



ANNUAL REPORT

1999-2000

BOARD OF DIRECTORS

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

ADVISOR

R. SUBRAMANIAN

COMPANY SECRETARY

K. K. GOYAL

AUDITORS

Clark, Gardner, Wolf & Company

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REGISTERED OFFICE

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

NOTICE OF MEETING

Notice is hereby given that the Eightieth Annual General Meeting of the Members of **Alfred Herbert (India) Limited** will be held at Indian Chamber of Commerce Auditorium, 4 India Exchange Place, Calcutta-700 001, on Tuesday, 5th September, 2000, at 11.00 a.m. to transact the following business :

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March, 2000, together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. R. C. Tapurlah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. M. K. Ramachandra 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 Resolution :

7. As a Special Resolution :

"RESOLVED that pursuant to the Provisions of Section 31, the Articles of Association of the Company, be and are hereby altered in the following manner :

After the existing Article 46, the following may be inserted as new Article 46A :

46A. Notwithstanding anything contained in Articles 44, 45 and 46, every holder(s) of shares of the Company, holding either singly or jointly may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.

Registered Office : By Order of the Board
Herbert House, 13/3 Strand Road
Calcutta 700 001
27th July, 2000 K.K. Goyal
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 29th August, 2000 to 5th September, 2000 (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 5th September, 2000.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.
4. Members who have not encashed their dividend warrants for the financial years 1995-96, 1996-97, 1997-98 and 1998-99 are requested to write to the Registered Office of the Company mentioning the relevant folio no.(s) for Issuance of duplicate/ revalidated dividend warrant(s).
5. Members are requested to notify immediately any change in their address to the Company.
6. 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.
7. 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 ITEM OF BUSINESS MENTIONED IN THE FOREGOING NOTICE OF THE ANNUAL GENERAL MEETING

Resolution at Item 7

The Companies (Amendment) Act, 1999 has introduced new Sections 109A and 109B providing for the nomination facility to shareholders in respect of the Shares of the Company held by them. Consequent upon the introduction of this nomination facility, it is proposed to insert Article 46A in the Article of Association of the Company in line with the applicable provisions of the Companies Act, 1956, as mentioned in this item of the Notice.

The Board recommends passing of this resolution.

The Directors of the Company are deemed to be interested in the resolution to the extent of the shares held by them in the Company.

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27th July, 2000 K.K. Goyal
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eightieth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2000 Rs.	31st March 1999 Rs.
Profit before Tax	13,284,518	19,809,240
Provision for Tax	7,000,000	9,750,000
Profit after Tax	6,284,518	10,059,240
Surplus from earlier years brought forward	5,969,259	4,121,090
Amount available for appropriation	12,253,777	14,180,330
Appropriations :		
Proposed Dividend	1,735,714	2,892,857
Corporate Dividend Tax	381,857	318,214
General Reserve	693,122	5,000,000
	2,810,693	8,211,071
Surplus carried to Balance Sheet	9,443,084	5,969,259
	12,253,777	14,180,330

DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of 22.5% (Rs. 1.35 per share) for the year ended 31st March, 2000. The Company will bear the Corporate Tax and Surcharge on the proposed Dividend, besides direct outgo of dividend.

RESTRUCTURING

The Company was restructured by transferring the Manufacturing Division to its Subsidiary Alfred Herbert Ltd. (AHL) (formerly known as Herbert Electronics Ltd.), so as to achieve the optimum growth and development of the respective businesses of Alfred Herbert (India) Ltd. (AHL) and AHL. Our application for sanctioning the Scheme of Arrangement was moved before the Hon'ble High Court at Calcutta and subsequently, meetings of the shareholders of the two entities were held as per Court Directives. The Hon'ble High Court was then pleased to sanction the Scheme of Arrangement of the two Companies with effect from 1st April, 1999. All subsequent formalities in respect of the Scheme of Arrangement including filing of Court Order with the Registrar of Companies have also been completed. This report therefore excludes operation of the erstwhile Manufacturing Division.

OPERATIONS

Our Sales & Marketing Division did not register any appreciable orders for indigenous and imported machines during the year as the Indian Engineering Industry has yet to come out of a difficult period. The Government is initiating measures to improve the investment climate and we hope that this will generate demand for our products.

REALTY AND BUSINESS SERVICES DIVISION

The performance of the Company's Realty and Business Services Division has shown marked improvement and has registered a growth of over 50% over the previous year. It continues to contribute to the profitability of the Company

and considering the scope of business in the future, the Company plans to expand its activities in Business Services and other related areas.

NON BANKING FINANCIAL COMPANY

In view of the transfer of the Manufacturing Division in terms of the Scheme of Arrangement, the Company has become a Non Banking Financial Company (NBFC). Necessary steps are being taken for complying with the directions issued by the Reserve Bank of India (RBI) and other statutory provisions in this regard, including its registration with RBI as NBFC.

DEPOSITS

Out of the deposits which became due for repayment during the year, deposits amounting to Rs. 215,000 of 23 depositors remained unclaimed as on 31st March, 2000. In view of the Company becoming a NBFC it has presently stopped accepting fresh deposits and renewals thereof with effect from the operative date of the Scheme of Arrangement.

PERSONNEL

The relationship with the employees of the Company continues to be cordial and healthy. The Directors wish to place on record their sincere appreciation of the efforts and support rendered by our Advisor, Mr. R. Subramanian and the entire team.

PARTICULARS OF EMPLOYEES

A Statement giving particulars required to be provided under Section 217(2A) of the Companies Act, 1956, is annexed forming part of this report.

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

The particulars regarding foreign exchange earnings and expenditure appear as Annexure to Schedule at item No. 18(h) in the Notes to the Accounts. The other particulars relating to Conservation of Energy and Technology Absorption stipulated in the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

SUBSIDIARY COMPANIES

The Accounts of the two Subsidiaries, Alfred Herbert Ltd. and Herbert Holdings Ltd., for the year ended 31st March, 2000, are annexed to this Report.

DIRECTORS

Mr. R. C. Tapuriah, Mr. M. K. Ramachandra 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, 27th July, 2000

Balance Sheet

as at 31st March, 2000

		Schedules	As at 31st March, 2000 (Rs.)		As at 31st March, 1999 (Rs.)	
SOURCES OF FUNDS						
Shareholders' Funds						
Capital	1		7,714,284		12,857,140	
Reserves and Surplus	2		<u>138,348,352</u>	<u>146,062,636</u>	<u>156,069,165</u>	<u>168,926,305</u>
Loan Funds						
Secured Loans	3		—		29,095,764	
Unsecured Loans	4		<u>16,105,189</u>	<u>16,105,189</u>	<u>19,523,113</u>	<u>48,618,877</u>
				<u>162,167,825</u>		<u>217,545,182</u>
APPLICATION OF FUNDS						
Fixed Assets	5					
Gross Block				93,752,886		215,744,562
Less : Depreciation				<u>48,697,601</u>		<u>128,724,169</u>
Net Block				<u>45,055,285</u>		<u>87,020,393</u>
Investments	6			<u>40,613,191</u>		<u>31,615,091</u>
Current Assets, Loans and Advances :						
Inventories	7		5,499		41,745,203	
Sundry Debtors	8		2,560,644		19,131,438	
Cash and Bank Balances	9		13,554,055		2,593,551	
Other Current Assets	10		528,405		1,594,839	
Loans and Advances	11		<u>116,479,458</u>		<u>115,596,556</u>	
			<u>133,128,061</u>		<u>180,661,587</u>	
Less : Current Liabilities and Provisions :						
Liabilities	12		24,120,534		50,168,975	
Provisions	13		<u>33,052,965</u>		<u>37,067,909</u>	
			<u>57,173,499</u>		<u>87,236,884</u>	
Net Current Assets				75,954,562		93,424,703
Miscellaneous Expenditure to the extent not written off or adjusted						
				<u>544,787</u>		<u>5,484,995</u>
				<u>162,167,825</u>		<u>217,545,182</u>
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

K. K. GOYAL
Company Secretary

On behalf of the Board

R. S. LODHA
Chairman

R. C. TAPURIAH
Director

Calcutta
27th July, 2000



Profit and Loss Account

For the year ended 31st March, 2000

	Schedules	For the year ended 31st March, 2000 Rs.	For the year ended 31st March, 1999 Rs.
INCOME			
Sales & Related Income	14	38,539,114	151,226,522
Other Income	15	3,118,951	1,880,140
		<u>41,658,065</u>	<u>153,106,662</u>
EXPENDITURE			
Cost of Materials	16	1,299,203	46,187,112
Excise Duty		—	12,543,043
Other Expenses	17	15,377,069	55,605,725
Interest		26,704	2,910,534
Depreciation		11,943,107	17,705,928
Less : Transferred from Revaluation Reserve		<u>272,536</u>	<u>1,654,920</u>
		<u>28,373,547</u>	<u>133,297,422</u>
PROFIT BEFORE TAX		13,284,518	19,809,240
Less : Provision for Taxation		<u>7,000,000</u>	<u>9,750,000</u>
PROFIT AFTER TAX		6,284,518	10,059,240
Add : Balance brought forward from previous year		<u>5,969,259</u>	<u>4,121,090</u>
Available for appropriation		<u>12,253,777</u>	<u>14,180,330</u>
APPROPRIATIONS			
Proposed Dividend		1,735,714	2,892,857
Corporate Dividend Tax		381,857	318,214
General Reserve		693,122	5,000,000
Balance carried to Balance Sheet		<u>9,443,084</u>	<u>5,969,259</u>
		<u>12,253,777</u>	<u>14,180,330</u>

Accounting Policies and Notes to Accounts 18

Note : The Schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

For CLARK, GARDNER, WOLF AND COMPANY
Chartered Accountants

P. L. SONI
Partner

K. K. GOYAL
Company Secretary

Calcutta
27th July, 2000

On behalf of the Board

R. S. LODHA
Chairman

R. C. TAPURIAH
Director

SCHEDULES

1. CAPITAL

Authorised

8,333,333 Equity Shares of Rs. 6 each

Issued, subscribed and paid-up

15,000 Equity Shares of Rs. 6 each issued without payment being received in cash

450,000 Equity Shares of Rs. 6 each issued as bonus shares by capitalisation of reserve

820,714 Equity Shares of Rs. 6 each issued for cash

As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
<u>49,999,998</u>	<u>50,000,000</u>
<u>90,000</u>	<u>150,000</u>
<u>2,700,000</u>	<u>4,500,000</u>
<u>4,924,284</u>	<u>8,207,140</u>
<u>7,714,284</u>	<u>12,857,140</u>

2. RESERVES AND SURPLUS

Description	Balance as at 31st March 1999 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2000 Rs.
Capital Reserve	21,742,766	—	13,937,498	<u>7,805,268</u>
Share Premium Account	3,357,140	—	3,357,140	<u>—</u>
General Reserve	125,000,000	693,122	4,593,122	<u>121,100,000</u>
Surplus in Profit & Loss Account	5,969,259	5,591,396	2,117,571	<u>9,443,084</u>
	<u>156,069,165</u>	<u>6,284,518</u>	<u>24,005,331</u>	<u>138,348,352</u>

3. SECURED LOANS

From Banks

Cash Credit

Rs. Nil (Previous year Rs. 22,002,764) is secured by hypothecation of stocks and book debts both present and future and additionally secured by joint mortgage in favour of certain banks by deposit of title deed in respect of warehouse at Calcutta

From Financial Institution

Under Asset Credit Scheme.

Secured by hypothecation of Floor Borer machine acquired under the scheme

As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
<u>—</u>	<u>22,002,764</u>
<u>—</u>	<u>7,093,000</u>
<u>—</u>	<u>29,095,764</u>

4. UNSECURED LOANS

Fixed Deposit from public including interest accrued and due (amount repayable/renewable within one year Rs. 9,681,000

Previous year Rs. 10,128,000)

<u>16,105,189</u>	<u>19,523,113</u>
<u>16,105,189</u>	<u>19,523,113</u>



SCHEDULES

5. FIXED ASSETS

Description	1999 Gross Book Value Rs.	Additions during the year Rs.	Transferred to Alfred Herbert Ltd. (Note e of Schedule 8) Rs.	Sales/ Adjust-ments Rs.	2000 Gross Book Value Rs.	Depreciation				2000 Net Book Value Rs.	1999 Net Book Value Rs.
						Upto last year Rs.	During the year Rs.	Sales/ Adjust-ment Rs.	To date Rs.		
Land	3,674,588	—	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Leasehold Land	2,560,000	—	—	2,560,000	—	—	—	—	—	—	2,560,000
Building	24,707,562	—	—	6,457,055	18,250,507	9,015,054	482,194	1,751,270	7,745,978	10,504,529	15,692,508
Plant & Machinery	91,007,355	38,000	88,967,777	—	2,077,578	67,546,736	149,005	67,068,543	627,198	1,450,380	23,460,619
Furniture, Fixtures & Equipments	4,336,601	—	1,647,289	21,100	2,668,212	3,789,563	27,776	1,362,052	2,455,287	212,925	547,038
Vehicles	2,893,602	—	408,725	—	2,484,877	1,064,395	201,286	39,757	1,225,924	1,258,953	1,829,207
Plant & Machinery on Lease	86,564,854	—	—	21,967,730	64,597,124	47,308,421	11,082,846	21,748,053	36,643,214	27,953,910	39,256,433
Total	215,744,562	38,000	91,023,791	31,005,885	93,752,886	128,724,169	11,943,107	91,969,675	48,697,601	45,055,285	87,020,393
Previous year	214,247,991	1,496,571	—	—	215,744,562	111,018,241	17,705,928	—	128,724,169	87,020,393	

Notes :

- (a) Buildings include a flat on leasehold land (original cost Rs. 1,98,559). Registration of the relevant conveyance deed of the flat is pending execution.
- (b) The Company revalued most of its land, leasehold land, buildings and plant and machinery as on 30.06.1985 and 30.06.1986 resulting in an increase in net value of such assets by Rs. 38,588,118 and Rs. 7,762,055 on the respective dates.

6. INVESTMENTS

Long Term

Non-Trade

Quoted

Equity Shares of Rs. 10 each except where otherwise stated (fully paid)

		As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
5,240	Equity Shares of Rs. 10 each in Housing Development Finance Corporation Limited	137,525	137,525
10,000	Kirloskar Computer Services Ltd.	100,000	100,000
*10,893	Grasim Industries Limited	1,008,913	1,008,913
94	Indian Rayon & Industries Ltd.	5,925	5,925
400	Mangalore Refinery and Petrochemicals Ltd.	4,000	4,000
500	HDFC Bank Limited	5,000	5,000
30,300	Hindalco Industries Limited	20,125,530	20,125,530
50,000	Chambal Fertilisers & Chemicals Ltd.	595,500	595,500

Debentures

100	16% Secured Redeemable partly convertible debentures of Rs. 57 each in Mangalore Refinery & Petrochemicals Ltd. (Non convertible part) - 100 debentures redeemed during the year at the rate Rs. 19 per debenture.	5,700	7,600
		21,988,093	21,989,993

(Aggregate Market Value Rs. 28,538,202/- Previous year Rs. 17,649,874/-)

*28 Equity Shares received during the year pursuant to demerger.

SCHEDULE-6 (Contd.)

Unquoted

Debentures

5% Non-Redeemable Debentures stock in East India Clinic Ltd

1/2% Registered Mortgaged Debentures in East India Clinic Ltd

In Subsidiary Companies

220,000 Equity Shares of Rs. 10 each in Herbert Holdings Ltd.

900,007 Equity Shares of Rs. 10 each in Alfred Herbert Ltd.

Others

181,666 Units of Rs. 10 each in Unit Trust of India

(Re-purchase price Rs. 2,625,704)

Previous year - Rs. 2,706,823)

As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
5,000	5,000
3,900	3,900
7,000,000	7,000,000
9,000,070	70
2,616,128	2,616,128
18,625,098	9,625,098
40,613,191	31,615,091

900,000 equity shares allotted pursuant to the Scheme
of Arrangement (Note e of Schedule 18)

7. INVENTORIES

Raw Material at cost (including in transit Rs. Nil
Previous year Rs. 273,140)

Work-in-Progress at estimated cost

Stock-in-Trade at lower of cost or estimated
realisable value

Loose Tools (net)

Stores at cost

As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
—	9,807,702
—	23,986,634
5,499	7,267,958
5,499	41,062,294
—	376,315
—	306,594
5,499	41,745,203

8. SUNDRY DEBTORS

(Unsecured - Considered good)

Debts outstanding for a period
exceeding six months

Other debts

1,668,286

892,359

2,560,644

4,825,188

14,306,250

19,131,438

9. CASH AND BANK BALANCES

Cash in hand

Balances with Scheduled Banks

(i) On Current Accounts

(ii) On Deposit Accounts

8,568,666

4,426,128

559,261

12,994,794

13,554,066

2,171,329

323,184

99,038

2,494,513

2,593,551

10. OTHER CURRENT ASSETS

(Unsecured - considered good)

Balances with Customs Port Trust etc.

Security Deposit

—

528,405

528,405

360,438

1,234,401

1,594,839