c) The Dividend, if approved, will be payable on or before 12th October, 2001 to those shareholders whose names appear in the Register of Members on 13th September, 2001.
- d) Particulars of unpaid Dividend – No amount is due to be transferred under Sec. 205-A and 205C of the Companies Act, 1956.



JARDINE HENDERSON, LIMITED**REPORT OF THE DIRECTORS**

The Directors submit their Report and Statement of Accounts for the year ended 31st March, 2001.

The Profit and Loss Account before taxation for the year	Rs.
shows a balance of Profit of	6,69,76,653
to which is to be added	
balance brought forward from Previous Year	<u>21,35,341</u>
making a total of	<u>6,91,11,994</u>

which has been dealt with as follows	Rs.	
Provision for taxation	16,00,000	
Transfer to General Reserve	4,50,00,000	
Proposed Dividend @ 10%	20,00,000	
Corporate Tax on Dividend	<u>2,26,000</u>	<u>4,88,26,000</u>
leaving a balance of		<u>2,02,85,994</u>
to be carried forward in the Profit		
and Loss Account.		

DIVIDEND

Your Directors are pleased to recommend Dividend @ 10% absorbing a sum of Rs. 20,00,000 on the equity shares of the Company.

REVIEW OF OPERATIONS

Trading Division maintained its performance although profit margins were under pressure because of increase in costs.

The engineering division though marginally improved its performance continued to be under pressure owing to recession in coal industry.

Current year figures also include compensation received on account of acquisition of land, building and plant and machinery etc. of Diamond Products Division by State Cell on 2nd Vivekananda Bridge, Government of West Bengal.

Our subsidiaries, Behubor Investments Ltd. and Jardine Victor Ltd. maintained their performance during the year.

The Company expects to maintain its performance during the current year in the absence of any unforeseen circumstances.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 is duly annexed to the Report as required under the law.

JARDINE HENDERSON, LIMITED**PARTICULARS OF EMPLOYEES**

None of the employees of the Company are covered by the provisions of Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and as such the required particulars under the same have not been furnished with this report.

AUDITORS REPORT

In regard to the remarks in para 19(f) of the Auditors' Report attention is drawn to note no. 4 and 5 of Schedule 21 forming part of the Statement of Accounts.

DIRECTORS

In accordance with Article 83 of Articles of Association of the Company Mr. A. K. Mitra retires at the forthcoming Annual General Meeting and is eligible for reappointment.

The Board reports with deep regret the sad demise of Mr. Sunil Singh Roy on the 19th January 2001. Mr. Singh Roy was associated with the Company since July 1984.

He was connected with various Social, Educational and Philanthropic Associations. The Directors are appreciative of having had the privilege of being associated with him.

Mr. Sukumar Bhattacharya resigned with effect from 15th April 2001 on health grounds. The Board records its deep appreciation for the services rendered by him.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec.217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that 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 the period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

The Company's Auditors, Messrs. S. R. Batliboi & Co., Chartered Accountants, retire from office and offer themselves for reappointment.

LISTING OF EQUITY SHARES ON STOCK EXCHANGE

The Company's shares are listed in the Calcutta Stock Exchange and the Listing Fee for the period 2001 to 2002 has been paid.

4, Dr. Rajendra Prasad Sarani,
Kolkata 700 001
Dated : 26th July, 2001

On behalf of the Board

S. G. MEHTA
Chairman

P. P. GINWALA
Director

P. JHA
Managing Director

JARDINE HENDERSON, LIMITED**ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to 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.

A. CONSERVATION OF ENERGY

- a) The Company continues to give priority to conservation of energy as an on-going process.
- b) To reduce the energy cost the Company has taken considerable energy saving measures through various in-house electrical modifications and the effect of the same has been felt.
- c) The Form of disclosure of Particulars (Form-A) is not applicable to this Company.

B. TECHNOLOGY ABSORPTION**I. RESEARCH & DEVELOPMENT (R & D)**

- a) Specific areas in which R&D carried out by the Company.
- b) Benefits derived as a result of above R&D.
- c) Future Plan of Action
- d) Expenditure on R&D
 - i) Capital
 - ii) Recurring
 - iii) Total
 - iv) Total R&D expenditure as a percentage of total turnover.

The Company makes in-house efforts in order to keep pace with technological developments relating to the mining equipments within its products range.

The Company is in the process of updating technology in line with the requirements of Coal Mining Industry.

The Company has not spent any specific amount on Research and Development during the year under review.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a) Efforts in brief made towards technology absorption, adaptation and innovation.
- b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution, etc.

Further to details set out in Part - 1 above, the Company is endeavouring to update through in-house efforts technology in line with Industry requirements for its Engineering Division.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO	:	(1)	Earning	-	Rs.	NIL
	:	(2)	Outgo	-	Rs.	74,998/-

On behalf of the Board

4, Dr. Rajendra Prasad Sarani,
Kolkata 700 001
Dated :26th July, 2001

S. G. MEHTA
Chairman

P. P. GINWALA
Director

P. JHA
Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of JARDINE HENDERSON, LIMITED, KOLKATA as at 31st March, 2001 and the Profit & Loss Account annexed thereto for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we report, that in our opinion and to the best of our knowledge and belief and as per the information and explanations furnished to us and the books and records examined by us in the normal course of audit:

1. The Company has maintained proper records of fixed assets to show full particulars including quantitative details and situations thereof, except for furniture and some machinery items of insignificant written down value. As informed, the physical verification of all fixed assets other than aforesaid, has been carried out by the management during the year and no discrepancies were noticed on such verification as compared to the book records so far maintained by the Company.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spares, raw materials, components, etc. and the discrepancies noticed on such physical verification as compared to the book records which were not material, have been duly adjusted in the books. The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination, we are satisfied that the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles, applied on the same basis as in the previous year.
4. The Company has not taken any loans, secured or unsecured, from or given any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub section (6), the provisions of section 370 of the Companies Act, 1956 are not applicable to a company on or after 31st October 1998.
5. The Company has granted unsecured loans and advances to certain companies (including subsidiaries) without any stipulation as to repayment thereof, but the same are stated to be payable by the parties on demand. All the above loans and advances are interest free, except for inter-corporate deposit of Rs.1.5 crores, in respect of which interest is being regularly realised. As informed, the management is taking necessary steps for early recovery of all such loans and advances.

The employees to whom interest free loans or advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated.

6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of Stores, Raw Materials, Components, Plant and Machinery, Equipment and other assets, and also for the sale of goods.

7. According to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating to Rs.50,000/- or more during the year in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices available with the Company for such goods, materials and services or the prices at which transactions for similar goods have been made with other parties.
8. The Company has determined the stock of unserviceable or damaged stores, raw materials including components, finished goods etc. and adequate provision for loss thereof, is stated to have been made in the accounts.
9. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the Public.
10. Reasonable records have been maintained by the Company for the sale and disposal of significant realisable scraps. We are told that the Company has no by-products.
11. The Company's internal audit system is commensurate with the size and nature of its business.
12. As informed, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.
13. The Company has been generally regular in depositing the Employees' Provident Fund and Employees' State Insurance dues with the appropriate authorities. As informed, the arrear of such dues as on the Balance Sheet date was Rs.1,74,795 which has since been paid.
14. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts, payable in respect of Income-Tax, Sales Tax, Customs Duty and Excise Duty outstanding as on 31st March, 2001 for a period exceeding six months from the date they became payable.
15. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses nor have any such expenses been reported to us.
16. The Company is not a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.
17. In respect of service activities :-
 - i) The Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business. As regards the allocation of materials and man hours consumed to the relative jobs, we are informed that considering the nature of the jobs, such allocation, in most cases, is not practicable.

- ii) The Company has a reasonable system for authorisation at proper levels. Though job allocation of materials and labour consumed is not made to the relative jobs for the reasons stated above, in our opinion, reasonable control is exercised on the total materials and labour consumed on the jobs.
18. As informed, there is no stock of damaged trading goods as on the Balance Sheet date and thus there is no need to make any provision for loss thereof.
19. In terms of and further to the above, we report as follows: -
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes 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 attached Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of a clarification from the Department of Company Affairs Section 274(1)(g) will have prospective effect and does not apply to the Company as at 31st March, 2001.
 - (f) **Attention is drawn to the following Notes on Schedule 21 to Accounts, whose impact on the company's Profit / Reserves is indicated in the respective notes below :-**
 - (i) **Note No.4 regarding non provision of doubtful debts and advances amounting to Rs.40,18,787/-, the impact whereof on the company's profit is not presently ascertainable.**
 - (ii) **Note No.5 regarding non provision of shortfall in the value of certain quoted and unquoted investments amounting to Rs.33,57,138/- for the reasons mentioned therein and whose impact on the company's profit is not presently ascertainable.**

Subject to the above and read together with other Notes appearing on schedule '21', the attached Statements of Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
- (b) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

36, Ganesh Chandra Avenue
Kolkata - 700 013

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Per **R. K. AGRAWAL**
a Partner

JARDINE HENDERSON, LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2001**

	SCHEDULE	AS AT 31ST MARCH, 2001 Rs.	AS AT 31ST MARCH, 2000 Rs.
<u>SOURCES OF FUNDS</u>			
<u>SHARE HOLDERS' FUNDS</u>			
a) Share Capital	1	20000000	20000000
b) Reserves & Surplus	2	107269192	44886971
		<u>127269192</u>	<u>64886971</u>
<u>LOAN FUNDS</u>			
a) Secured loans	3	19843120	22149264
b) Unsecured Loans	4	222007	2403015
		<u>20065127</u>	<u>24552279</u>
TOTAL		<u>147334319</u>	<u>89439250</u>
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
a) Gross Block	5	39731710	48678371
b) Less : Depreciation		17902235	25627889
c) Net Block		21829475	23050482
d) Capital Work-in-Progress		133290	273290
		<u>21962765</u>	<u>23323772</u>
	6	13602343	19190863
<u>INVESTMENTS</u>			
<u>CURRENT ASSETS LOANS & ADVANCES</u>			
a) Inventories	7	5030125	6150198
b) Sundry Debtors	8	26356276	25976895
c) Cash & Bank Balances	9	93041561	5495208
d) Other Current Assets	10	150342	117093
e) Loans & Advances	11	36566506	38840612
		<u>161144810</u>	<u>76580006</u>
<u>Less : CURRENT LIABILITIES & PROVISIONS</u>			
a) Current Liabilities	12	35851436	17284710
b) Provisions	13	13820736	12956671
		<u>49672172</u>	<u>30241381</u>
NET CURRENT ASSETS		<u>111472638</u>	<u>46338625</u>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	14	296573	585990
TOTAL		<u>147334319</u>	<u>89439250</u>
ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date

S.R.BATLIBOI & COMPANY
Chartered Accountants

Per R. K. AGRAWAL
a Partner

36, Ganesh Chandra Avenue
Kolkata - 700 013
Dated: 26th July, 2001

On behalf of the Board

S.G.MEHTA
Chairman

P.P.GINWALA
Director

P. JHA
Managing Director

P. K. HORE
Secretary