



HINDUSTHAN UDYOG LIMITED

Annual Report 1998 – 99

HINDUSTHAN UDYOG LTD.

BOARD OF DIRECTORS :

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

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, 1999.

| | 1998-99 | 1997-98 |
|---------------------------------------|-------------|-------------|
| FINANCIAL RESULTS : | | |
| Profit before Interest & Depreciation | 1,88,14,250 | 1,98,09,042 |
| Deduction : | | |
| Interest | 1,19,45,826 | 1,15,80,713 |
| Depreciation | 66,25,979 | 71,07,746 |
| Provision for tax for the year | 25,000 | 2,50,000 |
| Net Profit after tax | 2,17,445 | 8,70,583 |
| Add : Brought forward profit | 42,69,331 | 33,98,748 |
| Balance carried to Balance Sheet | 44,86,776 | 42,69,331 |

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. B. Kapoor has resigned from the Board. Your Directors place on record their appreciation for the valuable services rendered by Mr. Kapoor during his tenure as Director.

Mr. Prakash Agarwal appointed as an additional Director of the Company with effect from 09/12/1998 whose term of office will vacate at the ensuing Annual General Meeting. The Company has received a Notice from a member under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr Prakash Agarwal as a Director, liable to retire by rotation, of the Company at the ensuing Annual General Meeting of the Company.

Mr. A. K. Chakravarty and Mr. K. L. Roy, 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 1988, 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 in terms of improvement in quality and efficiency in production.

- c) The Company plans to further strengthen the Research & Development wing for improving the production procedure and also cost saving in achieving the production target.
- d) Expenditure on R & D :- charged under primary heads of accounts.

Technology, Absorption, Adaptation & Innovation :

- a) 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.
- b) 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. 42,51,050
- c) Total foreign exchange earned. 47,93,647

Y2K COMPLIANCE :

The company has taken appropriate and effective steps to make its Hardware & Software Y2K Compliant within a short period. The expenditure for achieving Y2K Compliance has been estimated to be very negligible.

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 2nd July, 1999

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

**AUDITORS' REPORT
&
STATEMENT OF ACCOUNTS**

AUDITORS' REPORT

To the Shareholders of
HINDUSTHAN UDYOG LIMITED

We have examined the attached Balance Sheet of Hindusthan Udyog Ltd. as at 31st March 1999 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 paragraphs 4 and 5 of the said order.
3. No provision has been made for doubtful debts amounting to Rs. 2,29,097/-, Sticky Advances totalling to Rs. 10,22,588/- and diminution of Rs. 2,76 373/- in the value of quoted investments as referred to in Note No. B-3 (a) & 3 (b) in Schedule 'O'.
4. This audit is not intended, designed or performed to identify or detect problems connected with computer Hardware, software and other automated process readiness related to the year 2000.
5. Subject to comments given in paragraph 3 and 4 above and in Annexure as referred to in paragraph 2 of our report read with Accounting policy and Notes on Accounts (Schedule 'O'), we also report that :—
 - a) We have obtained all the information & explanation which to the best of our knowledge & belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit & Loss Account dealt with in this report are in agreement with the Books of Accounts.
 - d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standard referred to in Sub-section (3C) of section 211 of Companies Act, 1956.
 - e) In our opinion and to the best of our knowledge & according to the information & explanation given to us, the said accounts read with Accounting Policies and Notes to Accounts in Schedule 'O', give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view :—
 - i) In the case of Balance Sheet the State of Affairs of the Company as at 31st March, 1999 and
 - ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

Calcutta
The 2nd July, 1999

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 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 - 4 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/-.