



Jost's Engineering Company Limited

Annual Report 1999-2000



Jost's Engineering Company Limited

Annual Report 1999-2000

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.
Standard Chartered Grindlays Bank Ltd.
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.
Tel. : 91-22-2661150 / 2661166
Fax : 91-22-2661951



Notice

Notice is hereby given that the Ninety-fourth 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, 30th March, 2001 at 4.30 p.m. to transact the following business :

Ordinary Business :

1. To receive and adopt the Profit and Loss Account for the year ended 30th September, 2000 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. Shailesh Sheth who retires by rotation and being eligible offers himself for reappointment.
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 Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 293 (1)(e) of the Companies Act, 1956, and other applicable provisions, if any, the consent of the company be and is hereby given to the Board of Directors of the Company to contribute to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees up to an aggregate amount of Rs.200,000/- (Rupees Two Lakhs) in any financial year as may be considered proper by the Board of Directors notwithstanding that such amount in any financial year may exceed Rs.50,000/- or 5% of the average net profits of the company as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater."

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. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No. 5 of the Notice set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th March, 2001 to 30th March, 2001 (both days inclusive).
4. The Members who have not encashed the dividend warrants for financial years 1994-95, 1995-96 and 1996-97 are requested to claim the same immediately from the Company.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed and/or unpaid for a period of seven years shall be transferred to the Investor Education and Protection Fund of the Central Government.
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, 26th February, 2001

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

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956**Item No. 5**

As per the provisions of section 293 (1)(e) of the Companies Act, 1956, the Directors of the Company can contribute to Charitable and other funds in any financial year up to a limit of Rs. 50,000/- or 5% of the Company's average net profits as determined in accordance with sections 349 and 350 of the Companies Act, 1956 during the preceding three financial years, whichever is greater.

Section 293 (1)(e) permits such contribution in excess of these limits if shareholders approve. As such, your Board of Directors seek sanction to make such contribution in any financial year up to a limit of Rs. 200,000/- notwithstanding that such amount may exceed the limits laid down under Section 293 (1)(e) of the Companies Act, 1956.

Your Directors recommend the resolution for approval of the shareholders.

None of the Directors are, in any way, concerned or interested in the resolution.

By order of the Board

C.B. Sagvekar
Company Secretary

Mumbai, 26th February, 2001

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



Directors' Report

The Directors present herewith their Ninety-third Annual Report with the Audited Statement of Accounts for the year ended 30th September, 2000.

	Year ended 30-9-2000 Rs. lakhs	Previous Year ended 30-9-1999 Rs. lakhs
1. Financial Results		
Profit/(Loss) before Tax	57.73	(85.36)
Provision for Income-tax	6.00	—
Profit/(Loss) after tax	51.73	(85.36)
Balance brought forward from previous year	(156.19)	(70.83)
Debit balance carried forward	(104.46)	(156.19)

2. Dividend

In view of the carried forward loss, no Dividend is recommended for the year.

3. Review of the year's working

- i) During the year under review, the Material Handling Division has registered a marginal growth.
- ii) The Engineered Products Division was affected by delay in finalisation of major project orders which are expected to be finalised in the current year.
- iii) The Company is developing the software business to provide systems solutions in Engineering and Commercial Applications to our existing customers and principals. This new activity is expected to generate some income in the current year.
- iv) The Board of Directors considered it prudent to dispose of the Company's stake (49%) in the joint venture company, Haden Josts Engineering India Limited. This transaction is completed during the year for a consideration of Rs.199.08 lakhs.
- v) Kerry Jost Engineering Limited (KJEL), in which the Company is a shareholder (35%), has suspended its manufacturing operations at Chennai, with effect from 31st December 1999, due to poor business prospects, lack of orders and non-availability of working capital. However, KJEL is exploring alternative options to generate income.

4. Public Deposits

As on 30th September, 2000 there were 5 deposits unclaimed totalling Rs.0.30 lakh out of which 1 deposit totalling Rs.0.10 lakh has 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. Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments 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;
- (iii) that 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) that 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. Shailesh Sheth and Mr. Marco Wadia 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

B. H. Reporter
Chairman

Mumbai. 26th February, 2001



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. Nil |
| c) Total | Rs. Nil |
| d) Total R&D expenditure as a percentage of total turnover: | Nil |

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 14 on Page 24.

On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 26th February, 2001





To our Shareholders

Sales for the year were Rs.1615.94 lakhs as against Rs.1636.08 lakhs in the previous year. The profit for the year is Rs.51.73 lakhs as against the loss of Rs.85.36 lakhs last year. In view of the carried forward loss, no Dividend is recommended for the year.

The engineering industry has not performed well for the last few years and is still passing through a difficult period. The expected growth in industrial production has not occurred and negative sentiments still prevail in a number of the markets we serve. The Material Handling Division has registered a marginal growth during the year under review. This growth can be attributed mainly to the aggressive marketing efforts and strict cost control measures undertaken throughout the Division. Besides, other measures such as quality management programmes, economical purchases, make-or-buy decisions are also being undertaken on a regular basis.

This Division is now undergoing very prudent structural changes. It is expected that efforts to upgrade the existing products, development of new products, strict inventory control and management of working capital at the optimum level will improve the results of this Division in the near future.

During the year, the performance of the Engineered Products Division was affected by delays in finalisation of major project orders. However, efforts are being made continuously to improve the performance in the current year. This Division over the years has developed strong technical knowledge and experience in various fields and as such continues to maintain its leadership by providing innovative solutions in measurement and monitoring applications. New opportunities in its area of operations are continuously identified and the range of solutions available to our customers is also continuously being upgraded.

There is a good market potential in the oil and gas industries and the generation and distribution of power where supplies are insufficient to meet the growing demand for their products and services. New opportunities also exist in providing solutions for the improvement of the environment. The Company is actively involved in these areas and our people are continuously trained to keep abreast of the latest technology in these fields in order to provide the solutions that our customers expect.

As part of an ongoing exercise to find additional avenues to support our existing activities, the Company is developing the Software business to provide systems solutions in Engineering and Commercial Applications to our existing customers and principals. This new activity is expected to generate some income in the current year.

During the year under review, the Board of Directors considered it prudent to dispose of the Company's stake (49%) in the joint venture company, Haden Josts Engineering India Limited. This transaction is completed.

Kerry Jost Engineering Limited, in which the Company is a shareholder (35%), has suspended its manufacturing operations at Chennai, with effect from 31st December, 1999, due to poor business prospects, lack of orders and non-availability of working capital. Shareholders will be informed of further developments in this regard at an appropriate time.

The recent earthquake in Gujarat with its devastating effects on human life and property is bound to have an adverse effect on our economy. Although, the impact of the forthcoming general budget is difficult to predict, it is hoped that the finance bill will provide the much needed impetus to revive industrial growth and particularly the engineering industry. We would nevertheless continue to strive to improve the results of the Company.

With the continued support of our employees, customers, shareholders, bankers and suppliers, whose efforts are appreciated, we anticipate improved results in the coming years.

B.H. Reporter
Chairman

Mumbai, 26th February, 2001