



ALFRED HERBERT (INDIA) LTD.

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ANNUAL REPORT
2001 - 2002



ANNUAL REPORT

2001-2002

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

AUDITORS

Clark, Gardner, Wolf & Company

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CONTENTS

NOTICE	2
DIRECTORS' REPORT	3
BALANCE SHEET	4
PROFIT & LOSS A/C	5
AUDITORS' REPORT	16

REGISTERED OFFICE

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

ALFRED HERBERT (INDIA) LTD.

NOTICE OF MEETING

Notice is hereby given that the Eighty-second 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 Friday, 27th September, 2002, 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, 2002, together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. R. S. Lodha who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P R Neelakantan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. R C Tapuriah who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

Registered Office :
Herbert House,
13/3 Strand Road
Kolkata - 700 001
29th June, 2002

By Order of the Board

A. V. Lodha
Director

if approved at the meeting, will be made to those Members whose names are on the Company's Register of Members on 27th September, 2002.

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 :

M/s. 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.

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, 2002 to 27th September, 2002 (both days inclusive). Payment of the dividend as recommended by the Directors,
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-second Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2002 Rs.	31st March 2001 Rs.
Profit before Tax	9,251,666	11,784,136
Provision for Tax (Incl. Deferred Tax)	1,660,703	6,000,000
Profit after Tax	7,590,963	5,784,136
Surplus from earlier years brought forward	4,414,463	9,443,084
Amount available for appropriation	12,005,426	15,227,220
Appropriations :		
Proposed Dividend	1,157,143	1,735,714
Corporate Dividend Tax	---	177,043
Special Reserve	1,600,000	1,200,000
General Reserve	393,687	7,700,000
	3,150,830	10,812,757
Surplus carried to Balance Sheet	8,854,596	4,414,463
	12,005,426	15,227,220

DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of 15% (Rs. 0.90 per share) for the year ended 31st March, 2002.

OPERATIONS

Realty and Business Services Division

The performance of the Company's Realty and Business Services Division was satisfactory and was instrumental in contributing to the profitability of the Company. However, due to the significant reduction in interest rates, investment returns have also come down which coupled with the strategic desire to reduce risk resulted in a lower income as compared to the previous year. The Company plans to examine further potential in this area.

Sales And Marketing Division

The Sales and Marketing Division of our Company performed below our expectation. There was no increase in orders for indigenous as well as imported machinery during the year given the difficult scenario faced by Indian Industry. The market continued to remain difficult and industrial growth declined very significantly. Most Companies therefore did not go for expansion/setting new capacities in view of the adverse business conditions. Efforts are continuing by the Company to look for new Agencies to improve the performance of this Division and restructure the Division significantly in the current year to bring down costs.

NON BANKING FINANCIAL COMPANY

The Company had made an application in terms of Reserve Bank of India's directive for Registration as a Non Banking Financial Company during the previous year. We have received a Certificate of Registration from Reserve Bank of India to commence the business of Non-Banking Financial Institution. The company has stopped accepting nor renewed public deposits during the year and has discharged its entire obligations.

DIRECTORS

Mr. R S Lodha, Mr P R Neelakantan and Mr R C Tapuriah retire by rotation under the Articles of Association of the

Company and being eligible, offer themselves for re-appointment.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the consolidated financial statements duly incorporating the financial statements of the subsidiaries Alfred Herbert Limited and Herbert Holdings Limited pursuant to the amendments made to the Listing Agreement recently.

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(k) 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 of the company during the year.

PARTICULARS OF EMPLOYEES

The Company 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 and Overseas & 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 C Tapuriah
A V Lodha
Directors

Kolkata, 29th June, 2002

ALFRED HERBERT (INDIA) LTD.

Balance Sheet

as at 31st March, 2002

	Schedules	As at 31st March, 2002 (Rs.)	As at 31st March, 2001 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	7,714,284	7,714,284
Reserves and Surplus	2	<u>139,097,064</u>	<u>142,038,331</u>
		146,811,348	149,752,615
Loan Funds			
Unsecured Loans	3	--	6,873,132
		<u>146,811,348</u>	<u>156,625,747</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	93,853,259	93,853,673
Less : Depreciation		<u>68,446,461</u>	<u>58,588,723</u>
Net Block		25,406,798	35,264,950
Investments	5	73,195,556	66,673,813
Current Assets, Loans and Advances :			
inventories	6	--	5,499
Sundry Debtors	7	520,130	1,354,123
Cash and Bank Balances	8	9,812,552	23,603,969
Other Current Assets	9	363,270	349,610
Loans and Advances	10	<u>79,342,900</u>	<u>82,239,117</u>
		<u>90,038,852</u>	<u>107,552,318</u>
Less : Current Liabilities and Provisions :			
Liabilities	11	18,346,247	21,764,070
Provisions	12	<u>17,729,221</u>	<u>31,373,657</u>
		<u>36,075,468</u>	<u>53,137,727</u>
Net Current Assets		53,963,384	54,414,591
Deferred Tax Asset / (Liability)		(5,754,390)	--
Miscellaneous Expenditure to the extent not written off or adjusted		--	272,393
		<u>146,811,348</u>	<u>156,625,747</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

Kolkata
29th June, 2002

On behalf of the Board

R. C. TAPURIAH
A. V. LODHA

Directors



Profit and Loss Account

For the year ended 31st March, 2002

	Schedules	For the year ended 31st March, 2002 Rs.	For the year ended 31st March, 2001 Rs.
INCOME			
Income from Operations	13	32,084,274	37,960,001
Other Income	14	162,607	180,787
		<u>32,246,881</u>	<u>38,140,788</u>
EXPENDITURE			
Cost of Materials	15	1,239,178	1,519,296
Other Expenses	16	12,057,246	15,121,906
Interest		—	5,728
Depreciation		9,880,191	9,891,122
Less : Transferred from Revaluation Reserve		<u>181,400</u>	<u>181,400</u>
		<u>9,698,791</u>	<u>9,709,722</u>
		<u>22,995,215</u>	<u>26,356,652</u>
PROFIT BEFORE TAX		<u>9,251,666</u>	<u>11,784,136</u>
Less : Provision for Taxation :			
Current Tax		5,100,000	6,000,000
Deferred Tax		<u>(3,439,297)</u>	<u>—</u>
PROFIT AFTER TAX		<u>7,590,963</u>	<u>5,784,136</u>
Add : Balance brought forward from previous year		4,414,463	9,443,084
Available for appropriation		<u>12,005,426</u>	<u>15,227,220</u>
APPROPRIATIONS			
Proposed Dividend		1,157,143	1,735,714
Corporate Dividend Tax		—	177,043
Special Reserve		1,600,000	1,200,000
General Reserve		393,687	7,700,000
Balance carried to Balance Sheet		<u>8,854,596</u>	<u>4,414,463</u>
		<u>12,005,426</u>	<u>15,227,220</u>
Earning per share - basic & diluted (Face value Rs. 6/- each)		5.90	4.50
No. of shares used in computing earning per share - Basic and diluted		1,285,714	1,285,714
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

Kolkata
29th June, 2002

On behalf of the Board

R. C. TAPURIAH
A. V. LODHA

Directors

ALFRED HERBERT (INDIA) LTD.

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, 2002 Rs.	As at 31st March, 2001 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 2001 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2002 Rs.
Capital Reserve	7,623,868	—	181,400	7,442,468
General Reserve	128,800,000	393,687	9,193,687	120,000,000
Special Reserve (Under Section 45 IC of Reserve Bank of India Act)	1,200,000	1,600,000	—	2,800,000
Surplus in Profit & Loss Account	4,414,463	8,854,596	4,414,463	8,854,596
	142,038,331	10,848,283	13,789,550	139,097,064

3. UNSECURED LOANS

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

As at 31st March, 2002 Rs.	As at 31st March, 2001 Rs.
—	6,873,132
—	6,873,132



SCHEDULES

4. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Value as on 01.04.2001	Additions during the year	Sales/ Adjust-ments	Value as on 31.03.2002	Upto 31.03.2001	Depreciation during the year	Sales/ Adjust-ments	Total 31.03.2002	Value as on 31.03.2002	Value as on 31.03.2001
	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	8,122,276	376,298	—	8,498,574	9,751,933	10,128,231
Plant & Machinery	2,108,828	43,690	27,500	2,125,018	777,067	139,537	6,668	909,936	1,215,082	1,331,761
Furniture, Fixtures & Equipments	2,737,749	—	16,604	2,721,145	2,483,114	27,026	15,785	2,498,355	226,790	254,635
Vehicles	2,484,877	—	—	2,484,877	1,427,210	201,488	—	1,628,698	856,179	1,057,667
Plant & Machinery on Lease	64,597,124	—	—	64,597,124	45,779,056	9,135,842	—	54,914,898	9,682,226	18,818,068
Total	93,853,673	43,690	44,104	93,853,259	58,588,723	9,880,191	22,453	68,446,461	25,406,798	35,264,950
Previous year	93,752,886	100,787	—	93,853,673	48,697,601	9,891,122	—	58,588,723	35,264,950	—

Notes :

- (a) Buildings include a flat on leasehold land (original cost Rs. 198,559). Registration of the relevant conveyance deed of the flat is pending execution.

5. INVESTMENTS

Long Term

Non-Trade

Quoted

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

	As at 31st March, 2002 Rs.	As at 31st March, 2001 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. 19 each in Mangalore Refinery & Petrochemicals Ltd. (Non convertible part) - Instalment of Rs. 19 per debenture redeemed during the year.	1,900	3,800
	21,984,293	21,986,193

(Aggregate Market Value Rs. 30,307,616/-
Previous year Rs. 29,697,828/-)

ALFRED HERBERT (INDIA) LTD.

SCHEDULE-5 (Contd.)

		As at 31st March, 2002 Rs.	As at 31st March, 2001 Rs.
Unquoted			
Debtentures			
5% Non-Redeemable Debtentures stock in East India Clinic Ltd		5,000	5,000
1/2% Registered Mortgaged Debtentures 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. Nil) Previous year - Rs. 6,64,477/-)(Sold 47,126 Units this year)	—	678,650
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
1,326,237.334	Units of Rs. 10 each in Prudential ICICI Income Plan-Growth Option	33,902,293	—
82,690.468	Units of Rs.10 each in Prudential ICICI Gift Fund Investment-Growth Option	1,300,000	—
		51,211,263	44,687,620
		73,195,556	66,673,813
		As at 31st March, 2002 Rs.	As at 31st March, 2001 Rs.
6.	INVENTORIES		
	Stock-in-Trade at lower of cost or estimated realisable value	—	5,499
		—	5,499
7.	SUNDRY DEBTORS		
	(Unsecured - Considered good)		
	Debts outstanding for a period exceeding six months	10,293	141,350
	Other debts	509,837	1,212,773
		520,130	1,354,123
8.	CASH AND BANK BALANCES		
	Cash in hand	526,081	570,632
	Balances with Scheduled Banks		
	(i) On Current Accounts		
	EEFC Account	6,550,411	4,341,860
	Others	2,376,445	18,374,554
	(ii) On Deposit Accounts	359,615	316,923
		9,286,471	23,033,337
		9,812,552	23,603,969
9.	OTHER CURRENT ASSETS		
	(Unsecured - considered good)		
	Security Deposit	363,270	349,610
		363,270	349,610

9