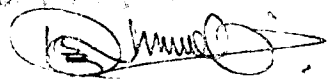


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CS	<input checked="" type="checkbox"/>	DTY	NA
RO	<input checked="" type="checkbox"/>	ENV	NA
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AGM	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

certified True copy
For New Standard Engineering Co. Ltd.

Company

New Standard Engineering Company Limited



Thirtyninth Annual Report 1997-98



**NEW STANDARD ENGG.****THIRTY NINTH ANNUAL REPORT 1997-98**

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
Mr. M. T. Challawala *Whole-time Director*
Mr. Mohan Parikh *Whole-time Director*

Company Secretary : Mr. Jasmin Bhavsar

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 : 5300344

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Calcutta Office :

Benoy Bhavan

27-B, 5th Floor

Camac Street

Calcutta-700 016

Phone : 2478962, 2401851, 2470848

Fax : 033-2494703

Coimbatore Office :

1176, 1st Floor,

Old Sangam, Trichi Road,

Ramanathpuram P.O.

Coimbatore-641 045

Phone : 315088

Fax : 0422-315088

Ahmedabad Office :

B Jadhav Chamber, 3rd Floor, Ashram Road

Ahmedabad-380 006

Phone : 6580924, 6580927, 6587822

Fax : 079-6581794

Thirtyninth Annual Report 1997-98

NOTICE

NOTICE is hereby given that the Thirtyninth Annual General Meeting of the Shareholders of New Standard Engineering Company Limited will be held on Tuesday, the 29 September 1998 at Sri Sitaram & Lady Shantabai PATKAR CONVOCATION HALL, S. N. D. T. Women's University, 1, Nathibai Thackersey Road, Mumbai, 400 020 at 10.00 a.m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive and adopt the Audited Balance Sheet as at 31 March, 1998 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr. P R Latey, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Sudha S. Patel, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. M.T.Challawala be and is hereby appointed as a Director of the Company".

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves the appointment of Mr. M.T. Challawala, as Executive Vice President & Whole-time Director of the Company for a period of one year w.e.f. 1 July, 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 explanatory statement annexed to this notice".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to extend or vary the terms and conditions of appointment (including salary, perquisites and incentives) subject to the limits laid down in Schedule XIII to the Companies Act, 1956".

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. M.P. Parikh be and is hereby appointed as a Director of the Company".

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and all other application provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby approves the appointment of Mr. M.P.Parikh, as Sr.Vice President & Whole-time Director of the Company for a period of one year w.e.f. 1 July, 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 explanatory statement annexed to this notice".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to extend or vary the terms and conditions of appointment (including salary, perquisites and incentives) subject to the limits laid down in Schedule XIII to the Companies Act, 1956".

Registered Office :

NSE Estate,
Goregaon East,
Mumbai-400 063.

Dated : 10 August, 1998.

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 & 6 set out above, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 25 September, 1998 to Tuesday, 29 September, 1998 (both days inclusive).

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

The Board of Directors had appointed Mr. M.T. Challawala, Executive Vice President as a Director and also a Whole-time Director for a period of one year w.e.f. 1 July, 1998. A notice from the member as per provisions of Section 257 of the Companies Act, 1956, was received to that effect.

Mr. M. T. Challawala is well qualified and has wide experience in industrial management. Therefore, the Board felt that his knowledge and experience will be benefit and value to the Company and therefore, recommends to the Shareholders for their approval of the same.

The remuneration payable to Mr. M.T. Challawala is as follows :

- a). Salary : Rs. 260,000/- p.a.
- b) Perquisites : Rs. Not exceeding Rs. 90,000/- p.a.
- c) The Company will provide to the Executive Vice President & Whole-time Director, Motor Car and the Company shall bear expenses for maintenance of the same of an amount not exceeding Rs 36,000/- p.a.
- d) In addition to the above, the Executive Vice President & Whole-time director will be entitled to incentives as may be deem fit by the Board of Directors from time to time.

The above statements may be regarded as an abstract of the terms of the appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Mr. M. T. Challawala is concerned or interested in the above resolution.

Item No. 6 :

The Board of Directors had appointed Mr. M.P.Parikh, Senior Vice President as a Director and also a Whole-time Director for a period of one year w.e.f. 1 July, 1998. A notice from the member as per provisions of Section 257 of the Companies Act, 1956, was received to that effect.

Mr. M. P. Parikh is well qualified and has wide experience in industrial management. Therefore, the Board felt

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that his knowledge and experience will be of benefit and value to the Company and therefore, recommends to the Shareholders for their approval of the same.

The remuneration payable to Mr. M.P. Parikh is as follows :

- a). Salary : Rs. 2,30,000/- p.a.
- b) Perquisites : LTA and medical allowance as per the Company's rules.
- c) The Company will provide Motor Car and driver to the Senior Vice President & Whole-time Director.
- d) In addition to the above, the Senior Vice President & Whole-time Director will be entitled to incentives as may be deemed fit by the Board of Directors from time to time.

The above statements may be regarded as an abstract of the terms of the appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Mr. M. P. Parikh is concerned or interested in the above resolution

By Order of the Board of Directors

Registered Office :

NSE Estate,
Goregaon East,
Mumbai-400 063.

Dated : 10 August, 1998.

Sumant Patel

Chairman & Mg. Director

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Directors' Report

To
The Shareholders,

Your Directors are presenting herewith the Company's 39th Annual Report together with audited statement of accounts for the year ended 31 March 1998 :

1. FINANCIAL RESULTS :

	1997-98	1996-97
	Rupees	Rupees
Sales, Service and Other Income	<u>203,191,601</u>	<u>216,221,374</u>
Profit before interest and depreciation	9,129,294	23,886,066
Deducting therefrom :		
Interest	15,188,531	15,884,910
Depreciation	<u>6,741,267</u>	<u>5,632,807</u>
	21,929,798	21,517,717
Profit /(Loss) for the year	<u>(12,800,504)</u>	<u>2,368,349</u>

2. OPERATIONS :

- i) The operation for the year resulted in a loss of 12.80 million as against the profit of Rs. 2.37 million in previous year.
- ii) During the year the total turnover was Rs. 203.19 million (Rs.216.22 million). The turnover from the Manufacturing group was Rs. 157.98 million (Rs. 131.74 million) while the turnover from the Realty group was Rs. 42.81 million (Rs. 79.34 million).

During the year under review, turnover from the Manufacturing group increased, while turnover from trade fair & exhibition activities declined due to recession in several major sectors of the economy.

3. QUALITY SYSTEMS :

The Company's concerned divisions continued to enjoy ISO-9002 and American Petroleum Institution Certification.

4. FINANCE :

- i) Total borrowings were Rs.95.17 million (Rs.80.66 million).
- ii) Fixed assets of the Company were valued at Rs.282.31 million as against 282.08 million in the previous year; net block at the same time is 135.18 million as against Rs.139.57 million after depreciation. Assets of your Company have been adequately insured.
- iii) During 1997-98, your Company has not accepted any fixed deposits.
- iv) Debts & Advances :

As regards Debts and Advances due for over three years amounting to Rs.8.82 million (Rs.9.34 million), no provision has been made in the accounts as the same are recoverable according to your Directors.

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5. 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 steps are being taken to strengthen the internal audit system, as also clearing outstanding dues.

6. 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.

7. DIRECTORS :

Your Directors, Mr. P. R. Latey and Mrs. Sudha S. Patel retire by rotation at the ensuing Annual General Meeting. Your Board of Directors recommends re-appointment of Mr. P. R. Latey and Mrs. Sudha S. Patel, they being eligible for the same. Your Directors have pleasure to inform the Members that Govt. of India have approved re-appointment of Mr. Sumant Patel as Managing Director of the Company for a period of 5 years effective from 1 April 1998. Mr. M.T. Challawala and Mr. M.P. Parikh have been appointed as Sr. Executive Vice President & Whole-time Director and Sr. Vice President & Whole-time Director, respectively for a period of one year effective from 1 July, 1998. Your Directors recommend appointment of Mr. M.T. Challawala and Mr. M.P. Parikh on the Board.

8. 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.

9. 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.

10. ACKNOWLEDGEMENT :

Your Directors would like to express their appreciation for the assistance and cooperation received from Banks, shareholders and employees of the Company.

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

Dated : 10 August, 1998.

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. The Company has effectively lowered its maximum demand in Manufacturing Division by properly restructuring resulting in maximum demand reduced to 1000 KVA from 2500 KVA and corresponding power bills reduced by 50%.
3. Capicitor bank installed resulting in saving of extra charge imposed earlier due to power factor lower than 0.8.

B. Technology Absorption :

The Company keep abreast with technology development carried out by its competitors and its technology group succeeded in developing new technology machines in Blow Room and has also successfully developed a State of the Art, technology - Carding Machine.

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.27.61 million as against Rs. 2.50 million in previous year.

The outgo of foreign exchange for export commission, legal charges and others and towards travelling abroad aggregates to Rs.2.71 million . Thus, net foreign exchange earning comes to Rs.2.49. million during the year 1997-98.

By Order of the Board of Directors,

Sumant Patel

Chairman & Mg. Director

Dated : 10 August, 1998.