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For New Standard Engg. Co. Ltd.

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H. J. J.
 CO. Secretary.

NEW STANDARD ENGINEERING COMPANY LIMITED



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Thirtyeighth Annual Report 1996-97



NEW STANDARD ENGG.

THIRTY EIGHTH ANNUAL REPORT 1996-97

Board of Directors : Mr. Sumant J. Patel *Chairman & Mg. Director*
Dr. R. S. Tameja
Mr. P. R. Latey
Mr. M. Y. Ranade
Mr. G. P. Sangal
Mrs. Sudha S. Patel

Bankers : Bank of India
Dena Bank

Auditors : Shah & Company
Chartered Accountants

Registered Office : NSE Estate, Goregaon East,
Mumbai - 400 063.



REGD. OFFICE & SALES OFFICES

Regd. Office and Works :

NSE ESTATE
Goregaon East
Mumbai 400 063
Phone : 8735261 (5 lines)
FAX : 0091-22-8727926 & 8732569

New Delhi Office :

B-1-102, 10th Floor
Himalaya House
Curzon Road
New Delhi 110 001
Phone : 3312644, 3314679
Fax : 011-3314679

Madras Office :

Fagun Mansion
26, Commander-in-Chief Road
Madras 600 105
Phone : 8271108, 8272648, 8721821
Fax : 044-8277429

Bangalore Office :

15, Wood Street, 2nd Floor,
Richmond Town,
Bangalore 560 025
Phone : 578343

Calcutta Office :

Benoy Bhavan
27-B, 5th Floor
Camac Street
Calcutta-700 016
Phone : 2478962, 2401851, 2470848

Coimbatore Office :

1176, 1st Floor,
Old Sangam, Trichi Road,
Ramanathapuram P.O.
Coimbatore-641 045
Phone : 215088
Fax : 0422-212957

Ahmedabad Office :

B Jadhav Chamber, 3rd Floor, Ashram Road
Ahmedabad-380 006
Phone : 450937, 475377, 469822, 6560927
Fax : 079-6581794

*Thirtieth Annual Report 1996-97***NOTICE**

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Shareholders of New Standard Engineering Company Limited will be held on Tuesday, 30 September 1997 at Sri Sitaram & Lady Shantabai PATKAR CONVOCATION HALL, S. N. D. T. Women's University, 1, Nathibai Thackersey Road, Mumbai, 400 020 at 3.00 pm to transact the following business :-

ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended 31 March 1997, and the Balance Sheet as at that date and the reports of the Auditors thereon.
2. To appoint a Director in place of Dr. Ram S Tameja, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. P R Latey, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company who shall hold office from the conclusion of this meeting to 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 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or reenactment thereof for the time being in force), the Company hereby approves the appointment of Mr. Sumant J Patel as Managing Director of the Company, not liable to retire by rotation, for a period of 5 years with effect from 1 April 1998 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted to this meeting and for identification, which agreement is hereby specifically sanctioned with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mr. Sumant J Patel, within the limits specified in Schedule XIII to the Companies Act, 1956 ('the Act') or any amendments thereto."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to grant increment/s and other perquisites to the Managing Director and to alter and vary the terms and conditions of the said appointments so as not to exceed the maximum limits for payment of remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Sumant J Patel."

Registered Office :

NSE Estate,
Goregaon East,
Mumbai-400 063.

Dated : 18 August, 1997.

Sumant Patel
Chairman & Mg. Director

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy, duly completed, should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.
3. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 5 set out above, are annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 25 September 1997 to Tuesday, 30 September 1997 (both days inclusive).

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5 :**

The present term of appointment of Mr. Sumant J. Patel as Chairman & Managing Director will expire on 31st March 1998. The Board of Directors have proposed to re-appoint Mr. Sumant J. Patel as Chairman & Managing Director for a further period of 5 years from 1st April, 1998. The remuneration proposed to be payable to him on his reappointment is detailed below :

a). Salary :

Rs. 30,000/- per month which may be increased from time to time by the Board of Directors in accordance with Schedule XIII to the Act, as amended from time to time.

b) Commission :

Subject to the overall limits laid down in Section 198 and 309 of the Act, 5% of the net profit of the Company for each financial year computed in the manner laid down in Section 309(5) of the Act and subject however to a ceiling of 100% of the annual salary.

c) The Managing Director will be entitled to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits prescribed under Schedule XIII to the Companies Act, 1956 :**i) Housing :**

No accommodation is to be provided by the Company; however, Company shall bear the cost of electricity bills.

ii) Medical reimbursement

Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years, in accordance with the Company's Rules.

iii) Leave Travel Concession :

For self and family once in a year subject to such limit as may be decided by the Board of Directors from time to time.

iv) Club Fees : For two Clubs

This will not include admission and life membership fees.

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- v) **Personal Accident Insurance :**
Reimbursement of premium as may be decided by the Board.
- vi) The Company shall provide telephones at the residence of the Managing Director as also mobile phone, Computer & other Communication facilities. The Managing Director shall be billed by the Company for personal long distance calls.
- vii) The Managing Director shall be entitled to such other benefits or amounts as may be approved by the Board and permissible under Schedule XIII to the Companies Act, 1956, or otherwise.
In the event of loss or inadequacy of profits, the Managing Director shall be entitled to receive the same remuneration, perquisites and benefits as above.
- viii) The Managing Director has expressed his desire not to avail of Provident Fund; Superannuation Fund or Annuity Fund and Gratuity benefits; as also use of Company car.
The above proposal in respect of Mr. Sumant J. Patel is subject to approval of the Central Government.
Following are the other terms of appointment :
- The Chairman & Managing Director shall :
- (A) Exercise such powers and authorities and carry out such duties and responsibilities from time to time as may be entrusted to him by the Board and subject to supervision, control and direction of the Board, shall have substantial powers of management.
- (B) Promote the interest and welfare of the Company to the best of his ability and conform and comply with the practices and requirements of the Company and also all such orders and direction as may be given by the Board from time to time.
- (C) The Chairman & Managing Director shall not become interested or otherwise concerned, directly or indirectly, through any selling agency of the Company without prior approval of the Central Government so long as he functions as Chairman & Managing Director.
The resolution as set out in item No.5 of the annexed notice is therefore, recommended for your approval.
- Mr. Sumant J. Patel and Mrs. Sudha S. Patel, who is relative of the former are to be considered as interested in the aforesaid resolution.
- The above statements may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors,

Registered Office :

NSE Estate, Goregaon East,
Mumbai-400 063.

Sumant Patel
Chairman & Mg. Director

Dated : 18 August, 1997.



Directors' Report

To
The Shareholders,

Your Directors are presenting herewith the Company's 38th Annual Report together with audited statement of accounts for the year ended 31 March 1997 :

1. FINANCIAL RESULTS

	1996-97 Rupees	1995-96 Rupees
Sales, Service and Other Income	<u>216,221,374</u>	<u>310,691,700</u>
Profit before interest and depreciation	23,886,066	69,772,111
Deducting therefrom :		
Interest	15,884,910	18,448,065
Depreciation	5,632,807	7,658,810
Bad debts written off	—	6,199,954
	<u>21,517,717</u>	<u>32,306,829</u>
Profit for the year	<u>2,368,349</u>	<u>37,465,282</u>

2. OPERATIONS

- The net profit for the year was Rs.2.37 million (Rs. 37.47 million).
- During the year the total turnover was Rs. 216.22 million (Rs.310.69 million). The turnover from the Manufacturing Divisions was Rs. 131.74 million (Rs. 215.89 million) while the turnover from the Realty Division was Rs. 79.34 million (Rs. 89.36 million).

Decline in the turnover of the Manufacturing Divisions was due to largescale imports of new & secondhand machinery; demand recession; depressed primary market; and steep cash crunch being faced by the industry.

3. FINANCE

During the year, Company incurred capital expenditure of Rs. 3,38,53,100 for expansion of the exhibition complex. The exhibition complex now has five halls admeasuring 4,00,000 sq. ft. with other allied facilities.

Trade fair and exhibition activities are having good response from international and national organisers.

4. QUALITY SYSTEMS

The Company's Textile Machinery Division was successful in acquiring ISO9002 certification from Det Norske Verites, Norway.

5. TECHNOLOGY UPGRADATION

During the year the Company developed a high production Card with latest Technology. This card was Exhibited during ITME'96, which has evoked good response. Company has secured orders and the new card-third in the series-is expected to be in the market in 97-98. The Company also began

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to introduce new models of Blow Room Machinery, which process is expected to be completed during 97-98. These equipments are more compact and energy efficient.

6. FINANCE

- i) Term borrowing has been reduced by Rs. 13.36 million (Rs.65.76 million) during the year, from Rs. 50.69 million to Rs. 37.33 million.
- ii) Fixed assets of the Company were valued at Rs. 282.08 million as against Rs. 252.88 million in the previous year; net block at the same time is Rs. 139.57 million as against Rs.118.30 million after depreciation. Assets of your Company have been adequately insured.
- iii) During 1996-97, your Company has not accepted any fixed deposits.
- iv) Debts & Advances :

As regards debts & advances due for over three years amounting to Rs. 9.34 Million (Rs. 10.47 million), no provision has been made in the accounts as the same are recoverable according to your Directors.

7. AUDITORS ' REPORT :

With reference to the comments in para-1 (xv) of the Auditors' report, attention is drawn to the accounting policies and other notes to the accounts, which are self explanatory. Necessary are being taken to strengthen the internal system, as also clearing outstanding dues.

8. PARTICULARS OF EMPLOYEES :

None of the employees of the Company is in receipt of remuneration of more than Rs. 25,000 per month or more than Rs. 3,00,000/- per annum during the period under review. Hence, the provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.

During the year under review, industrial relations with the employees were cordial.

9. DIRECTORS :

Your Directors, Dr. Ram S. Tameja and Mr. P.R. Latey retire by rotation at the ensuing Annual General Meeting. Your Board recommends re-appointment of Dr. Ram S. Tameja and Mr. P.R. Latey, they being eligible for the same.

The terms of appointment of Mr. Sumant Patel, Managing Director of the Company expires on 31 March 1998. The Board of Directors recommend re-appointment of Mr. Sumant Patel as Managing Director for a further period of 5 years on the terms as to remuneration and perquisites as given in the notice and the annexure statement thereto for the 38th Annual General Meeting. Mrs. Sudha S. Patel, Director of your Company is interested in this appointment being a relative of Mr. Patel.

None of the other Directors is concerned or interested in the said resolution.

10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with Companies (disclosures of particulars in the report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earning & outgo is given in the annexure forming part of this report.

11. AUDITORS :

M/s. Shah & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from M/s. Shah & Co. to



the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Accordingly, the Board recommends that the said Auditors be appointed as Auditors of the Company at the ensuing Annual General Meeting.

12. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from Financial Institutions and Banks, and executives, staff and workers of the Company.

Registered Office :
NSE Estate,
Goregaon East,
Mumbai-400 063.
Dated : 18 August, 1997.

For and on behalf of the Board of Directors,

Sumant Patel
Chairman & Mg. Director

Annexure I to Directors' Report (Under Section 217 (1) (e) of the Companies Act, 1956)

A. Conservation of Energy:

The Company has taken adequate steps to conserve energy by the following measures:

1. Sodium vapour lamps introduced at various focal points in workshop to save energy consumption.
Existing mercury vapour lamps being phased out gradually.
2. Light capacity electric motors being installed in compressors and various furnace duty blowers etc.
3. Capacitor bank installed.
4. Existing energy system being modified and streamlined to reduce energy loss.

B. Technology Absorption :

Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company maintains high level of information flow through different technology groups of the Company. Company keeps abreast with the technology development carried out by its collaborators and through, specific programmes adapts and absorbs this technology.

C. Foreign Exchange Earning and Outgo :

The information on foreign exchange earnings and outgo is contained in schedule 13 Item 16 (b) (c) and (d). Company have earned foreign exchange of Rs. 25.02 lakhs as against Rs. 70 lakhs in previous year.

The outgo of foreign exchange for engineering and know-how fees, royalty, imported components and towards travelling abroad aggregates to Rs. 21.02 lakhs. Thus, net foreign exchange earning comes to Rs.4.00 lakhs during the year 1996-97.

By Order of the Board of Directors,

Sumant Patel
Chairman & Mg. Director

Dated : 18 August, 1997.