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HINDUSTHAN UDYOG LIMITED

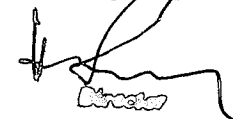
Annual Report 1997 – 98



HINDUSTHAN UDYOG LTD.

CERTIFIED TRUE COPY

Hindusthan Udyog Ltd



BOARD OF DIRECTORS :

K. L. ROY, Chairman
V. N. AGARWAL, Managing Director
PRAMOD KUMAR KHAITAN
B. L. PUROHIT
B. KAPOOR
V. N. VARMA
A. K. CHAKRAVARTY

BANKERS :

UNITED BANK OF INDIA

AUDITORS :

S. GHOSE & CO.
Chartered Accountants
CALCUTTA-700 001.

REGISTERED OFFICE :

TEMPLE CHAMBERS
6, OLD POST OFFICE STREET,
CALCUTTA-700 001.

HINDUSTHAN UDYOG LTD.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Annual Report together with the audited Accounts of the Company for the year ended 31st March, 1998.

	1997-98	1996-97
FINANCIAL RESULTS :		
Profit before Interest & Depreciation	1,98,09,042	1,83,14,984
Deduction :		
Interest	1,15,80,713	86,61,197
Depreciation	71,07,746	81,16,573
Provision for tax for the year	2,50,000	2,00,000
Net Profit after tax	8,70,583	13,37,214
Add : Brought forward profit	33,98,748	20,61,534
Balance carried to Balance Sheet	42,69,331	33,98,748

WORKING :

Working of the Company's several divisions during the year was satisfactory. The Durgapur unit however continued to remain closed during the year. Your directors do not recommend any dividend for the year.

DIRECTORS :

Mr. Pramod Kumar Khaitan and Mr. V. N. Varma, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

FIXED DEPOSIT :

The Company has not invited any deposits from the public.

INFORMATION AS TO CONSERVATION OF ENERGY ETC.

In terms of Sec. 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) rule 1983, the requisite information is furnished herein below :

Conservation of energy : Not applicable to the Company.

Research & Development :

- Research & Development has been continuously carried for improvement in quality of existing products and production process for better productivity and raw material efficiency.
- The Company has benefitted from above by means of Improvement in quality and efficiency in production.
- The Company plans to further strengthen the Research & Development wing for improving the production procedure and also cost saving in achieving the production target.
- Expenditure on R & D :- charged under primary heads of accounts.

Technology, Absorption, Adaptation & Innovation :

- The Company successfully absorbed the technology in production of Conveyors and air pollution control equipment as per the design and drawings, supplied by the foreign collaborators.
- The Company has the benefit of technology for the manufacturing of high quality equipments which are equivalent to those imported and same may be considered as import substitution products.

c) Particulars relating to imported technology.

<u>Technology Imported</u>	<u>Year of import</u>	<u>S t a t u s</u>
Mining and Industrial round link Chains	1991	In the process of being absorbed.
Steel Castings	1991	In the process of being absorbed.
Wet Scrubber and Slurry disposal System	1993	Technology fully absorbed.
Exhaust Filtration Systems	1992	Technology fully absorbed.
Armoured Face Chain Conveyors	1991	Technology fully absorbed.

Foreign Exchange Earnings & Outgo :

a) Export activities and export plans :- The Company has been able to achieve good export turnover during the year. Efforts are continued to explore new foreign markets and to enlarge its share in the existing markets for export of Tea, C. I. Castings.

	(Rs.)
b) Total foreign exchange used.	21,01,230
c) Total foreign exchange earned	65,62,499

SUBSIDIARY COMPANY :

As required under section 212 of the Companies Act, 1956, the audited statement of accounts alongwith report of the Auditors and the Board of Directors of Huwood India Ltd. for the period ended on 31st March, 1998 are annexed.

AUDITORS :

Messrs S. Ghosh & Co., Chartered Accountants, Auditor of the Company, hold the office till the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them to the effect that their reappointment if effected would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956.

With regard to the Auditors' observations in their report, the corresponding notes on accounts are self explanatory.

PERSONNEL :

Industrial relations within the company remained cordial and satisfactory during the year. Your directors wish to place on record their appreciation of the hard work and services put in by the employees at all levels. There are no particulars to be reported under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Calcutta
Dated 26th June, 1998

For and on behalf of the Board
V. N. AGARWAL
Managing Director

Statement Regarding Subsidiary Company—HUWOOD INDIA LTD:

Pursuant to Section 212 (3) of the Companies Act, 1956.

(a) Holding Company's Interest :—

Entire issued share capital of 55,022 ordinary shares of Rs. 10/- each fully paid up.

(b) Net Aggregate amount of subsidiary's profits/ losses not dealt with in the Holding Company's accounts :

	Rs.
(i) For the subsidiary Financial period ended 31st March, 1998	(1,610)
(ii) For its previous financial years	(1,64,244)
	<u>(1,65,854)</u>

(c) Net Aggregate amount of Subsidiary's profit/ losses dealt with in the Holding Company's accounts :

Nil



The 26th June, 1998

V. N. AGARWAL
K. L. ROY
Director

AUDITORS' REPORT

To the Shareholders of

HINDUSTHAN UDYOG LIMITED

We have examined the attached Balance Sheet of Hindusthan Udyog Ltd. as at 31st March 1998 and the Profit & Loss Account for the year ended on that date annexed thereto and report that : –

1. The said Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
2. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4-A) of the Companies Act, 1956 and on the basis of such test checks as we considered appropriate, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
4. Subject to Accounting Policy No. A-1 (iii) in Schedule 'O' regarding commission on sales, which is accounted for on submission of claims, by / receipt of confirmation from agents & principals, in our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books.
5. Further to our comments in Annexure referred to in paragraph 2 above and subject to non-provision of doubtful debts amounting to Rs. 88,025/- and advance to suppliers amounting to Rs. 2,15,607/-, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the accounting policy, notes and schedules thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 1998, and
 - ii) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Calcutta
The 26th June, 1998

For S. GHOSE & CO.
Chartered Accountants
C. CHATTERJEE
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

Re : **HINDUSTHAN UDYOG LIMITED**

1. The Company has maintained proper records showing full particulars of fixed assets except quantitative details in respect of assets installed prior to 1972-73.

Revaluation of Plant and Machinery has been shown in the fixed asset register as having been allocated to the assets on a prorata basis. It has been explained that fixed assets have been physically verified by the the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its business. It was reported by the management that no material discrepancy was noticed on such verification during the year.
2. None of the fixed assets has been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. According to the information given to us, discrepancy noticed on physical verification of stocks as compared to book record were not significant and the same have been properly dealt with in the books of account.
6. The valuation of stocks disclosed in Accounting Policy No. A - 5 is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. As explained to us, no loan was taken from companies firms or other parties coming within the purview of section 301 of the Companies Act, 1956. We were further informed that no loan was taken from any company under the same management.
8. As explained to us, no loan was granted to companies firms or other parties coming within the purview of section 301 of the Companies Act, 1956. We were further informed that no loan was granted to any company under the same management.
9. In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief no loan or advance in the nature of loan was given by the Company.
10. In our opinion and according to the information and explanations given to us, the existing internal control procedures are commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In terms of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, there was no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements coming within the purview of section 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000/-.

12. It has been explained to us that there is a regular procedure for determining unserviceable and damaged stores and materials by the management and adequate provision in the accounts for the loss, if any arising therefrom is being made in the accounts.
13. The company has not accepted any deposit from the public.
14. Reasonable records have been maintained by the company for the sale and disposal of scraps. The company's manufacturing activity does not generate any by-product.
15. The company has an Internal audit system commensurate with the size and nature of business of the company.
16. We are informed that the Central Government has not prescribed maintenance of cost records u/s. 209(1) (d) of the Companies Act, 1956.
17. According to the books and records of the company, Provident Fund and Employees' State Insurance dues have been deposited regularly during the year with the appropriate authorities though there has been slight delays in some cases.
18. According to the Information and explanations given to us there was no undisputed liability outstanding as at the last day of the financial year, for a period of more than six months in respect of income tax, sales tax, customs duty & excise duty. The Company is not required to pay wealth tax.
19. According to the information and explanations given to us no personal expenses of employees or directors have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Calcutta
The 26th June, 1998

For S. GHOSE & CO.,
Chartered Accountants
C. CHATTERJEE
Partner

HINDUSTHAN UDYOG LTD.*Balance Sheet as at 31st March, 1998*

Previous Year Rs.		SCHEDULE		Current Year Rs.
	SOURCES OF FUNDS			
	SHAREHOLDERS FUND			
6,32,71,000	Capital	A	6,32,71,000	
3,59,55,657	Reserve & Surplus	B	3,66,15,503	9,98,86,503
9,92,26,657				
	LOAN FUND			
5,82,79,654	Secured Loan	C		8,40,24,392
10,92,379	Unsecured Loan			—
15,85,98,690				18,39,10,895
	APPLICATION OF FUNDS			
6,04,85,466	Fixed Assets	D	5,37,11,585	
36,74,213	Capital Work-in-Progress		21,88,673	5,59,00,258
76,27,596	Investments	E		70,49,971
18,45,98,860	Current Assets, Loans & Advances	F	22,30,63,470	
10,85,53,251	Less : Current Liabilities & Provision	G	11,25,31,000	
7,60,45,609	Net Current Assets	(F—G)		11,05,32,470
1,07,65,806	Miscellaneous Expenditure (To the extent not written off or adjusted)	H		1,04,28,196
15,85,98,690				18,39,10,895
	NOTES ON ACCOUNTS	O		
	Schedules A to O form an integral part of accounts			

In terms of our report of even date

For S. GHOSE & CO.

Chartered Accountants

C. CHATTERJEE

Partner

V. N. Agarwal, Managing Director

A. K. Chakravarty, Director

Calcutta
The 26th June, 1998