



ALFRED HERBERT (INDIA) LTD.

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ANNUAL REPORT
2000 - 2001



ANNUAL REPORT

2000-2001

BOARD OF DIRECTORS

- R. S. LODHA — **Chairman**
- P. R. NEELAKANTAN
- G. P. GOENKA
(Alternate to Mr. P. R. Neelakantan)
- P. L. AGARWAL
- R. C. TAPURIAH
- V. K. BHANDARI
- A. V. LODHA
- M. K. RAMACHANDRA
- H. V. LODHA

COMPANY SECRETARY

K. K. GOYAL

AUDITORS

Clark, Gardner, Wolf & Company

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REGISTERED OFFICE

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

NOTICE OF MEETING

Notice is hereby given that the Eightyfirst Annual General Meeting of the Members of **Alfred Herbert (India) Limited** will be held at Indian Chamber of Commerce Auditorium, 4, India Exchange Place, Kolkata - 700 001, on Thursday, 27th September, 2001, at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a 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. H V Lodha, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. V K Bhandari, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

Registered Office : By Order of the Board
Herbert House,
13/3 Strand Road K. K. Goyal
Kolkata - 700 001 Company Secretary
27th June, 2001

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 19th September, 2001 to 27th September, 2001 (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 September, 2001.

3. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 or any subsequent financial years, are requested to make their claim to the Office of the Registrars and Share Transfer Agents of the Company.

Further, it may be noted that under the amended Companies Act, once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.

4. All communications with regard to shares/ share transfers for both physical and demat segments should be made directly to the Office of the Registrars and Share Transfer Agents of the Company, as mentioned below :

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane,
Surendra Mohan Ghosh Sarani,
Kolkata - 700 001.

In case the mailing address mentioned on this Annual Report is without a PINCODE, Members are requested to kindly inform their PINCODE immediately.

5. 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.
6. The Company's shares are under compulsory dematerialised trading with effect from 28th June, 2001, hence, the Shareholders may utilise this facility.

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighty-first Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2001 Rs.	31st March 2000 Rs.
Profit before Tax	11,784,136	13,284,518
Provision for Tax	6,000,000	7,000,000
Profit after Tax	5,784,136	6,284,518
Surplus from earlier years brought forward	9,443,084	5,969,259
Amount available for appropriation	15,227,220	12,253,777
Appropriations :		
Proposed Dividend	1,735,714	1,735,714
Corporate Dividend Tax	177,043	381,857
Special Reserve	1,200,000	—
General Reserve	7,700,000	693,122
	10,812,757	2,810,693
Surplus carried to Balance Sheet	4,414,463	9,443,084
	15,227,220	12,253,777

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, 2001.

OPERATIONS

Really and Business Services Division

The Company's Realty and Business Services Division continued to perform satisfactorily and contributed to a significant extent to the profitability of the Company. In view of better potential of this Division in the future business environment, the Company plans to enhance its scope of activities, including possibly getting into consultancy and other business support functions.

Sales And Marketing Division

The Sales and Marketing Division of our Company did not register any appreciable increase in orders for indigenous as well as imported machines during the year. The market remains very challenging and the Indian engineering industry faced a very difficult period. Capital expenditure in most companies has not been at all significant in the absence of demand for their products. Efforts are being made by the Company to look for new areas to improve the performance of this division.

NON BANKING FINANCIAL COMPANY

The Company has made an application in terms of Reserve Bank of India's directives for Registration as a Non Banking Financial Company. The communication for registration is yet to be received by the Company. However, the Company has neither accepted nor renewed any Public Deposits since 13th May, 2000.

DEPOSITS

Out of the deposits which became due for repayment during the year, deposits amounting to Rs. 2,39,000 of 30 depositors remained unclaimed as on 31st March, 2001.

DIRECTORS

Mr. G. P. Goenka resigned as Director on 2nd February, 2001. The Board recorded its sincere appreciation of the services

rendered by him. He was appointed Alternate Director to Mr. P. R. Neelakantan with effect from 12th February, 2001. Mr. P. L. Agarwal, Mr. H. V. Lodha and Mr. V. K. Bhandari, 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.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with Report of the Board of Directors and Auditors Report of your Company's subsidiaries namely, Alfred Herbert Limited and Herbert Holdings Limited are annexed to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956 your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- that the Directors have 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 that period ;
- that the Directors have taken proper and sufficient care of 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;
- that the Directors have prepared the annual accounts on a going concern basis.

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. 17(g) 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.

PERSONNEL

Your Directors wish to place on record their appreciation of the services rendered by the employees during the year.

PARTICULARS OF EMPLOYEES

The Companies has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

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

Kolkata, 27th June, 2001

Balance Sheet

as at 31st March, 2001

Schedules		As at 31st March, 2001 (Rs.)		As at 31st March, 2000 (Rs.)	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	7,714,284		7,714,284	
Reserves and Surplus	2	<u>142,038,331</u>	<u>149,752,615</u>	<u>138,348,352</u>	<u>146,062,636</u>
Loan Funds					
Unsecured Loans	3		<u>6,873,132</u>		<u>16,105,189</u>
			<u>156,625,747</u>		<u>162,167,825</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	.	93,853,673		93,752,886
Less : Depreciation			<u>58,588,723</u>		<u>48,697,601</u>
Net Block			<u>35,264,950</u>		<u>45,055,285</u>
Investments	5		<u>66,673,813</u>		<u>40,613,191</u>
Current Assets, Loans and Advances :					
Inventories	6		5,499		5,499
Sundry Debtors	7		1,354,123		2,560,644
Cash and Bank Balances	8		23,603,969		13,554,055
Other Current Assets	9		349,610		528,405
Loans and Advances	10		<u>82,239,117</u>		<u>116,479,458</u>
			<u>107,552,318</u>		<u>133,128,061</u>
Less : Current Liabilities and Provisions :					
Liabilities	11		21,764,070		24,120,534
Provisions	12		<u>31,373,657</u>		<u>33,052,965</u>
			<u>53,137,727</u>		<u>57,173,499</u>
Net Current Assets			<u>54,414,591</u>		<u>75,954,562</u>
Miscellaneous Expenditure to the extent not written off or adjusted			<u>272,393</u>		<u>544,787</u>
			<u>156,625,747</u>		<u>162,167,825</u>
Accounting Policies and Notes to Accounts		17			

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

V. K. BHANDARI
Director

Kolkata
27th June 2001



Profit and Loss Account

For the year ended 31st March, 2001

	Schedules	For the year ended 31st March, 2001 Rs.	For the year ended 31st March, 2000 Rs.
INCOME			
Income from Operations	13	37,960,001	40,755,114
Other Income	14	180,787	902,951
		<u>38,140,788</u>	<u>41,658,065</u>
EXPENDITURE			
Cost of Materials	15	1,519,296	1,299,203
Other Expenses	16	15,121,906	15,377,069
Interest		5,728	26,704
Depreciation		9,891,122	11,943,107
Less : Transferred from Revaluation Reserve		<u>181,400</u>	<u>272,536</u>
		<u>26,356,652</u>	<u>28,373,547</u>
PROFIT BEFORE TAX		<u>11,784,136</u>	<u>13,284,518</u>
Less : Provision for Taxation		<u>6,000,000</u>	<u>7,000,000</u>
PROFIT AFTER TAX		<u>5,784,136</u>	<u>6,284,518</u>
Add : Balance brought forward from previous year		<u>9,443,084</u>	<u>5,969,259</u>
Available for appropriation		<u>15,227,220</u>	<u>12,253,777</u>
APPROPRIATIONS			
Proposed Dividend		1,735,714	1,735,714
Corporate Dividend Tax		177,043	381,857
Special Reserve		1,200,000	—
General Reserve		7,700,000	693,122
Balance carried to Balance Sheet		<u>4,414,463</u>	<u>9,443,084</u>
		<u>15,227,220</u>	<u>12,253,777</u>

Accounting Policies and Notes to Accounts 17

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

On behalf of the Board

R. S. LODHA
Chairman

V. K. BHANDARI
Director

Kolkata
27th June, 2001

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, 2001 Rs.	As at 31st March, 2000 Rs.
49,999,998	49,999,998
90,000	90,000
2,700,000	2,700,000
4,924,284	4,924,284
7,714,284	7,714,284

2. RESERVES AND SURPLUS

Description	Balance as at 31st March 2000 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2001 Rs.
Capital Reserve	7,805,268	—	181,400	7,623,868
General Reserve	121,100,000	7,700,000	—	128,800,000
Special Reserve (Under Section 45IC of Reserve Bank of India Act)	—	1,200,000	—	1,200,000
Surplus in Profit & Loss Account	9,443,084	4,414,463	9,443,084	4,414,463
	138,348,352	13,314,463	9,624,484	142,038,331

3. UNSECURED LOANS

Fixed Deposit from public including interest accrued and due
(amount repayable/renewable within one year
Rs.4,319,000/- Previous year Rs. 9,681,000/-)

As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
6,873,132	16,105,189
6,873,132	16,105,189



SCHEDULES

4. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Value as on 01.04.2000	Additions during the year	Sales/ Adjust-ments	Value as on 31.03.2001	Upto 31.03.2000	Depreciaton during the year	Sales/ Adjust-ments	Total 31.03.2001	Value as on 31.03.2001	Value as on 31.03.2000
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3,674,588	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Building	18,250,507	—	—	18,250,507	7,745,978	376,298	—	8,122,276	10,128,231	10,504,529
Plant & Machinery	2,077,578	31,250	—	2,108,828	627,198	149,869	—	777,067	1,331,761	1,450,380
Furniture, Fixtures & Equipments	2,668,212	69,537	—	2,737,749	2,455,287	27,827	—	2,483,114	254,635	212,925
Vehicles	2,484,877	—	—	2,484,877	1,225,924	201,286	—	1,427,210	1,057,667	1,258,953
Plant & Machinery on Lease	64,597,124	—	—	64,597,124	36,643,214	9,135,842	—	45,779,056	18,818,068	27,953,910
Total	93,752,886	100,787	—	93,853,673	48,697,601	9,891,122	—	58,588,723	35,264,950	45,055,285
Previous year	215,744,562	38,000	31,005,885	93,752,886	128,724,169	11,943,107	91,969,675	48,697,601	45,055,285	

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.

5. INVESTMENTS

Long Term

Non-Trade

Quoted

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

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
5,240 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. 38 each in Mangalore Refinery & Petrochemicals Ltd. (Non convertible part) - Instalment of Rs. 19 per debenture redeemed during the year.	3,800	5,700
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21,986,193

21,988,093

(Aggregate Market Value Rs. 29,697,828/-
Previous year Rs. 28,538,202/-)

SCHEDULE-5 (Contd.)

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
Unquoted		
Debentures		
5% Non-Redeemable Debentures stock in East India Clinic Ltd	6,000	5,000
1/2% Registered Mortgaged Debentures in East India Clinic Ltd	3,900	3,900
In Subsidiary Companies		
220,000 Equity Shares of Rs. 10 each in Herbert Holdings Ltd.	7,000,000	7,000,000
900,007 Equity Shares of Rs. 10 each in Alfred Herbert Ltd.	9,000,070	9,000,070
Others		
#47,126 Units of Rs. 10 each in Unit Trust of India (Re-purchase price Rs. 664,477/-) Previous year - Rs. 2,625,704/-)	678,650	2,616,128
Current Investments		
1,094,364 Units of Rs. 10 each in Prudential ICICI Fixed Maturity Plan	11,000,000	—
1,666,666 Units of Rs. 10 each in Prudential ICICI Income Plan	17,000,000	—
	<u>44,687,620</u>	<u>18,625,098</u>
	<u>66,673,813</u>	<u>40,613,191</u>

134,540 Units sold during the year

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
6. INVENTORIES		
Stock-in-Trade at lower of cost or estimated realisable value	5,499	5,499
	<u>5,499</u>	<u>5,499</u>
7. SUNDRY DEBTORS		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six months	141,350	1,668,285
Other debts	1,212,773	892,359
	<u>1,354,123</u>	<u>2,560,644</u>
8. CASH AND BANK BALANCES		
Cash in hand	570,632	559,261
Balances with Scheduled Banks		
(i) On Current Accounts		
EEFC Accounts	4,341,860	4,152,890
Others	18,374,554	4,415,776
(ii) On Deposit Accounts	316,923	4,426,128
	<u>23,033,337</u>	<u>12,994,794</u>
	<u>23,603,969</u>	<u>13,554,055</u>
9. OTHER CURRENT ASSETS		
(Unsecured - considered good)		
Security Deposit	349,610	528,405
	<u>349,610</u>	<u>528,405</u>