

AS	✓		EX	✓
PO	✓		DY	✓
THA	✓		EV	✓
AC	✓		AC	✓
SE	✓		SE	✓



# ALFRED HERBERT (INDIA) LTD.

Report  junction.com

Annual Report 1996 - 97





## ANNUAL REPORT

1996 - 97

### BOARD OF DIRECTORS

---

- R. S. LODHA — Chairman
- G. P. GOENKA
- P. L. AGARWAL
- P. R. NEELAKANTAN
- R. C. TAPURIAH
- V. K. BHANDARI
- H. A. BEYER
- A. V. LODHA
- M. K. RAMACHANDRA
- H. V. LODHA

### PRESIDENT

---

R. SUBRAMANIAN

### COMPANY SECRETARY

---

A. K. AGARWAL

### BANKERS

---

ANZ Grindlays Bank  
The Hongkong and Shanghai Banking Corporation Ltd.  
Indian Overseas Bank  
The Bank of Rajasthan Limited

### AUDITORS

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Clark, Gardner, Wolf & Company

### REGISTERED OFFICE

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Herbert House  
13/3 Strand Road, Calcutta - 700 001

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**NOTICE OF MEETING**

Notice is hereby given that the Seventy-seventh Annual General Meeting of the Members of Alfred Herbert (India) Limited will be held at Kalakunj Auditorium, 48 Shakespeare Sarani, Calcutta 700 017, on Wednesday, 27th August, 1997, at 10 a.m. to transact the following business:

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March, 1997 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. P. L. Agarwal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. R. C. Tapuriah who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. A. V. Lodha who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

To consider and if thought fit to pass with or without modification the following Resolutions :

7. **As a Special Resolution**

\*RESOLVED that in supersession of the resolution passed at the Annual General Meeting held on 26th September, 1991 and pursuant to Section 370 and all other applicable provisions, if any, of the Company's Act, 1956 and subject to the approval of the Central Government to the extent applicable or necessary, in addition to loan(s) made to Bodies Corporate whether or not under the same management which the Board of Directors of the Company is entitled to make upto the limits prescribed under Section 370 of the Companies Act, 1956, the Board of Directors be and it is hereby authorised to further make loan(s) such amounts in excess of the said limits to the Bodies Corporate whether or not under the same management as the Board of Directors may deem fit, provided that the aggregate of loan(s) made by the Board of Directors to Bodies Corporate shall not exceed 60% of the Subscribed Capital and Free Reserve or Rs. 10 crores whichever is higher.

8. **As an Ordinary Resolution**

\*RESOLVED that pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval, wherever necessary, of the Central Government, in addition to the investments in the shares of any Body or Bodies Corporate which the Board of Directors of the Company is entitled to make upto the limits prescribed under Section 372 of the Companies Act, 1956, the Board of Directors be and it is hereby authorised to further invest such amounts in excess of the said limits in the shares of any Body or Bodies Corporate as the Board of Directors may deem fit, provided that the aggregate of investments made by the Board of Directors in the shares of any Body or Bodies Corporate shall not exceed 60% of the Subscribed Capital and Free Reserve or Rs. 20 crores whichever is higher.

FURTHER RESOLVED that the Board of Directors be and it is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this Resolution or otherwise considered by the Directors to be in the best interest of the Company.

Registered Office : Herbert House  
13/3 Strand Road  
Calcutta 700 001  
30th June, 1997

By Order of the Board  
A. K. AGARWAL  
Company Secretary

**NOTES**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. The proxy, in order to be effective, shall be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer books of the Company will be closed from 22nd August, 1997 to 27th August, 1997 (both days inclusive). Payment of the dividend as recommended by the Directors, if approved at the meeting, will be made to those Members whose names are on the Company's Register of Members on 27th August, 1997.
3. Members are requested to notify immediately any change in their address to the Company.
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government.  
  
Unclaimed dividend for the year ended 31st March, 1994, will be transferred to the General Revenue Account of the Central Government by 7th September, 1997. Members, who have not encashed their dividend warrants for the year 1993-94 may lodge their claim with the Company before 11th August, 1997.
5. To avoid incidents of fraudulent encashment of warrants, Members are requested to furnish the following details :  
i) Name of the Bank ii) Name of Branch iii) Account Type and Bank Account Number.
6. Members holding more than one share certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
7. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Members are requested to bring with them the printed Annual Report being sent to them, to avoid inconvenience.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL ITEMS OF BUSINESS MENTIONED IN THE FOREGOING NOTICE OF THE ANNUAL GENERAL MEETING**

**Resolution at item 7**

The Company, in course of its business activities, is likely to generate surplus funds which may be profitably deployed in other Bodies Corporate. The Resolution set out in item 7 is an enabling Resolution authorising the Board of Directors to make loan(s) in excess of the limits prescribed under Section 370 of the Companies Act, 1956, with the prior approval of the Central Government. The Board of Directors, therefore, recommends this Resolution for the approval of the Members.

None of the Directors is concerned or interested in the Resolution.

**Resolution at item 8**

In order to take advantage of acquisition opportunities in the course of the Company's business, it may be necessary to make investments in shares of other Bodies Corporate in excess of the limits prescribed under Section 372 of the Companies Act, 1956. It is, therefore, advisable to empower the Board to make such investments in excess of the limits with the prior approval of the Central Government wherever necessary, upto the aggregate amount specified in the resolution. The Board of Directors, therefore, recommends this resolution under item 8 for the approval of the members.

None of the Directors is concerned or interested in the Resolution.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventy-sixth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1997.

### FINANCIAL RESULTS

The Financial Results are as under :

	31st March 1997 Rs.	31st March 1996 Rs.
Profit before Tax	37,211,750	34,277,169
Provision for Tax	7,600,000	4,600,000
Profit after Tax	29,611,750	29,677,169
Surplus from earlier years brought forward	1,646,113	14,861,801
Amount available for appropriation	31,257,863	44,538,970
Appropriations :		
Proposed Dividend	2,892,857	2,892,857
Corporate Dividend Tax	289,285	—
General Reserve	22,000,000	40,000,000
	25,182,142	42,892,857
Surplus carried to Balance Sheet	6,075,721	1,646,113
	31,257,863	44,538,970

### DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of 22.5% (Rs. 2.25 per share) for the year ended 31st March, 1997. The Company will bear the Corporate Tax on Dividend @ 10% of the proposed Dividend, besides direct outgo of dividend.

### OPERATIONS

During the year under review, the Company performed satisfactorily. The Sales and Related Income stood at Rs. 1938.88 lacs as compared to Rs. 1877.25 lacs in the previous year. The demand for equipment to the tyre industry has slowed down in keeping with the lower growth achieved by the industry than was projected. There are however large projects on the anvil which coupled with the Company's efforts to find international markets for its products should find the business of Manufacturing Division improving and the Company expects to see significant growth from mid-1998 onwards. The operations of the Sales & Marketing Division was satisfactory and the Company has taken steps to restructure and revamp its operations in this area, the results of which should be visible from next year.

### DEVELOPMENT

The Company augmented its capacity during the year and installed a CNC Horizontal Floor Boring Machine which would result in better quality and ability to build larger capacity machinery. The Company also installed a second 225 KVA Diesel Generator Set given the very poor power situation in Karnataka to ensure no loss of productivity on account of power shortages. There are plans to further modernise the Manufacturing Division which should help the Company in the years ahead.

The Company developed an improved version of the Mechanical Tyre Curing Press and a Prototype Tyre Building Machine for making higher sizes of tyres. Both products have been well received and leading manufacturers have evinced keen interest in the products.

The Company also concluded its Agency Agreement for selling various equipment manufactured by Krupp Elastomer Technik, Germany, to sell their equipment to Indian users.

### EXPORT

Based on the satisfactory performance of the Hydraulic Tyre Curing Press supplied to our Overseas customer, your Company is hopeful of getting regular orders in the future.

### DEPOSITS

Out of deposits which became due for repayment during the year, deposits amounting to Rs. 72,000 of 13 depositors remained unclaimed as at 31st March, 1997.

### PERSONNEL

The industrial relations during the year continued to remain cordial. The Wage Settlement with the Employees' Union was concluded during the year for a period of 4 years ending 30th June, 2000. The Directors wish to place on record their appreciation for the efforts and support of the employees at all levels, headed by our President, Mr. R. Subramanian and Vice President Mr. T. P. Chandrashekar.

### PARTICULARS OF EMPLOYEES

A Statement giving particulars required to be provided under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed, forming part of this Report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Research and Development and Foreign Exchange Earnings and Outgo is given in the annexed statement forming part of this Report.

### SUBSIDIARY COMPANIES

The Accounts of the two wholly-owned subsidiaries Herbert Holdings Limited and Herbert Electronics Limited, for the year ended 31st March, 1997, form part of the Annual Report.

### DIRECTORS

Mr. P. L. Agarwal, Mr. R. C. Tapuria and Mr. A. V. Lodha, retire by rotation under the Articles of Association of the Company and being eligible offer themselves for reappointment.

### AUDITORS

Messrs Clark, Gardner, Wolf and Company will retire at the Annual General Meeting and they have given their consent to be reappointed for the current year.

### ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the support received from the Shareholders, Bankers, Overseas and Indian Principals. The Directors also thank the esteemed Customers for their continued patronage, co-operation and confidence reposed in the Company's products.

On behalf of the Board

R. S. LODHA  
Chairman

Calcutta  
30th June, 1997

**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars as required under Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

**A. CONSERVATION OF ENERGY**

Company's operation involves low energy consumption. Due to heavy power cut in Karnataka the Diesel Generator has to be used continuously. We have recently installed a 225 KVA Diesel Generator Set in addition to the 310 KVA Diesel Generator Set available with us. The new Generator consumes less diesel per unit of electricity generated.

**B. TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT (R&D)****1. Specific areas in which R&D was carried out :**

- Upgrading of Tyre Building Machines for improved productivity.
- Development of new Tyre Building Machine with Tailstock arrangement.
- Development of Mechanical Tyre Curing Press with modified Design to meet specific customer requirement as well as development of higher ranges of Tyre Curing Presses.
- Development of new design of Vertical Chuck Loader for Tyre Curing Presses.
- Development of water cooled chamber assembly for Intermixers which has resulted in improved mixing and low energy consumption.

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

Improvement through R&D on the Tyre Building Machine and Mechanical Tyre Curing Press and Intermix is a continuous feature and has resulted in improved productivity and trouble free service for the tyre manufacturers.

**3. Future Plans**

- Upgrading of design on existing products and introduction of new products of the same type but of higher range and capacity to meet existing and future market requirement.
- Development of P 13-16 Passenger Car Radial Tyre Building Machine.

**4. Expenditure on R & D**

Capital	:	NIL
Recurring	:	Rs. 3,03,941/-
Total	:	Rs. 3,03,941/-

Total R&D Expenditure as percentage of total turnover : 0.18%

**C. FOREIGN EXCHANGE USED**

Rs. 1,38,92,200/-

**D. FOREIGN EXCHANGE EARNED**

Rs. 1,07,50,467/-

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1979 and forming part of the Directors' Report for the year ended 31st March, 1997.

Sl. No.	Name	Age	Designation/ Nature of Duties	Gross Remune- ration with Perquisites (Rs.)	Qualification	Date of Commence- ment of Employment	Years of Experi- ence	LAST EMPLOYMENT HELD Employer	Design- ation
<b>EMPLOYED THROUGHOUT THE YEAR</b>									
1.	Subramanian R.	54	President	5,29,044	B.Sc. (Engg.)	02.06.1995	32	L&T McNeil Ltd.	Sr. Dy. General Manager
2.	Chandrashekarar T.P.	60	Vice President Manufacturing	356,050	B.Sc., M.B.M.	23.09.1981	38	Indian Railways	Dy. Chief Mechanical Engineer

**NOTES :**

- Remuneration comprises of salary, allowances, value of perquisites, Company's contribution to Provident, Gratuity and Superannuation Funds, wherever applicable.
- The service of the above employees is terminable by either side by giving three months' notice.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Calcutta  
30th June 1997.

R. S. LODHA  
Chairman



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Companies	HERBERT HOLDINGS LTD.	HERBERT ELECTRONICS LTD.
1. Financial year of the subsidiary Companies ended on	31.03.1997	31.03.1997
2. Equity Shares of the subsidiary Companies held by Alfred Herbert (India) Ltd. and its nominees on the above date :		
(a) Number and Face Value	1,00,000 Equity Shares of Rs. 10 each fully paid-up	7 Equity Shares of Rs. 10 each fully paid-up
(b) Extent of holding	100%	100%
3. Net aggregate amount of Profit/(Losses) of the Subsidiary Companies so far as they concern the members of Alfred Herbert (India) Limited :		
(a) not dealt with in the Accounts of Alfred Herbert (India) Ltd. for the year ended 31st March, 1997:		
(i) for the financial year of the Subsidiary	Rs. 2,22,375	Nil*
(ii) for the previous financial year of the Subsidiary	Rs. 14,487	Nil*
(b) dealt with in the Accounts of Alfred Herbert (India) Ltd. for the year ended 31st March, 1997		
(i) for the financial year of the Subsidiary	Nil	Nil*
(ii) for the previous financial year of the Subsidiary	Nil	Nil*

Note: \* Profit and Loss Account has not been prepared in view of the Company not having carried out any activity for the purpose of earning profit during the year.

For CLARK, GARDNER, WOLF AND COMPANY  
Chartered Accountants

P. L. SONI  
Partner

Calcutta  
30th June, 1997

A. K. AGARWAL  
Company Secretary

On behalf of the Board

R. S. LODHA  
Chairman

R. C. TAPURIAH  
Director



**Balance Sheet**

as at 31st March, 1997

	Schedules	1997 (Rs.)	1996 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	12,857,140	12,857,140
Reserves and Surplus	2	146,485,467	159,342,607
			121,710,779
			134,567,919
<b>Loan Funds</b>			
Secured Loans	3	53,540,067	53,023,971
Unsecured Loans	4	10,084,936	63,625,003
			12,244,803
			65,268,774
		222,967,610	199,836,693
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5	121,925,149	121,925,575
Investments	6	39,906,911	29,366,711
<b>Current Assets, Loans and Advances :</b>			
Inventories	7	41,714,924	51,228,754
Sundry Debtors	8	5,158,081	7,011,646
Cash & Bank Balances	9	3,746,424	6,594,450
Other Current Assets	10	2,560,604	3,501,695
Loans and Advances	11	72,468,728	63,741,851
		125,648,761	132,078,396
<b>Less : Current Liabilities and Provisions :</b>			
Liabilities	12	61,331,069	80,641,132
Provisions	13	3,182,142	2,892,857
<b>Net Current Assets</b>		<b>64,513,211</b>	<b>83,533,989</b>
		61,135,550	48,544,407
		222,967,610	199,836,693
Accounting Policies and Notes to Accounts	18		

Note : The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For CLARK, GARDNER, WOLF AND COMPANY  
Chartered Accountants

P. L. SONI  
Partner

A. K. AGARWAL  
Company Secretary

On behalf of the Board

R. S. LODHA  
Chairman

R. C. TAPURIAH  
Director

Calcutta  
30th June, 1997