





Jost's Engineering Company Limited

Annual Report 1998-99

Directors

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

Company Secretary

C. B. Sagvekar

Bankers

Oman International Bank S.A.O.G.
The South Indian Bank Ltd.
ANZ Grindlays Bank p.l.c.
The Zoroastrian Co-operative 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.

Notice

Notice is hereby given that the Ninety-third 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 Friday, 31st March, 2000 at 4.30 p.m. to transact the following business:

1. To receive and adopt the Profit and Loss Account for the year ended 30th September, 1999 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H. N. Sethna who retires by rotation and being eligible offers himself for reappointment.
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 24th March, 2000 to 31st March, 2000 (both days inclusive).
3. The Members who have not encashed the dividend warrants for financial years 1994-95, 1995-96 and 1996-97 are requested to encash the same immediately.
4. 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, 28th February, 2000

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



Directors' Report

The Directors present herewith their Ninety-Second Annual Report with the Audited Statement of Accounts for the year ended 30th September, 1999.

	Year ended 30-9-1999	Previous Period Ended 30-9-1998 (18 months)
	Rs. Lakhs	Rs. Lakhs
1. Financial Results		
Loss before Tax	(85.36)	(156.79)
Provision for Income-tax	—	—
Taxation adjustments relating to earlier years	—	61.26
Loss after tax	(85.36)	(95.53)
Add: balance brought forward from previous year	(70.83)	24.70
Debit balance carried forward	(156.19)	(70.83)

2. Dividend :

In view of the loss incurred by the Company, the Directors do not recommend the payment of a dividend for the year 1998-99.

3. Review of the year's working

- During the year under review the Company incurred a loss of Rs. 85.36 lakhs as against a loss of Rs. 95.53 lakhs during the previous period of 18 months. This loss is due to the recessionary conditions that prevailed during the year and a consequent lack of orders in our manufacturing division. Effective steps have been taken to remedy this situation and it is expected that this division will be profitable by the end of the year.
- The Company's Engineered Products Division increased its business and is expected to show improved results in the current year.
- During the year, the Company paid an amount of Rs. 32.94 lakhs under the Kar Vivad Samadhan Scheme, 1998 in settlement of the excise case pertaining to spare parts.

4. Public Deposits :

As on 30th September, 1999 there were 14 deposits unclaimed totalling Rs. 0.77 lakhs out of which 5 deposits totalling Rs. 0.32 lakhs have since been repaid.

5. Auditors' Report :

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

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 'A' 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. Y2K Compliance

Existing computers, software and systems met with Y2K requirements, at no significant cost.

9. Directors

In accordance with Article 122 of the Articles of Association of the Company, Mr. H. N. Sethna and Mr. F.A.A. Jasdanwalla 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 re-appointment.

On behalf of the Board of Directors

Mumbai, 28th February, 2000

B. H. Reporter
Chairman





Annexure - 'A' 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 utilisation 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. 0.10 lakhs
c) Total	Rs. 0.10 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:

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 14 on Page 22.

On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 28th February, 2000

To our Shareholders

Sales for the twelve-month period were Rs.1636.08 lakhs as against Rs. 2356.30 lakhs in the previous year, which was an eighteen-month period. The loss for the year is Rs. 85.36 lakhs as compared to Rs. 95.53 lakhs last year. In view of the loss, no Dividend is recommended for the year.

Adverse economic conditions still prevailed for the most part of the year under review and the automobile, capital goods and engineering industries continued to be affected. These conditions, and some extraordinary expenses, account for the loss for the year. As mentioned last year, Rs. 32.94 lakhs was paid under the Kar Vivad Samadhan Scheme 1998, and Rs. 42.27 lakhs was paid under a Voluntary Retirement Scheme. One third of the amount paid under the Voluntary Retirement Scheme has been written off. Legal expenses have had to be incurred in settling these issues. The sale of the Faridabad factory was completed.

In view of the restricted demand for the products of the Material Handling Division, the Company has adopted a policy of conserving all resources to return this Division to being profitable. A Voluntary Retirement Scheme as mentioned above was introduced, strict cost control measures have been taken in every area, total quality management programmes continued, and manufacturing processes and costs were carefully monitored. Material purchases are carefully examined for more economical materials. Make-or-buy alternatives are considered. A search for more dependable suppliers continues. As a result of these measures, it is expected that this Division will be operating profitably by the end of the current financial year.

Growth and development programmes of this Division, which have been held in abeyance until now, are being reviewed. As the order situation improves and as resources become available, it is planned that the upgradation of technical features in the existing products will continue. It is further proposed to introduce a number of additional features and variations for the existing trucks to make them more suitable to customers' requirements for different applications. Work on new product development, which had also been stayed, has commenced. The dealer and servicing network is being reviewed in order to render more prompt and satisfactory service to customers.

The Company's Engineered Products Division recorded an impressive increase in business during the year. The reorganisation of this Division into separate product related departments is beginning to show results and it is foreseen that, as the general business situation improves, each of these departments will grow independently.

The areas identified for potential growth in the Division are measuring instruments for noise and vibration, electrical test and measuring instruments for the power generation and distribution markets, process instrumentation for oil, gas and chemical

industries, and environmental chambers for the development of reliable products under varying conditions.

The increasing awareness for controlling environment pollution is expected to increase the demand for equipment for measuring noise and air and water pollution, provided the implementation of the regulations is enforced by the authorities concerned. Research and educational institutions already established in the country are setting up facilities to provide the necessary knowledge and information to the authorities, industries and the public. Acoustic instrumentation has been established in a premier research and educational institute for acoustic testing. Environmental chambers have been supplied to automobile research establishments and car manufacturers. Instrumentation data recorders are utilised for aeronautical research, and an increasing range of advanced electrical test and measuring instruments are monitoring critical operations in various electrical utilities. A comprehensive service will thus be available to the public and various authorities, so that indiscriminate polluters of the environment can be cautioned.

The Engineered Products Division continues to investigate new opportunities for its development. New agencies for allied test and measuring instruments are being evaluated. Petroleum products storage and transportation is another area where a healthy beginning has been made.

New products and new agencies require a much higher degree of knowledge and competence to service our customers beyond their expectations and we continue to train and equip the sales organisation for the development of the necessary skills to provide this service.

The process of developing software for use with the equipment supplied by the various departments of the Division has also commenced. An internal group to identify opportunities in this area and to develop this business further has been formed.

Existing computers, software and systems met with Y2K requirements, at no significant cost.

The current indications are that the economy is coming out of the recession and is showing improvement. The forthcoming Budget would further provide the encouragement necessary so that this trend continues. In such an event, the Company's business should grow.

The support of our employees, customers, shareholders, bankers and suppliers during this difficult period is appreciated. With this continued support it is anticipated that improved results will follow.

Mumbai, 28th February, 2000

B.H. Reporter
Chairman