



**Jost's Engineering Company Limited**

**Annual Report 2003-2004**



## **Jost's Engineering Company Limited**

Annual Report 2003-2004

### **Directors**

B. H. Reporter, Chairman  
F. A. A. Jasdanwalla  
H. N. Sethna  
S. Sheth  
M. Wadia

### **Vice President and Company Secretary**

C. B. Sagvekar

### **Bankers**

Oman International Bank S.A.O.G.  
The South Indian Bank Ltd.  
Standard Chartered Bank  
The Zoroastrian Co-operative Bank Ltd.  
HDFC Bank Ltd.

### **Solicitors**

Crawford Bayley and Company

### **Auditors**

A. F. Ferguson & Co.  
Chartered Accountants

### **Registered Office**

Great Social Building  
60, Sir Phirozeshah Mehta Road  
Mumbai - 400 001.  
Tel. : 91-22-2266 1150 / 2266 1166  
Fax : 91-22-2266 1951

### **Registrar and Share Transfer Agent**

M/s. Computech Sharecap Limited  
147 Mahatma Gandhi Road,  
3rd Floor, Opp. Jehangir Art Gallery,  
Fort, Mumbai - 400 023.  
Tel. : 91-22-2267 1824-25-26





## Notice

Notice is hereby given that the Ninety-seventh Annual General Meeting of the members of Jost's Engineering Company Limited will be held at Great Social Building, 60 Sir Phirozeshah Mehta Road, Mumbai-400 001, on Wednesday, the 18th August, 2004 at 4.30 p.m. to transact the following business :

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Marco Wadia who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. H. N. Sethna who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The Proxies to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th August, 2004 to 18th August, 2004 (both days inclusive).
3. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 18th August, 2004. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares as at the end of business hours on 14th August, 2004 as per the details furnished by the depositories for this purpose.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended 31st March, 1997 or any subsequent financial years are requested to make their claim to the Company immediately quoting their folio numbers. It may be noted that the unclaimed dividend for the financial year ended 31st March, 1997 is due for transfer to the Investor Education and Protection Fund on 25th September, 2004.. It may also be noted that according to the provisions of Section 205C of the Companies Act, 1956, once the unclaimed dividend is transferred to the Investor Education and Protection Fund of the Central Government, as above, no claim shall lie in respect thereof against the Fund or the Company.
5. The Company has appointed M/s.Computech Sharecap Limited, Unit : Jost's Engineering Company Limited, 147, Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai 400023 as the Registrar and Share Transfer Agents for share registry work both for physical and electronic mode. The Members are therefore, requested to address the correspondence relating to the share registry both in physical and electronic mode to the said Registrar and Share Transfer Agents. Members may also please note that the Company's shares are available for demat with both the depositories, namely, Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

6. The Members who continue to hold shares in physical form are requested to intimate any change in their address immediately to the Company's Registrars and Shares Transfer Agents, M/s. Computech Sharecap Limited, Unit : Jost's Engineering Company Limited, 147 Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai-400 023 quoting their Folio numbers. The Members holding shares in dematerialised form are requested to get their change of address recorded with the depository participant.

By order of the Board

C.B. Sagvekar

Vice President and Company Secretary

Mumbai, 29th June, 2004.

Registered Office ;  
Great Social Building,  
60 Sir Phirozeshah Mehta Road,  
Mumbai-400 001.

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## Directors' Report

The Directors present herewith their Ninety-sixth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2004.

	Rs. lakhs	Year ended 31-3-2004 (12 months) Rs. lakhs	Previous Year ended 31-3-2003 (18 months) Rs. lakhs
<b>1. Financial Results</b>			
Profit/( Loss) before Tax		57.02	(360.96)
Provision for Income-tax		7.50	—
Profit/(Loss) after tax		49.52	(360.96)
Balance brought forward from previous year		(7.42)	(176.85)
		42.10	(537.81)
Transferred from General Reserve		—	530.39
Amount available for appropriation		42.10	(7.42)
Proposed Dividend Rs. 1.50 per share (15%) on 7,64,650 equity shares	11.47		—
Tax on proposed dividend	1.47		—
Transferred to General Reserve	3.00		—
		15.94	—
Balance carried forward		26.16	(7.42)

## 2. Dividend

Due to the concerted efforts of all our people and the steps that have been taken to increase productivity and control costs, the Company is profitable. The Board of Directors recommend a dividend of Rs.1.50 per share (15%) for the year ended 31st March, 2004.

## 3. Operations

Sales for the year under review were Rs.2259 lakhs as against Rs.2082 Lakhs in the previous period (18 months). The profit for the year were Rs.50 Lakhs as against the loss of Rs.361 Lakhs for the previous period (18 Months). We are optimistic and visualise that generally business will continue to improve, as a result of which, barring unforeseen circumstances, we should have improved results in the current year.

## 4. Transfer to Investor Education And Protection Fund :

In terms of Section 205 ( C ) of the Companies Act, 1956, an amount of Rs.18,092/- being unclaimed dividend for the year 1995-96 was transferred to the Investor Education And Protection Fund established by the Central Government.

## 5. Auditors' Report :

The delay reported by the auditors in their report under para ix (a) (ii) was due to financial difficulty faced by the company during the year.

**6. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information pursuant to Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure to the Directors' Report.

**7. Particulars of employees**

Statement giving particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, is not annexed to this report as no employee was in receipt of the remuneration in excess of the prescribed sum during the year.

**8. Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956.**

It is hereby confirmed that

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had 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 of the company for that period;
- (iii) the directors had taken proper and sufficient care for 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;
- (iv) the directors had prepared the annual accounts on a going concern basis.

**9. Directors**

In accordance with Article 122 of the Articles of Association of the Company, Mr. Marco Wadia and Mr. H. N. Sethna retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**10. Auditors**

Messrs. A. F. Ferguson & Co., Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

On behalf of the Board of Directors

B. H. Reporter  
Chairman

Mumbai, 29th June, 2004.



## Annexure to Directors' Report

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### (A) Conservation of Energy

#### a) Energy Conservation Measures taken

The Company continues to take all available measures for the conservation of energy in the production process and reduce the costs thereof. The Company's products are being constantly improved so as to be more efficient in the use of power.

#### b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

No additional investments are being considered. However, continued efforts are made to instill an awareness in all departments to conserve power and fuel.

#### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

There has been a marginal reduction in the cost of power and fuel. Efforts to conserve energy, however, continue.

#### d) Total energy consumption and energy consumption per unit of production as per Form A of the annexure in respect of Industries specified in the schedule thereto.

As the Company is not covered under the list of specified industries, Form A is not attached.

### (B) Technology Absorption

#### I Research and Development (R&D)

##### 1. Specific areas in which R&D carried out by the Company

The Research and Development programmes carried out by the Company during the year were aimed towards cost reduction, indigenisation of materials, development of new products and conservation of energy.

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

The benefits derived are principally in the more economical and efficient utilization of the Company's products, and the substitution of local products for imports.

##### 3. Future Plan of Action

The Company expects to continue the R&D activities and widen the scope so as to improve on existing products and wherever possible reduce the import content.

##### 4. Expenditure on R&D

- |   |                |
|---|----------------|
| a) Capital  | Rs. Nil        |
| b) Recurring  | Rs. 1.52 lakhs |
| c) Total  | Rs. 1.52 lakhs |
| d) Total R&D expenditure as a percentage of total turnover: | less than 1%   |

**II Technology absorption, adaptation and innovation :****1. Efforts made towards technology absorption, adaptation and innovation**

Strong efforts are being made towards the local availability of components for the products manufactured.

**2. Benefits derived as a result of the above efforts:**

Considerable savings in foreign exchange are effected as a result of local availability of the products and the indigenisation programme.

**3. Technology imported during the last 5 years:**

No technology has been imported during the last 5 years.

**(C) Foreign Exchange Earnings and Outgo****(a) Activities related to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.**

The Company is making efforts to create an export market for its products.

**(b) Total foreign exchange used and earned**

The information is contained in Schedule 15 on Page 26.

On behalf of the Board of Directors

B. H. Reporter  
Chairman

Mumbai, 29th June, 2004.

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## To our Shareholders

Sales for the year were Rs. 2259 lakhs as against Rs. 2082 lakhs in the previous period of 18 months. Due to the concentrated efforts of all our people and the steps that have been taken to increase productivity and to control costs in all areas, the Company is profitable in the year under review. The profit for the year was Rs.50 lakhs as against a loss of Rs.361 lakhs for the previous period. The Board of Directors has recommended a Dividend of Rs.1.50 per share (15%).

Due to the improvement in the general economic situation, order levels in all Divisions have improved. In the Material Handling Division, sales and orders have shown a significant increase for both local and Jungheinrich products. The results of the Division have ended with an operational profit and, barring unforeseen circumstances, it is anticipated that this trend will continue. Continuing efforts in the areas of cost control, quality improvement, working capital management and service should help to improve the performance in this Division in the current year. This Division has been granted an ISO 9001:2000 Certificate by the BVQI.

In the Engineered Products Division, the main strategy was to consider product lines as independent business units with a focus on profitability for each division. Here again, for the product lines, the key financial parameters were profits, contribution and growth in business. Collection was the main focus area for the regions and it was seen that collections had improved from 120 sales days outstanding to the current level of 40 days.

The business in the Engineered Products Division continues to improve. Some of the significant orders received during the year were

- Combustion Systems using oxygen to improve combustion efficiency have been supplied and commissioned at the Asahi Glass Works.
  - Paint Stripping Ovens have been supplied and commissioned at Bajaj Auto Limited and this equipment is working satisfactorily.
- During the year we have taken up representation of M/s ODS Holland and IRCON, U.S.A. ODS Holland specializes in Custody Transfer Flow Metering Systems which will give us a substantial presence in the rapidly growing Oil and Gas pipelines market. IRCON are world leaders in non-contact temperature measurement which will give us a significant presence in the rapidly expanding steel market.
- The Performance Management System based on Balanced Score Card is now in place throughout the organisation. A contract has also been placed for the introduction of an ERP System for the better management of internal processes and this is being implemented in the current year.
- The Company has sold its interests in Kerry Jost Engineering Limited for an aggregate consideration of Rs.79.18 lakhs.
- As a result of the recent Elections there has been some hesitancy as to whether there would be a continuing improvement in the industrial climate. It is too early to say whether there are likely to be any significant changes by the new Government. We however continue to be optimistic and visualise that generally business will continue to improve, as a result of which, barring unforeseen circumstances, we should have improved results in the current year.
- We thank our employees, customers, shareholders, bankers and suppliers for their continued support during the year.

B.H. Reporter  
Chairman

Mumbai, 29th June, 2004.

**Report of the Auditors to the Members of  
Jost's Engineering Company Limited on  
the Accounts for the year ended  
31st March, 2004**

1. We have audited the attached balance sheet of Jost's Engineering Company Limited, as at 31st March, 2004, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
  - (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and returns.
  - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2004;
    - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A. F. FERGUSON & CO.  
Chartered Accountants  
R. K. Hiranandani  
Partner  
Membership No. 36920

Mumbai: 29th June, 2004