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| CS | <input checked="" type="checkbox"/> | | DPY | <input checked="" type="checkbox"/> |
| RO | <input checked="" type="checkbox"/> | | DIV | <input checked="" type="checkbox"/> |
| TRA | JA | | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | | SMI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | | | <input checked="" type="checkbox"/> |



Jost's Engineering Company Limited
Annual Report 1996-97





Jost's Engineering Company Limited

Annual Report 1996-97

Directors

B. H. Reporter, Chairman
F. A. A. Jasdánwalla
H. N. Sethna
G. Jacob

Company Secretary

C. B. Sagvekar

Bankers

ANZ Grindlays Bank p.l.c.
Central Bank of India
Bank of Maharashtra
Oman International Bank S.A.O.G.
The South Indian Bank Ltd.
Oriental Bank of Commerce

Solicitors

Crawford Bayley and Company

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Registered Office

Great Social Building
Sir Phirozeshah Mehta Road
Mumbai - 400 001.



Notice

Notice is hereby given that the Ninety-First Annual General Meeting of the members of Jost's Engineering Company Limited will be held at the Registered Office of the Company at Great Social Building, 60, Sir Phirozeshah Mehta Road, Mumbai 400 001, on Thursday, 7th August, 1997 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, 1997 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. F. A. A. Jasdanwalla who retires by rotation and being eligible offers himself for reappointment.
4. 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 4th August, 1997 to 7th August, 1997 (both days inclusive).
3. The Dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose names appear on the Company's Register of Members on 7th August, 1997.
4. Pursuant to the Provisions of Section 205A of the Companies Act, 1956, Unclaimed Dividends relating to the Financial Year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government. Those members who have not claimed the said Dividends so far may claim the same from the Registrar of Companies, Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Chinchpokli, Mumbai - 400 033, by submitting an application in the prescribed form. Members are requested to claim from the Company their Unclaimed Dividends if any, in respect of Financial Year ended 31st March, 1994 at the earliest as the Dividends remaining Unclaimed will have to be transferred to the General Revenue Account of Central Government by end of October, 1997.
5. Members are requested to notify immediately to the Company any change in their addresses quoting Registered Folio Number.

By order of the Board
C. B. Sagvekar
Company Secretary

Mumbai, 19th June, 1997.

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

Directors' Report

The Directors present herewith their Ninetieth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 1997.

| | Year ended 31-3-1997 Rs. Lakhs | Previous Year Rs. Lakhs |
|--|--------------------------------------|-------------------------------|
| 1. Financial Results | | |
| Profit before Taxes | 198.17 | 215.08 |
| Provision for Income-tax | 105.00 | 90.00 |
| Profit after tax | 93.17 | 125.08 |
| Add: balance brought forward from previous year | 25.32 | 20.00 |
| Amount available for appropriation | 118.49 | 145.08 |
| Out of which the Directors recommend payment of a Dividend of Rs. 4.00 per share (40%) on 7,64,650 equity shares for the year ended 31st March, 1997, if approved by the shareholders at the Annual General Meeting | 30.58 | 30.58 |
| Provision for Tax on Dividends | 3.06 | — |
| Transferred to General Reserve | 60.15 | 89.18 |
| | 93.79 | 119.76 |
| Balance carried forward | 24.70 | 25.32 |

2. Review of the year's working

Total Income for the year under review is Rs. 2434 lakhs as against Rs. 2762 lakhs for the preceding year. Profit before taxes is Rs. 198 lakhs as against Rs. 215 lakhs for the previous year.

Orders and sales for the current year are marginally less than at the same time last year. It is expected that the situation will improve later in the year.

3. Public Deposits

As on 31st March, 1997 there were 9 deposits unclaimed totalling Rs. 45,000 out of which 1 deposit totalling Rs. 5,000 has since been renewed.

4. Personnel

As required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 a statement containing particulars of employees is attached.

5. 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 Report.

6. Directors

General P. P. Kumaramangalam resigned with effect from 20th November, 1996 on account of ill-health, after serving on the Board of the Company for about 27 years. The Board takes this opportunity to place on record its appreciation for the valuable services rendered by Gen. P. P. Kumaramangalam during his tenure as a Director of the Company.

Mr. R. S. Mama unfortunately passed away on 25th May, 1997. He was on the Board of Directors for about 23 years. He rendered valuable advice and service to the Company during his tenure as a Director of the Company. The Board has conveyed its heartfelt condolences to the members of his family.

In accordance with the Articles of Association of the Company Mr. F. A. A. Jasdanwalla will retire by rotation. He is eligible and offers himself for reappointment. The Directors recommend his reappointment.

7. Auditors

Messrs. A. F. Ferguson & Co., Chartered Accountants have intimated their willingness to continue in office as Auditors of the Company. Their reappointment for the ensuing year is recommended.

The observations made in the Auditors' Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

On behalf of the Board of Directors

Mumbai, 19th June, 1997.

B. H. Reporter
Chairman

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) Technology Absorption

I Research and Development (R & D)

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

a) 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 utilisation of the Company's products, and the substitution of local products for imported.

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. 8.20 lakhs |
| c) Total | Rs. 8.20 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 under collaboration.

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

All technical collaborations entered into by the Company have been fully implemented.

(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 (Rs. in lakhs)

The information is contained in Schedule 14 on Page 20

For and on behalf of the Board of Directors
B. H. Reporter
Chairman

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1997.

| Name of employee, Qualifications Experience (Years) | Designation and nature of duties | Gross Remuneration Rs. | Date of commencement of employment | Age (Years) | Last employment held |
|--|---|------------------------------|--|----------------|--|
| Mr. K. R. Prasad* B.Sc. D.M.I.T. (Instruments) | (36) Executive Vice-President | 271,942 | 01-Jul-61 | 58 | None |
| Mr. M. S. Sastry B.Tech, M.B.A. | (29) General Manager (Material Handling Division) | 349,627 | 25-Jul-95 | 54 | United Wire Ropes (I) Ltd. |
| Mr. R. R. Chari F.C.A. | (20) General Manager (Finance and Accounts) | 320,786 | 08-Apr-94 | 44 | Bombay Burmah Trading Corporation |
| Mr. S. R. Lingras B.E (Mech) D.I.M. | (28) General Manager Operations | 329,933 | 01-Oct-91 | 51 | Thakor Machines & Tools Pvt. Ltd. |
| Mr. D.S. Purohit M.Sc. (Elect.) | (17) General Manager (Engineered Products Division) | 350,271 | 22-Jun-80 | 39 | None |
| Mr. U. Shiv Prakash* D.I.I.T., D.M.S. | (19) Marketing Manager | 103,961 | 05-Dec-96 | 44 | Consolidated Services (India) Pvt. Ltd. |

* Part of the year.

Note: In all cases the nature of employment is contractual and other terms and conditions of service are as per Company's rules.

To our Shareholders

Sales for the year were Rs. 2011 lakhs as against Rs. 2266 lakhs in the previous year. The fall in sales is largely due to the transfer of the Industrial Finishing Division to Haden Josts Engineering India Limited. Profit after tax is Rs. 93 lakhs as compared to Rs. 125 lakhs. The Directors have recommended a Dividend of Rs. 4.00 per share.

During the year, the Material Handling Division maintained its position as the leading supplier of internal material handling equipment within the country. Despite the slowdown in industrial activity during a part of the year, sales both to the civilian sector and the Government registered a significant growth over that of the previous year. Sales for trucks and racks, manufactured in collaboration with Jungheinrich A/G, Germany, grew at a rapid pace and this trend continues. The demand for imported sophisticated equipment of Jungheinrich's manufacture has been created and this product range holds great promise for the future.

New activities for the Material Handling Division include distributor arrangements with Tennant, the world renowned manufacturer of floor cleaning equipment. The Company's personnel will be receiving specialised training for the sales and service of Tennant equipment. This activity is expected to grow rapidly in a period in which the problems of rising personnel costs and the need for cleanliness in operations are answered.

The process of obtaining ISO-9000 Certification is at an advanced stage and it is expected that an application for Certification will shortly be made.

In addition, several training programmes have been implemented in sales, production and human relations. All employees of the Company are included in these programmes, many of which have been in the vernacular so that they could be fully understood.

The Engineered Products Division continues to serve Indian industry by providing technologically superior products, systems and services. Products and systems were ordered for increasing efficiency and productivity, for better quality and other applications in a wide spectrum of industries. Rugged flow and pressure instrumentation was supplied for precise measurement on offshore platforms. A refinery project placed an order for highly accurate tank gauging systems for over 200 tanks. A computerised vibration testing system has been ordered for structural testing by an R&D institute. Major orders were finalised for new projects. The

automobile industry continues to use the energy efficient combustion systems and special purpose temperature monitoring systems.

The Engineered Products Division took up the representation of infra-red thermography equipment in 1996-97. The necessary base work has now been done. Orders from the electrical and steel industries were received for this equipment during the year. The stock and sell programme, as planned, is growing rapidly, with a 30% increase in business in 1996-97 over the previous year.

While there has been a delay in the implementation of various projects in the core sectors, the power and oil/gas sectors have major projects and investments planned and the Engineered Products Division has the necessary plans to focus on these. New representations in the field of condition monitoring, components and allied products to complement the existing range are being continuously investigated.

The proposals introduced in the Budget for this fiscal year reducing taxes and duties, and the new credit policies, should by now have had encouraging effects on business and industry. Unfortunately, this does not appear to have happened, largely because of the uncertain political situation and the unsettled conditions in the financial market. As a result, the purchase of capital equipment is being postponed and our business is consequently affected over the last few months. This situation should improve towards the end of the year and even though sales and orders are slightly lower than last year at this time, it is expected that the Company's business should be maintained.

During the year, General P.P. Kumaramangalam retired from the Board of Directors due to indifferent health. In May this year, Mr. Ratan S. Mama suddenly passed away after a brief illness. The Company has benefited greatly from the advice, guidance and valuable contributions from both these Directors, who have been on the Board for a number of years. We shall miss their presence.

With the continued support and co-operation of our employees, customers, shareholders, bankers and suppliers, we look forward to the future with optimism.

Mumbai, 19th June, 1997.

B.H. Reporter
Chairman