



Jost's Engineering Company Limited

Annual Report 2000-2001



Jost's Engineering Company Limited

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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-fifth 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 Friday, 22nd March, 2002 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, 2001 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. B. H. Reporter who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. H. N. Sethna 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 modification, the following Resolution as Special Resolution :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') , the Articles of Association of the Company be and are hereby altered by inserting the following new Article after the existing Article 63.

DEMATERIALISATION OF SECURITIES

Article 63A

1. Definitions :

For the purpose of this Article :

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depositories Act" means The Depositories Act, 1996, including any statutory modification or re-enactment thereof.

"Depository" means a Depository as defined under Clause (e) of Sub - Section (1) of Section 2 of the Depositories Act, 1996

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"Record" includes the record maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act, 1996.

"Regulations" means the regulations made by SEBI.

"SEBI" means the Securities and Exchange Board of India.

"Security" means such security as may be specified by SEBI from time to time.

Words and expressions used and not defined in this Article shall have the same meaning as respectively assigned in the Depositories Act.

2. **Dematerialisation of Securities**

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its existing securities, rematerialise its Securities held in the Depositories and / or offer its fresh Securities in a dematerialised form pursuant to the Depositories Act.

3. **Option to receive Securities certificates or hold securities with Depository.**

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the Security and on

receipt of the information the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the Security. Such a person who is the beneficial owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

4. Securities in Depositories to be in fungible form.

All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187C, 187D and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

5. Cancellation of certificates upon surrender by a person.

Upon receipt of Certificate of Securities for dematerialisation in terms of the applicable provisions of appropriate acts or rules, the Company shall cancel such certificates and substitute in its records, the name of the Depository as the owner in respect of the said Securities and shall also inform the Depository accordingly.

6. Allotment of Securities dealt with a Depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by Depository, the Company shall intimate the details thereof to Depository immediately on allotment of such securities.

7. Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

8. Service of Documents

Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

9. Distinctive numbers of shares held in the Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

10. Rights of Depositories and Beneficial Owners

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise as provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a Depository.
- (d) Except as ordered by a Court of competent jurisdiction or as required by Law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Security in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami trust or equitable contingent or other interest in such Security on the part of any other person whether or not it has express or implied notice thereof.

11. Register and Index of Beneficial Owners

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and index of Members for the purpose of the Act.

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6. To consider and, if thought fit, to pass with or without modification, the following Resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to make loans not exceeding Rs. 10 Crores (Rupees Ten Crores), to give guarantee or provide security in connection with a loan made by any other person to, or to any other person by, any body corporate not exceeding Rs. 10 Crores (Rupees Ten Crores), to make investment not exceeding Rs. 5 Crores (Rupees Five Crores) in other bodies corporate notwithstanding that the aggregate of such loans, guarantees or securities and investments may exceed sixty percent of the paid-up share capital and free reserves or one hundred percent of Company's free reserves whichever is more."

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 Nos.5 and 6 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 20th March, 2002 to 22nd March, 2002 (both days inclusive).
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1995 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, 1995 or any subsequent financial years are requested to make their claim to the Company immediately quoting their folio numbers. The Company has been periodically reminding the shareholders concerned to claim their dividend amounts from the Company. It may 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. 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
Vice President and Company Secretary

Mumbai, 18th February, 2002

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

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

The Stock Exchange, Mumbai, vide its circular dated 30th March, 2001 advised all B2 group companies to sign the agreements with both the Depositories, viz. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL), to establish the required connectivity failing which trading in scrips of these Companies may be shifted to trade to trade basis. In compliance with the said circular, the Company has entered into an agreement with CDSL and NSDL and M/s.Computech Sharecap Limited, Mumbai, (Registrar for establishing electronic connectivity) to enable the Company to hold the shares in dematerialised form. These agreements were made subject to alterations in the Articles of Association of the Company. The Board has proposed alterations in the Articles of Association of the Company as set out in the resolution so as to bring them in line with the relevant provisions of the Depositories Act, 1996. Section 31 of the Companies Act, 1956 requires a Special Resolution to amend the Articles of Association. Accordingly, your Directors recommend the resolution for approval.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection at the registered office of the Company on all working days during business hours, i.e. between 3.00 p.m. and 5.00 p.m. excepting Saturdays, Sundays and holidays up to the date of the Annual General Meeting.

None of the Directors is concerned or interested in the Special Resolution.

Item No.6

The Company has in the past advanced loans, issued guarantees and made investment pursuant to the provisions of Sections 370 and 372 of the Companies Act, 1956 read with the resolutions passed by the members from time to time. However, with the insertion of new section 372A by the Companies (Amendment) Act, 1999, the old sections 370 and 372 have become inapplicable with the commencement of the said Amendment Act. According to the new Section 372A, the Board of Directors shall be entitled to make loan, issue guarantee or provide security and make investment up to sixty percent of paid-up share capital and free reserves of the Company or one hundred percent of Company's free reserves whichever is more. Any loan, guarantee or security and investment in excess of the aforesaid limits can be made with the sanction of special resolution passed in the General Meeting.

The proposed resolution as set out in Item No. 6 of the accompanying Notice is for the purpose of complying with the conditions laid down in Section 372A of the Companies Act, 1956 so as to enable as and when the opportunity / necessity arises for the Board of Directors of the Company to make loan, issue guarantee or provide security and make investment in excess of the limits laid down under the said Section.

None of the Directors is interested in the proposed Special Resolution and the Directors recommend your acceptance in the interest of the Company.

By order of the Board

C.B. Sagvekar
Vice President and Company Secretary

Mumbai, 18th February, 2002

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

Directors' Report

The Directors present herewith their Ninety-fourth Annual Report with the Audited Statement of Accounts for the year ended 30th September, 2001.

	Year ended 30-9-2001 Rs. lakhs	Previous Year ended 30-9-2000 Rs. lakhs
1. Financial Results		
Profit/(Loss) before Tax	(72.39)	57.73
Provision for Income-tax	—	6.00
Profit/(Loss) after tax	(72.39)	51.73
Balance brought forward from previous year	(104.46)	(156.19)
Debit balance carried forward	(176.85)	(104.46)

2. Dividend

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

3. Review of the year's working

- i) During the year under review, the Company has incurred a loss of Rs. 72.39 lakhs as against a profit of Rs. 51.73 lakhs last year. This loss is due to the recessionary condition that prevailed during the year and lack of orders in our manufacturing division. This situation is likely to continue until there is an overall improvement in the business climate.
- ii) The Company's Engineered Products Division recorded growth in orders with improved performance in aerospace and defence markets. Shipments and income were affected due to sanctions imposed by the U.S.A. and export licensing regulations in some of the western countries and the unfortunate incidents in the U.S.A. on 11th September, 2001. However, the sanctions have since been lifted to a greater degree. We expect better working results in the current year.
- iii) Our Software activities have concentrated on providing engineering solutions in the fields of sound and vibration, data recording and gas monitoring. A number of good enquiries from customers have been developed and these are being progressed. We have also signed an agreement with one of our major principals to promote software developed by us on their hardware platform.

4. Public Deposits

As on 30th September, 2001 there were 13 deposits unclaimed totalling Rs.0.92 lakh out of which 6 deposits totalling Rs.0.42 lakh 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. 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 loss 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. B.H. Reporter and Mr. H. N. Sethna retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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. 18th February, 2002

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. 18.78 lakhs |
| c) | Total | Rs. 18.78 lakhs |
| d) | Total R&D expenditure as a percentage of total turnover: less than 1% | |