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Jost's Engineering Company Limited

Annual Report 2004-2005

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Jost's Engineering Company Limited

Annual Report 2004-2005

Borad of 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

M/s. Crawford Bayley and Company

Auditors

M/s. 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 Agents

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

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Notice

Notice is hereby given that the Ninety-eighth 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 Wednesday, the 7th December, 2005 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, 2005 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. 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.

   A notice has been received from a member proposing the appointment of Messrs. Sorab S. Engineer & Co., Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. Messrs. Sorab S. Engineer & Co., have indicated their willingness to be appointed as Auditors of the Company, if their appointment is made at the ensuing Annual General Meeting.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A 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 5th December, 2005 to 7th December, 2005 (both days inclusive).

3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividends which remain unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unclaimed/unpaid dividend of Rs.24,268/- in respect of Financial Year ended 31st March, 1997 to the credit of Investor Education and Protection Fund. Shareholders who have not encashed their dividend warrant(s) so far, for the financial year ended 31st March, 2004 are requested to make their claim to the Company immediately quoting their folio numbers. It may also 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, as above, no claim shall lie in respect thereof against the Fund or the Company.

4. The Company has appointed M/s.Computech Sharecap Limited, 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).

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5. 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, Unit : Jost's Engineering Company Limited, 147 Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai-400023 quoting their Folio numbers. The Members holding shares in dematerialised form are requested to get their change of address recorded with the concerned depository participants.

By Order of the Board

C. B. Sagvekar
Vice President and Company Secretary

Mumbai, 31st October, 2005.

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

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Directors' Report

The Directors present herewith their Ninety-seventh Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2005.

		Year ended 31-3-2005 Rs. Lakhs	Previous Year ended 31-3-2004 Rs. Lakhs
1.	**Financial Results**		
	Profit/(Loss) before tax	**(63.46)**	57.02
	Provision for Income-tax	**–**	7.50
		(63.46)	49.52
	Excess Provision for taxation written back in respect of earlier years	**66.37**	–
	Profit/(Loss) after tax	**2.91**	49.52
	Balance brought forward from previous year	**26.16**	(7.42)
	Amount available for appropriation	**29.07**	42.10
	Less: Appropriations		
	Proposed dividend	**–**	11.47
	Additioanl Income tax on distributed Profits	**–**	1.47
	General Reserve	**–**	3.00
	Balance carried forward	**29.07**	26.16

2. **Dividend:**

In view of the marginal profit, the Directors do not recommend a dividend for the year ended 31st March, 2005.

3. **Operations :**

Sales for the year under review were Rs.1454 lakhs as against Rs.2292 Lakhs in the previous year. The profit for the year was Rs.3 Lakhs as against Rs.50 Lakhs for the previous year. Orders and Sales for the period to date show an improvement as compared to last year. Generally business should continue to progress. Barring unforeseen circumstances, there should be improved results in the current year.

4. **Transfer to Investor Education And Protection Fund :**

In terms of Section 205 (C) of the Companies Act, 1956, an amount of Rs.24,268/- being unclaimed dividend for the year 1996-97 was transferred to the Investor Education And Protection Fund established by the Central Government.

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5. Auditors' Report :

The delay reported by the auditors under para ix (a) (ii) of the annexure to their report was due to financial difficulty faced by the company during the year.

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 to the Directors' Report.

7. Particulars of employees

Statement Pursuant to 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 profit 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. Shailesh Sheth retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

10. Auditors:

A notice has been received from a member proposing the appointment of Messrs. Sorab S. Engineer & Co., Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. Messrs. Sorab S. Engineer & Co., have indicated their willingness to be appointed as Auditors of the Company, if their appointment is made at the ensuing Annual General Meeting.

On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 31st October, 2005.

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Annexure to the 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.

Efforts are being made to reduce the cost of power and fuel and conserve energy.

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 utilization 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

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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 26.

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On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 31st October, 2005.

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To our Shareholders

Sales for the year were Rs.1454 lakhs as against Rs.2292 lakhs in the previous year. As mentioned last year, the Company had received an extraordinary order from the Navy for the supply of instruments, which is not repeated in the current year. In addition, significant orders for imported equipment were delayed and could not be accounted for as anticipated. Unusual expenditure has been incurred for the introduction of the ERP system. These factors have affected the results for the year.

In the Engineered Products Division, after a review our operations have been restructured to enable us to focus on specific high potential areas.

In this process a few selected Principals who have the maximum potential to grow have been identified. The consequent restructured organisation will also reduce costs substantially. A decision has been taken to concentrate on these remunerative representations.

Significant orders were received during the year for all our product lines. The Company has received an Award for Excellent Performnce from Bruel & Kjaer Denmark and also from Sony Japan for whom we have substantial orders, some of which are expected to be completed in 2005-06.

Newly formed Companies from the State Electricity Boards continue to be our major customers for electrical testing products. Significant orders from these Companies have been received during the year. Petroleum pipeline flow measurements and similar critical applications were addressed with ultrasonic flowmeters and the Company was successful in commissioning the first clamp-on ultrasonic flowmeter used in India for Natural Gas flow measurement. Space Research continues to be a major application area for high quality connectors.

Product development and product upgradation with the latest technology were areas of focus in the Material Handling Division. New products include a six meter height stacker, a combination stacker, a stand-on tow truck and a 10 ton tow truck. These additions are expected to substantially increase our business in the pharmaceutical, consumer goods and engineering industry markets.

The emphasis on material cost reduction and quality improvement programmes continues and steady progress is being made in these areas. As planned, the private sector business showed a marked increase over the previous years. This represents a high contribution business with beneficial results.

In order to reach all possible prospective customers to provide them with suitable material handling solutions, our sales organisation has been strengthened and an additional number of dealers have been appointed. Consequently, orders have shown an increase for both local and imported products.

In addition, the service organisation is being strengthened for giving better service to customers. At the same time, to ensure all-time availability of products supplied by us, customers are being encouraged to enter into Annual Maintenance Contracts for the material handling equipment used by them and these numbers are increasing.

The Company's objective is to be the leading Company in the internal material handling business and in addition to manufacturing companies, the development of retail outlets and supermarkets presents a new opportunity for the business of the Company.

The Company has been appointed as the Distributor and Representative of ITW Automotive Finishing Europe for the sale of painting equipment and allied or complementary services to the automotive and industrial customers. Heat and combustion will form a part of this Division. Allied products include temperature measuring equipment, industrial burners and paint stripping ovens. A repeat order was finalised by a major automobile manufacturer in Pune for a paint strip oven, in acknowledgement of the superior performance delivered by the previous installations.

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A storage facility cum service centre is being established near Mumbai. This facility is being used for the storage of spare parts, imported goods awaiting delivery to customers and as a service and calibration centre for the Engineered Products Division.

Two major initiatives were taken in the previous year - a Performance Management System based on the balanced score card philosophy and ERP - SAP implementation. The Performance Management System will continue to be the main tool for regular monitoring of performance at all levels. The ERP system is in the process of implementation. The teething problems are the cause for the delay in our annual accounts. These are being steadily overcome. The benefits of this system are likely to materialise this year onwards.

The recent heavy rains and floods in the Mumbai region have affected all the people and businesses in the area. Fortunately, there has been no serious damage to the Company's property, although a large number of our staff have been inconvenienced during the period. Business throughout the State has been affected and slowed down and it is hoped that with the efforts being made by the authorities concerned, conditions will normalise speedily.

Our Company and its employees responded to the Tsunami disaster by making a contribution to the Prime Minister's Relief Fund. The contribution consisted of one day's salary by our employees with a matching contribution by the Company.

The Directors record their appreciation for the efforts and support of our employees in particular and our customers, shareholders, bankers and suppliers. The year ahead requires the dedicated co-operation of all these entities to make a success of the opportunities that are currently available to the organisation. We look forward to the future with confidence.

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B. H. Reporter
Chairman

Mumbai, 31st October, 2005.

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