

Josts

Jost's Engineering Company Limited



1907-2006

Annual Report 2005-2006



Jost's Engineering Company Limited

Annual Report 2005-2006

Board 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. Sorab S. Engineer & 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 - 400 001.

Tel. : 91-22-2267 1824-25-26



Notice

Notice is hereby given that the Ninety-ninth 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 13th September, 2006 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 31st March, 2006 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
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 a Director in place of Mr. Marco Wadia who retires by rotation and being eligible offers himself for reappointment.
5. 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 :

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

"RESOLVED that in accordance with the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, the Directors (excluding the Wholetime Director) be paid for a period of five years commencing from 1st April, 2006 a commission (to be distributed among them in such manner as the Board of Directors may from time to time determine) of such amount as may be determined by the Board of Directors, but not exceeding an amount equal to one percent of the net profits of the Company if the Company has a Managing or a Wholetime Director or a Manager and three percent of the net profits of the Company in any other case and that the net profits of the Company shall be calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to the Resolution."

Notes :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under Item No.6 is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 11th September, 2006 to 13th September, 2006 (both days inclusive).
4. 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. 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.

5. The Company has appointed M/s. Computech Sharecap Limited, 147, Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 001 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, Unit : Jost's Engineering Company Limited, 147 Mahatma Gandhi Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 001 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, 16th August, 2006.

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. 6

In the light of the services rendered by the non-executive Directors for the business of the Company, it is considered desirable that they should be paid commission upto the scale laid down in Section 309(4) and other provisions contained in the Companies Act, 1956.

Section 309 (4) of the Companies Act, 1956 provides that a Director of a company who is neither in the whole time employment of the company nor a Managing Director can be paid remuneration by way of commission, if the Company by special resolution authorises such payment and such remuneration does not exceed one percent of the net profits of the company where the company has a Managing Director or a Whole time Director or a Manager and three percent of the net profit of the company in any other case and that the net profit of the company shall be calculated in accordance with Section 198, 349 and 350 of the Companies Act, 1956. Therefore, the Special Resolution is proposed at Item No. 6 which authorises payment of commission to Directors, for a period of five financial years commencing from 1st April, 2006.

All the Directors of the Company are concerned or interested in the resolution to the extent of the remuneration that may be received by them.

The Shareholders' approval is solicited for resolution at item No. 6 of the accompanying Notice as a Special Resolution.

By Order of the Board

C. B. Sagvekar

Vice President and Company Secretary

Mumbai, 16th August, 2006.

Registered Office:

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



Directors' Report

The Directors present herewith their Ninety-eighth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2006.

	Rs. Lakhs	Year ended 31-3-2006 Rs. Lakhs	Previous Year ended 31-3-2005 Rs. Lakhs
1. Financial Results			
Profit/(Loss) before tax		221.06	(63.46)
Provision for Income-tax		84.00	—
Provision for Fringe Benefit-Tax		27.00	—
		<u>110.06</u>	<u>(63.46)</u>
Excess Provision for taxation written back in respect of earlier years		—	66.37
Profit/(Loss) after tax		<u>110.06</u>	<u>2.91</u>
Balance brought forward from previous year		29.07	26.16
Amount available for appropriation		<u>139.13</u>	<u>29.07</u>
Less: Appropriations			
Proposed dividend	22.94		—
Tax on proposed dividend	3.22		—
General Reserve	11.50	37.66	—
Balance carried forward		<u><u>101.47</u></u>	<u><u>29.07</u></u>

2. Dividend:

The Directors are pleased to recommend a dividend of Rs. 3.00 per share (30%) for the financial year ended 31st March, 2006.

3. Operations :

Sales for the year under review were Rs. 1815 lakhs as against Rs.1454 Lakhs in the previous year. The profit for the year was Rs. 110 Lakhs as against Rs. 3 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. 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.

5. 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.

6. 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.

7. 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.

8. Directors:

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

9. Auditors:

Messrs. Sorab S. Engineer & Co., Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 16th August, 2006.

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

During the year, no Research and Development programmes were carried out by the Company.

2. Future Plan of Action

The Company expects to carry out the R&D activities and widen the scope so as to improve on existing products and wherever possible reduce the import content.

3. 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 15 on Page 26.

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On behalf of the Board of Directors

B. H. Reporter
Chairman

Mumbai, 16th August, 2006.

To our Shareholders

There is a significant improvement in the results for the year as compared to last year. Sales have increased by 25% from Rs. 1454 lakhs in the previous year to Rs. 1815 lakhs. The profit before tax is Rs. 221 lakhs as against an operating loss of Rs. 63 lakhs last year. The Board has recommended a Dividend of Rs. 3.00 per share.

Various initiatives taken by the Company in previous years have shown significant improvements. All aspects of the Company's business have been reviewed, changes have been made wherever necessary and some of our divisions have been reorganised. In addition the Company has taken up the representation of Angelantoni Industries, Italy for their complete range of environmental chambers. Negotiations are in progress with other Companies where high potential for business has been identified and it is expected that these proposals will be finalised in the near future.

As a result of these changes our business has increased. A significant number of prestigious orders have been received from Aerospace, Automotive, Oil and Gas industries and Educational and Technical Institutes.

People are our most important resource and a number of training programmes have been initiated, some by our own people, others by professionals and still others with the co-operation of our principals. Training and acquisition of additional knowledge and technologies will be a continuous process, and will be used to help our customers to be more efficient in their own business, understand our products better and solve their own problems. The thrust is on improving customer relations and developing a performance culture.

There is an improved performance in the Material Handling Division. The primary focus has been on customers in the private sector where the demand is expanding in the Automotive, FMCG and Retail markets. Significant orders for products imported from our principals Jungheinrich AG, Germany have also been received from these markets and the future prospects are promising.

There is a continuous programme of product improvement, cost reduction and development. Improved versions of our pallet trucks and stackers have been introduced and are well accepted by our customers.

The Industrial Finishing Division has improved its performance with new business from various market segments. The Heat and Combustion product line has received major orders for automotive projects and it continues its leadership in critical heating applications.

All our products require an efficient after-sales service, spare parts availability and training facilities for operators so that down time on their availability is minimised. Programmes for implementing these are in progress and will be followed by continuous improvement to keep our customers satisfied.

The SAP ERP implementation has progressed significantly, with many outstanding issues resolved. The system is being fine tuned continuously so that all our Divisions can obtain the information required to improve their performance.

The Company has taken warehousing and service facilities in Bhiwandi, to ensure off-the-shelf deliveries of fast moving equipment and repair and calibration services to our customers.

The Directors thank everyone who has business relations with the Company for their continued support and co-operation and our employees and managers for their dedication and contribution for the improved performance during the year. Plans and processes are in place for further growth in the ongoing business and the commencement of new activities.

Mumbai, 16th August, 2006.

B. H. Reporter
Chairman

