



Jost's Engineering Company Limited
Annual Report 2001-2003



Jost's Engineering Company Limited

Annual Report 2001-2003

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-sixth 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 Thursday, 28th August, 2003 at 4.30 p.m. to transact the following business :

Ordinary Business

1. To receive and adopt the Profit and Loss Account for the period ended 31st March, 2003 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. F.A.A.Jasdanwalla who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Shailesh Sheth 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 a Special Resolution :

"RESOLVED THAT pursuant to Section 163 (1) of the Companies Act, 1956, the Company hereby approves that the Register of Members together with the Index of Members be kept at the office of the Company's Registrars and Share Transfer Agents, M/s. Computech Sharecap Limited, at 147, Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai 400 023 instead of the Registered Office of the Company".

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 26th August, 2003 to 28th August, 2003 (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, 1996 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, 1996 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. The Company has appointed M/s.Computech Sharecap Ltd.,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, at the address mentioned hereinabove in Note No.5 quoting their Follo 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, 26th July, 2003

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

Under the provisions of Section 163 of the Companies Act, 1956, certain documents, such as the Register and Index of Members, Register and Index of Debenture holders and Annual Returns, etc. have to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of the Company is situated, with the approval of the shareholders by a Special Resolution.

The Securities And Exchange Control Board of India (SEBI) has issued a Circular No.D&CC/FITTC/CIR 15/2002 dated 27/12/2002, according to which all the work relating to share registry, both in physical and electronic mode should be handled either 'in-house' in the company or by an external registrar and transfer agent. In compliance with the said circular, the Company has appointed M/s.Computech Sharecap Limited, Mumbai, as the Registrars and Transfer Agents of the Company with effect from 01/04/2003 for handling the Company's share registry work both in physical and electronic mode. Accordingly, the Register of Members and Index of the Members will be kept at the following address:

COMPUTECH SHARECAP LIMITED,
Unit : Jost's Engineering Company Limited,
147, Mahatma Gandhi Road,
3rd Floor,
Opp.Jehangir Art Gallery, Fort,
Mumbai 400 023.

The Members may please note that the copies of annual returns prepared under Sections 159 together with the copies of certificates and documents required to be annexed thereto under Section 161 will be continued to be kept at the Registered Office of the Company.

Approval of the Members is sought in terms of Section 163 of the Companies Act, 1956, for Register of Members and Index of the Members to be kept at the place mentioned in the Resolution.

None of the Directors of your Company is interested in the proposed resolution.

By order of the Board

C.B. Sagvekar
Vice President and Company Secretary

Mumbai, 26th July, 2003

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

Directors' Report

The Directors present herewith their Ninety-fifth Annual Report with the Audited Statement of Accounts for the period ended 31st March, 2003 (1-10-2001 to 31-3-2003)

	Period ended 31-3-2003 (18 months) Rs. lakhs	Previous Year ended 30-9-2001 (12 months) Rs. lakhs
1. Financial Results		
Profit/(Loss) before Tax	(360.96)	(72.39)
Provision for Income-tax	—	—
Profit/(Loss) after tax	(360.96)	(72.39)
Balance brought forward from previous year	(176.85)	(104.46)
	(537.81)	(176.85)
Transferred from General Reserve	530.39	—
Debit balance carried forward	(7.42)	(176.85)

2. Dividend

In view of the loss, no dividend is recommended for the period ended 31st March, 2003.

3. Operations

- i) The Company has extended the Financial Year to 31st March, 2003. Accordingly, the period under review comprises of 18 months from 1st October, 2001 to 31st March, 2003.
- ii) Sales for the period (18 months) under review were Rs.2065 lakhs as against Rs.1555 lakhs in the previous year (12 months). The loss for the period is Rs.361 lakhs as against a loss of Rs.72 lakhs previous year. The substantial increase in the loss for the period under review is mainly due to
 - (a) the provision for doubtful debts amounting to Rs.186 lakhs pertaining to the Industrial Finishing Division, which has been closed.
 - (b) Lack of orders in the manufacturing division due to recessionary conditions that prevailed.
- iii) In the Material Handling Division, Voluntary Retirement Schemes for the employees were implemented and a sizeable number of employees opted for the Schemes. As a result a significant saving in employees cost is expected in the next year. In addition, the other cost reduction measures to reduce fixed cost and material cost have been put in place. With these measures we are hopeful that this division would be able to achieve good results in the next year:
- iv) The Engineered Products Division recorded profits with growth over the last year both in profits and orders. The performance was however, affected due to continuation of sanctions on supplies to specific Indian Customers by the US, Japan and some of the western countries. With the orders received so far and the enquiries on hand it is expected that there will be further growth in this division.

4. Decision in Central Excise case

Shareholders would recall that in the last year's Annual Report under Note 18, 'Notes to the Accounts', it was reported that the Central Excise Department had issued show cause cum demand notices aggregating to Rs.1054.02 lakhs for alleged short payment of excise duty in respect of manufacture, supply, erection and commissioning of spray painting booths/systems. These demands were set aside by the Customs Excise and Gold (Control) Appellate Tribunal (CEGAT), Western Regional Bench at Mumbai. However, the department of Central Excise filed an appeal in the Supreme Court against the order of CEGAT. We are now pleased to inform Shareholders that the appeals filed by the Central Excise Department have been dismissed by the Supreme Court by its order dated 27th August, 2002.



5. Public Deposits

There are no unclaimed deposits as on 31st March, 2003.

6. Transfer to Investor Education And Protection Fund :

In terms of Section 205 (C) of the Companies Act, 1956, an amount of Rs.12,000/- being unclaimed fixed deposits and Rs.14,240.50 being unclaimed dividends for the year 1994-95 were transferred to the Investor Education And Protection Fund established by the Central Government.

7. 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.

8. 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.

9. 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.

10. Compliance Certificate pursuant to Section 383A of the Companies Act, 1956

A Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is given in Annexure 'B' to the Directors' Report.

11. 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 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 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.

12. Directors

In accordance with Article 122 of the Articles of Association of the Company, Mr. F.A.A.Jasdanwalla and Mr. Shailesh Sheth retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

13. 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 July, 2003.

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. 13.87 lakhs |
| c) Total | Rs. 13.87 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 30.

On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 26th July, 2003.



Annexure 'B' to the Directors' Report

Compliance Certificate

To,
The Members
JOST'S ENGINEERING COMPANY, LIMITED
Great Social Building
60 Sir, P M Road
Mumbai - 400 001
Company No. 11-000252

We have examined the registers, records, books and papers of JOST'S ENGINEERING COMPANY LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made thereunder.
3. The company, being a public limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met Eleven times on:
 - (1) October 9, 2001
 - (2) October 24, 2001
 - (3) January 28, 2002
 - (4) February 18, 2002
 - (5) March 22, 2002
 - (6) April 30, 2002
 - (7) May 30, 2002
 - (8) July 31, 2002
 - (9) October 23, 2002
 - (10) November 29, 2002
 - (11) January 28, 2003

in respect of which meetings the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 20.03.2002 to 22.03.2002 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 30th September, 2001 was held on 22nd March, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting(s) were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.