



# **ALFRED HERBERT (INDIA) LTD.**

Report  junction.com

**ANNUAL REPORT**  
**2002 - 2003**



## ANNUAL REPORT

2002-2003

### BOARD OF DIRECTORS

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

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### AUDITORS

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Clark, Gardner, Wolf & Company

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### REGISTERED OFFICE

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

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**ALFRED HERBERT (INDIA) LTD.**

**NOTICE OF MEETING**

Notice is hereby given that the Eighty-third 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 Monday, 8th September, 2003, at 10.30 a.m. to transact the following business :

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March, 2003, 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. A. V. Lodha who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. M. K. Ramachandra 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 Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and subject to other permissions and approvals as may be required, approval of the Members be and is hereby accorded to the delisting of the equity shares of the Company from the Delhi Stock Exchange Association Ltd".

"Resolved further that the Board of Directors of the Company, whether acting through Board, Committee of the Board or any Director or any person authorized by the Board, (hereinafter referred to as the 'Board') be and is hereby authorised to seek voluntary delisting and to take all necessary steps in this regard, as it may in its absolute discretion deem necessary and to settle any question, difficulties, doubts that may arise with regard to delisting of the existing shares and to execute all such deeds, documents, writings as may be necessary or expedient in this regard."

Registered Office :  
Herbert House,  
13/3 Strand Road  
Kolkata - 700 001  
23rd June, 2003

By Order of the Board  
R. C. Tapuriah  
Director

**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 2nd September 2003 to 8th September 2003 (both days inclusive).

3. Dividend will be paid to those Members whose names appear in the Register of Members as on 8th September 2003.
4. Pursuant to Section 205A of the Companies Act, 1956, unpaid/unclaimed, dividend for the year ended 31st March, 1995 has been transferred to the "Investors Education and Protection Fund", established under Section 205C of the Companies Act, 1956. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996 or any subsequent financial years, are requested to make their claim to the Office of the Registrars and Share Transfer Agents of the Company.
5. 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.

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.

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

**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 No. 7**

The equity shares of the Company are presently listed with the stock exchanges at Kolkata, Mumbai and Delhi. Since the last few years, there has been practically no trading of the Company's shares at Delhi Stock Exchange. No particular benefit is therefore available to the shareholders of the Company by continuing the listing of equity shares of the Company on Delhi Stock Exchange. The shares of the Company shall remain listed with Stock Exchanges at Kolkata and Mumbai. Mumbai Stock Exchange has nationwide trading terminals and the interest of the shareholders who wish to trade in the shares of the Company would be adequately protected. In view of the costs and effort to continue listing with Delhi Stock Exchange as compared to the trading activity in the shares and interest of the shareholders, the Board of Directors has decided to get the shares delisted from the Stock Exchange at Delhi.

As per the SEBI Guidelines 2003, no exit option is required to be given to the shareholders as the Company's shares are listed on Mumbai Stock Exchange.

Your Directors therefore recommend the above Resolution for your approval.

None of the Directors is interested in the passing of the above Resolution.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighty-third Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2003.

## FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2003 Rs.	31st March 2002 Rs.
Profit before Tax	356,244	9,251,666
Provision for Tax (Incl. Deferred Tax)	680,716	1,660,703
Profit / (Loss) after Tax	(324,472)	7,590,963
Surplus from earlier years brought forward	8,854,596	4,414,463
Amount available for appropriation	8,530,124	12,005,426
Appropriations :		
Proposed Dividend	771,428	1,157,143
Corporate Dividend Tax	98,820	---
Special Reserve	---	1,600,000
General Reserve	---	393,687
	870,248	3,150,830
Surplus carried to Balance Sheet	7,659,876	8,854,596
	8,530,124	12,005,426

## DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of 10% (Rs. 0.60 per share) for the year ended 31st March, 2003.

## OPERATIONS

### Realty, Business Services and Finance Division

The performance of the Company's Realty, Business Services and Finance Division suffered due to significant reduction in interest rates. Investment returns have also decreased and correspondingly income is lower as compared to the previous year. Coupled with this the non-performance of certain assets resulted in appropriate provisions being made in compliance with the Reserve Bank of India's guidelines.

### Sales And Marketing Division

Our Sales and Marketing Division continues to face severe competition from large scale imports of second-hand machinery with limited growth in the Engineering sector. Whilst the Division is undergoing restructuring to reduce costs. Company is examining various measures to help achieve satisfactory results for this Division.

## DIRECTORS

Mr. P L Agarwal, Mr A V Lodha and Mr M K Ramachandra 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 Ltd.

## 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. 15(i) 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

Kolkata, 23rd June, 2003

R. S. Lodha  
Chairman

**ALFRED HERBERT (INDIA) LTD.****Balance Sheet**

as at 31st March, 2003

	Schedules	As at 31st March, 2003 (Rs.)	As at 31st March, 2002 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	7,714,284	7,714,284
Reserves and Surplus	2	139,097,064	146,811,348
		<u>145,435,228</u>	<u>146,811,348</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	28,263,137	93,853,259
Less : Depreciation		<u>13,536,134</u>	<u>68,446,461</u>
Net Block		14,727,003	25,406,798
<b>Investments</b>	4	109,693,656	73,195,556
<b>Current Assets, Loans and Advances :</b>			
Sundry Debtors	5	520,130	520,130
Cash and Bank Balances	6	9,812,552	9,812,552
Other Current Assets	7	363,270	363,270
Loans and Advances	8	79,342,900	79,342,900
		<u>59,724,692</u>	<u>90,038,852</u>
<b>Less : Current Liabilities and Provisions :</b>			
Liabilities	9	18,346,247	18,346,247
Provisions	10	17,729,221	17,729,221
		<u>36,075,468</u>	<u>36,075,468</u>
<b>Net Current Assets</b>		23,279,072	53,963,384
<b>Deferred Tax Asset / (Liability)</b>		(2,24,106)	(5,754,390)
		<u>145,435,228</u>	<u>146,811,348</u>
Accounting Policies and Notes to Accounts	15		

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  
23rd June, 2003

On behalf of the Board

R. S. Lodha  
Chairman

R. C. Tapuriah  
Director





## Profit and Loss Account

For the year ended 31st March, 2003

	Schedules	For the year ended 31st March, 2003 Rs.	For the year ended 31st March, 2002 Rs.
<b>INCOME</b>			
Income from Operations	11	20,834,631	32,084,274
Other Income	12	85,651	162,607
		<u>20,920,282</u>	<u>32,246,881</u>
<b>EXPENDITURE</b>			
Cost of Materials	13	723,860	1,239,178
Other Expenses	14	10,140,421	12,057,246
Interest		152,000	--
Depreciation		9,729,157	9,880,191
Less : Transferred from Revaluation Reserve		<u>181,400</u>	<u>181,400</u>
		<u>9,547,757</u>	<u>9,698,791</u>
		<u>20,564,038</u>	<u>22,995,215</u>
<b>PROFIT BEFORE TAX</b>		<u>356,244</u>	<u>9,251,666</u>
Less : Provision for Taxation :			
Current Tax		4,200,000	5,100,000
Deferred Tax		<u>(3,519,284)</u>	<u>(3,439,297)</u>
<b>PROFIT / (LOSS) AFTER TAX</b>		<u>(324,472)</u>	<u>7,590,963</u>
Add : Balance brought forward from previous year		8,854,596	4,414,463
Available for appropriation		<u>8,530,124</u>	<u>12,005,426</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		771,428	1,157,143
Corporate Dividend Tax		98,820	--
Special Reserve		--	1,600,000
General Reserve		--	393,687
Balance carried to Balance Sheet		<u>7,659,876</u>	<u>8,854,596</u>
		<u>8,530,124</u>	<u>12,005,426</u>
Earning per share - basic & diluted (Face value Rs. 6/- each)		(0.25)	5.90
No. of shares used in computing earning per share - Basic and diluted		<u>1,285,714</u>	<u>1,285,714</u>

Accounting Policies and Notes  
to Accounts

15

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.

As per our report of even date

For CLARK, GARDNER, WOLF AND COMPANY  
Chartered Accountants

P. L. Soni  
Partner

Kolkata  
23rd June, 2003

On behalf of the Board

R. S. Lodha  
Chairman

R. C. Tapuriah  
Director

**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 2003 Rs.	As at 31st March 2002 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 2002 Rs.	Additions Rs.	Transfers/ Deductions Rs.	Balance as at 31st March 2003 Rs.
Capital Reserve	7,442,468	—	181,400	7,261,068
General Reserve	120,000,000	—	—	120,000,000
Special Reserve (Under Section 45 IC of Reserve Bank of India Act)	2,800,000	—	—	2,800,000
Surplus in Profit & Loss Account	8,854,596	7,659,876	8,854,596	7,659,876
	<u>139,097,064</u>	<u>7,659,876</u>	<u>9,035,996</u>	<u>137,720,944</u>

**3. FIXED ASSETS**

Description	Gross Block				Depreciation				Net Block	
	Value as on 01.04.2002 Rs.	Additions during the year Rs.	Sales/ Adjust- ments Rs.	Value as on 31.03.2003 Rs.	Upto 31.03.2002 Rs.	Depreciation during the year Rs.	Sales/ Adjust- ments Rs.	Total 31.03.2003 Rs.	Value as on 31.03.2003 Rs.	Value as on 31.03.2002 Rs.
Land	3,674,588	—	—	3,674,588	—	—	—	—	3,674,588	3,674,588
Building	18,250,507	—	—	18,250,507	8,498,574	376,298	—	8,874,872	9,375,635	9,751,933
Plant & Machinery	2,125,018	—	250,496	1,874,522	909,936	110,901	100,590	920,247	954,275	1,215,082
Furniture, Fixtures & Equipments	2,721,145	—	296,798	2,424,347	2,494,356	24,585	254,370	2,264,571	159,776	226,790
Vehicles	2,484,877	—	445,105	2,039,772	1,628,698	181,118	333,372	1,476,444	563,328	856,179
Plant & Machinery on Lease	64,597,124	—	64,597,124	—	54,914,898	9,036,255	63,951,153	—	—	9,682,226
Total	93,853,259	—	65,589,523	28,263,736	68,446,462	9,729,157	64,639,485	13,536,134	14,727,602	25,406,798
Previous year	93,853,673	43,690	44,104	93,853,259	58,588,723	9,880,191	22,453	68,446,461	25,406,798	—

**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.



31st March, 2003

Rs.

## 4. INVESTMENTS

## Long Term

## Non-Trade

## Quoted

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

		As at 31st March, 2002	As at Rs.
10,480	Housing Development Finance Corporation Limited	137,525	137,525
(Previous year 5,240)			
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

---	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
(Previous year 100)			

21,982,393

21,984,293

(Aggregate Market Value Rs. 24,192,564/-)

Previous year Rs. 30,307,616/-)

## Unquoted

## Debentures

5% Non-Redeemable Debentures stock in East India Clinic Ltd	5,000	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

## Current Investments

185024.830	Units of Rs. 10 each in HDFC Mutual Fund - Income Plan - Growth Option	2,500,000	—
(Previous year Nil)			
82690.468	Units of Rs. 10 each in Prudential ICICI Gilt Fund - Investment - Growth Option	1,300,000	1,300,000
4101694.783	Units of Rs.10 each in Prudential ICICI Income Plan - Growth Option	66,902,293	33,902,293
(Previous year 1326237.334)			
69208.942	Units of Rs. 10 each in Prudential ICICI Liquid Plan - Growth Option	1,000,000	—
(Previous year Nil)			

87,711,263

51,211,263

109,693,656

73,195,556



## ALFRED HERBERT (INDIA) LTD.

		As at 31st March, 2003 Rs.	As at 31st March, 2002 Rs.
<b>5. SUNDRY DEBTORS</b>			
(Unsecured - Considered good)			
Debts outstanding for a period exceeding six months		134,337	10,293
Other debts		1,420,885	509,837
		<u>1,555,222</u>	<u>520,130</u>
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		65,506	526,081
Balances with Scheduled Banks			
(i) On Current Accounts			
EEFC Account	7,542,023		6,550,411
Others	4,944,089		2,376,445
(ii) On Deposit Accounts	338,749	12,824,861	359,615
		<u>12,890,367</u>	<u>9,286,471</u>
			<u>9,812,552</u>
<b>7. OTHER CURRENT ASSETS</b>			
(Unsecured - considered good)			
Security Deposit		263,805	363,270
		<u>263,805</u>	<u>363,270</u>
<b>8. LOANS AND ADVANCES</b>			
Advances & Loans to Subsidiary		3,892,235	12,008,358
Advance recoverable in cash or in kind or for value to be received (including short term deposits with companies)			
- considered good		23,573,024	55,691,113
- considered doubtful		2,000,000	—
Advance Income Tax		17,249,041	11,643,429
		<u>46,714,300</u>	<u>79,342,900</u>
Less : Provision for non-performing loans and advances		2,000,000	—
		<u>44,714,300</u>	<u>79,342,900</u>
<b>9. LIABILITIES</b>			
Sundry Creditors		4,049,029	3,855,615
Advances from customers		714,706	713,145
**Other Liabilities		9,768,558	13,777,487
**Includes unclaimed dividend amounting to Rs. 3,38,749 (previous year Rs. 3,59,616) which is not due to be deposited to Investor Education and Protection Fund.			
		<u>14,532,293</u>	<u>18,346,247</u>
<b>10. PROVISIONS</b>			
Provision for Taxation		20,772,078	16,572,078
Proposed Dividend		771,428	1,157,143
Corporate Dividend Tax		598,820	—
		<u>21,642,326</u>	<u>17,729,221</u>



# 11. INCOME FROM OPERATIONS

	For the year ended 31st March, 2003 Rs.	For the year ended 31st March, 2002 Rs.
Sales	978,906	1,849,173
Interest, Fees and other charges (net) (Tax deducted at source Rs. 209511/- previous year Rs. 1935898/-) Note 15(e)	997,671	9,284,359
Commission and Service Charges	3,649,869	3,439,822
Income from Long Term Investments (Tax deducted at source Rs.75069/- Previous year Rs. 94/-) :-		
Dividend	714,647	4,913,539
Interest	152	456
Profit on Sale of Short-Term Investment	--	10,302
Lease Rental	11,828,386	11,938,623
Rent (Tax deducted at source Rs. 546000/- Previous year Rs.123520/-)	2,665,000	648,000
	<b>20,834,631</b>	<b>32,084,274</b>

# 12. OTHER INCOME

Interest on Deposits and others	2,623	30,717
Profit of Sale of fixed assets	909	--
Miscellaneous Income	82,119	131,890
	<b>85,651</b>	<b>162,607</b>

# 13. COST OF MATERIALS

Opening Stock :		5,499
Stock in-trade	--	5,499
Add :Purchase of machine tools and spares (i)	723,860	1,233,679
	<b>723,860</b>	<b>1,239,178</b>
Less :Closing Stock :		
Stock-in-trade	--	--
	<b>723,860</b>	<b>1,239,178</b>

- (i) includes Rs. Nil being the aggregate cost of Nil Nos. machine tools for sale (previous year Nil Rs. Nil) and numerous items of spares, none of which individually exceeds 10% of purchases.