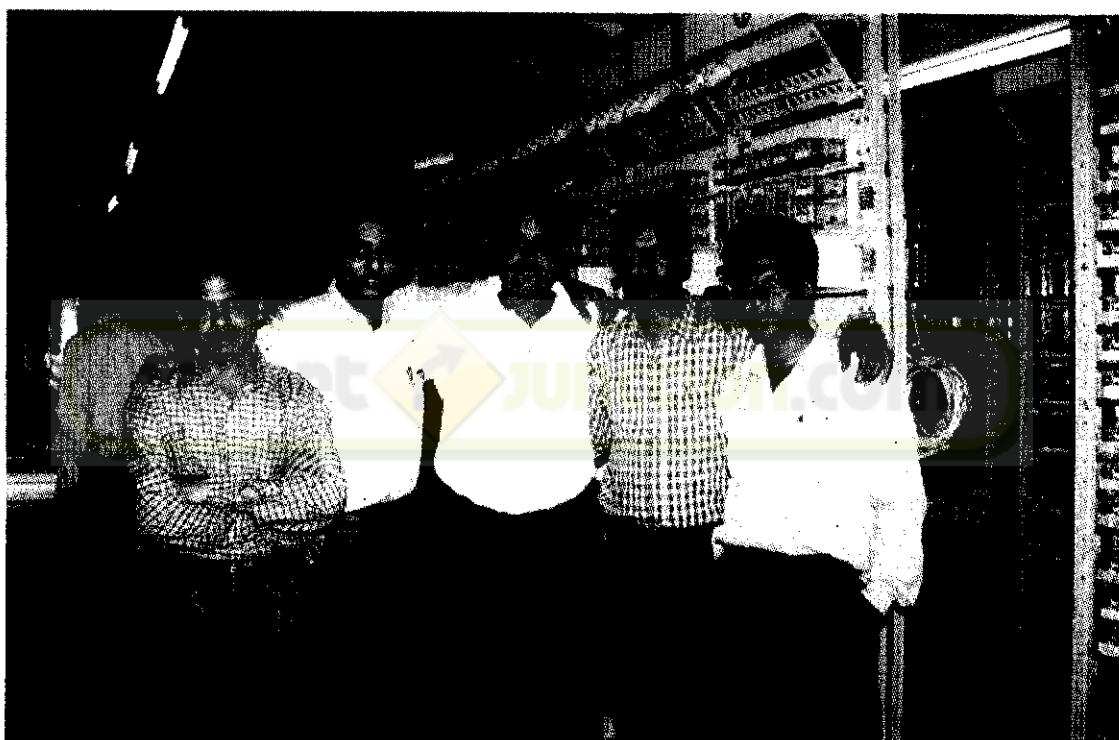


Integra Hindustan Control Limited

Report and Accounts - 1999

Report and Accounts 1999



IHC commissioning Team at Valsad RRI Project. This is the first RRI Project successfully commissioned by IHC on Indian Railways.

Report and Accounts 1999

Board of Directors	V. P. Srivastava	Chairman
	S. R. Divatia	
	Dr. J. Leimgruber	(Resigned w.e.f. 30-07-99)
	J. P. Thacker	(Resigned w.e.f. 30-07-99)
	J. G. Oehler	
	F. A. Favre	Alternate to J. G. Oehler

Secretary B. M. Trivedi

Bankers State Bank Of India
Industrial Finance Branch

Solicitors Mulla & Mulla & Craigie Blunt & Caroe

Auditors A. F. Ferguson & Co.

Registered Office Brown Boveri House,
Race Course Circle,
Baroda - 390 007.

Works Halol-Chapaner Road,
P.O. Chandrapura, Tal. Halol,
Dist. Panchmahals - 391 520.

Share Transfer
Registration Agent PCS Industries Limited
"Ashirwad", 18, Ganga Park, Gotri Road,
Nr. Bhagyoday Tower 1, Vadodara - 390 007.

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Report and Accounts 1999

Notice to Members :

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Integra Hindustan Control Limited will be held at, Hotel Surya (Hall No. 209, 2nd Floor), Sayajigunj, Baroda – 390 005, on Friday, the 16th June, 2000, at 11.00 A.M. to transact the following business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st December, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. V.P. Srivastava, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board

B. M. Trivedi
Company Secretary

Registered Office:

Brown Boveri House,
Race Course Circle,
BARODA – 390 007.

New Delhi,
22nd February, 2000.

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NOTES:

A MEMBER, ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY.

The Register of Members and Transfer Books of the Company will remain closed from Thursday, the 1st June, 2000 to Thursday, the 15th June, 2000 (both days inclusive).

Members are requested to advise, indicating their Folio Number, the change of their addresses, if any, to the Company at its Registered Office.

Integra Hindustan Control Limited

Directors' Report

The Directors submit their Thirteenth Annual Report and the Audited Accounts of the Company for the year ended 31st December, 1999.

Financial Results

	1999 (Rupees)	1998 (Rupees)
Profit/(Loss) before taxation	7,837,188	2,041,296
Less: Provisions for taxation	4,900,000	1,200,000
Profit/(Loss) after taxation	2,937,188	841,296
Add: Excess provision for taxation in respect of earlier year	—	65,972
Add: Balance brought forward from previous year	(2,515,124)	(3,422,392)
Balance carried forward	422,064	(2,515,124)

Dividend

In view of the overall financial position of the Company, the Directors consider it advisable not to recommend any dividend for the year under review.

Review of Performance

The turnover of the Company was Rs. 805 Lacs in the year 1999 as compared to Rs. 615 Lacs in the year 1998.

This increase in turnover was possible due to higher order inflow and prudent supply management, that ensured continuous availability of input materials.

For the year 1999, the Company reported a pre-tax profit of Rs. 78.4 Lacs.

During the year under review, the Company commissioned the first Centralised AFTC installation in Ambarnath - Budlapur section of the Mumbai Suburban Sector of Indian Railways.

During the year under review, the Company successfully completed major portion of the "Route Relay Interlocking (RRI)" Project at Valsad station and commissioned the project on 6th February, 2000. This is the first RRI Project commissioned by the Company. Valsad is a busy Station on the New Delhi-Mumbai trunk route. The Scope included Design, Supply installations and commissioning.

Orders were also received from Western Railway, Southern Railway and Central Railway for Audio Frequency Track Circuits. With these orders, the Customers have reiterated their faith in our technology.

Your Company also received sizable orders for Signalling Relays.

Future Outlook

The Indian Railway continues to give added emphasis to the improvement of its Signalling System. This will continue to open new opportunities for your Company.

With Indian Railways emphasizing on provision of Automatic Signalling using AFTC, the Company expects a growth in this market, but the competition in this market is expected to increase in the coming years, with the entry of new players.

Likewise the market for Relays will continue to be highly competitive.

Year 2000

In respect of Company's products and functions, your Company is not affected by the Year 2000 problem.

Fixed Deposits

The Company has not accepted any fixed Deposit.

Particulars of Employees

The provisions of Section 217(2A) of the Companies Act, 1956, are not applicable as the Company does not have any employee on its roll whose particulars are required to be disclosed under the said provisions.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The particulars as prescribed under clause (e), sub-section (1) of Section 217 of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure which forms part of the Directors' Report.

Directors

Dr. J. Leimgruber resigned as Director of the Company and consequently Mr. F. A. Favre, his Alternate Director also ceased to be Director.

The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Director of the Company.

Mr. J.P.Thacker also resigned as Director of the Company. He was Alternate Director to Mr. J.G.Oehler.

The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Director of the Company.

Mr. F.A.Favre was re-appointed as Alternate Director to Mr. J.G.Oehler.

Under the Articles of Association of the Company, Mr. V. P. Srivastava retires from the Board of Directors by rotation and is eligible for re-appointment.

Auditors

You are requested to appoint Auditors and fix their remuneration.

Auditors' Report

The Comments of the Auditors in their report have been explained and replied in the respective Notes to the Accounts, which are self explanatory.

Report and Accounts 1999

Acknowledgement

The Board wishes to express its gratitude to Integra Group, Switzerland, DaimlerChrysler Rail Systems (India) Ltd., DaimlerChrysler Rail Systems (Signal) Ltd., U.K. and Asea Brown Boveri Limited for their support.

The Board takes this opportunity to record its thanks to the Company's customers and various Central and State Government Departments, Financial Institutions, Bankers, and the shareholders of the Company for their support and its appreciation to employees of the Company at all levels for their unstinted commitment, dedication and team work put in without which, the outstanding results of the Company would not have been possible.

For and on behalf of the Board of Directors,

New Delhi, 22nd February, 2000. V. P. Srivastava F. A. Favre
Director Director

Annexure to Directors' Report

(A) Conservation of Energy:

(a) Energy Conservation measures taken during 1999:

- i) Employee awareness is being created at all levels on the need to save energy.
- ii) Monitoring efficiency of all energy consuming devices.

(b) Additional investment and proposals, if any, being implemented for reduction in consumption of energy:

The Company periodically reviews the energy consumption and invests in energy saving devices wherever possible.

(c) Impact of measures (a) and (b) above on energy consumption and cost of production of goods:

The energy saved will have only marginal impact on the cost of goods as the energy cost of the operation is around 0.79 % of the turnover.

(B) Technology Absorption:

Research and Development (R & D)

Expenditure on R & D

1)	Capital	Rs.	Nil
2)	Revenue	Rs.	Nil
3)	Total	Rs.	Nil
4)	Total R & D expenditure as a percentage of turnover		—

Technology Absorption, Adaptation and Innovation

With the absorption and adaptation of imported

technology from Adtranz, U.K. for Audio Frequency Track Circuits (AFTC), and from Integra Group, Switzerland for conventional signalling products, the Company has increased its product range as detailed below :

Audio Frequency Track Circuit (TI21)

1. Transmitter
2. Receiver
3. Power Supply
4. Tuning Unit
5. End Tuning Unit
6. Impedance Bond
7. Line Matching Unit

In the Conventional Signalling Products

8. Signalling Relays
9. Domino Panels
10. Keylock Relays
11. Functional Groups

Indoor Signalling Project

12. Design and engineering
13. Installation testing and commissioning

Outdoor Signalling Projects

14. Procurement of equipment
15. Project execution
16. Design and engineering
17. Testing

Benefits derived as a result of the above efforts:

1. Import substitution
2. Cost reduction due to import substitution
3. Increased product range
4. Engineering capability

Technology Imported

Year of Import

Relays and Accessories	1987
A F T C	1992

To a large extent, technology has been absorbed and adapted to suit Indian Conditions wherever required.

(C) Foreign Exchange Earnings and Outgo:

(a) The Company has identified products and areas where exports can be effected and has already received encouraging responses.

(b) Foreign Exchange earned Rs. Nil
Foreign Exchange used Rs.10,265,947

For and on behalf of the Board of Directors,

New Delhi 22nd February, 2000. V. P. Srivastava F. A. Favre
Director Director

Integra Hindustan Control Limited

Report of the Auditors to the Members of Integra Hindustan Control Limited

We have audited the attached Balance Sheet of Integra Hindustan Control Limited as at 31st December, 1999 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As stated in Note 1(k) of Schedule 16, the Company accounts for profit on long term contracts based on the percentage of completion method. This is a generally accepted accounting method which necessarily involves technical estimates by the management in respect of the total cost, percentage of completion and cost to completion. Owing to their technical nature we have relied on such estimates as certified by the Company on the basis of which the anticipated loss on long term contracts has been ascertained and provided for.
- 3) Further to our comments in the Annexure referred to in paragraph 1 and subject to our comments in paragraph 2 above, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit ;
 - (b) in our opinion, proper books of account 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 the Profit and Loss Account dealt with by this report are in agreement with the books of account ;
 - (d) the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 1999 and
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For A.F.Ferguson & Co
Chartered Accountants

M.S.Dharmadhikari
Partner

Mumbai.

Date : 25th February, 2000