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**United Van Der Horst Limited**

**17th Annual Report  
2003 - 2004**



**BOARD OF DIRECTORS**

Mr. P.K. Daruwalla	<i>Chairman</i>
Dr. C. Janakiram	<i>Managing Director</i>
Mr. Anup Singh	<i>Director</i>
Mr. A. Raghunathan	<i>Director</i>
Mr. Johannes M.Kievit	<i>Director</i>

**FINANCE CONTROLLER AND  
COMPANY SECRETARY**

Mr. Shrikant Hawaldar

**BANKERS**

State Bank of India, Mumbai  
Dena Bank, Taloja, Maharashtra

**AUDITORS**

M/s. Narkar & Associates  
Chartered Accountants, Mumbai

**REGISTRAR & TRANSFER AGENTS**

M/s Intime Spectrum Registry Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078.

**REGISTERED OFFICE & WORKS**

E;29/30 MIDC  
Industrial Area,  
Taloja, Dist. Raigad - 410208  
Maharashtra

**ANNUAL GENERAL MEETING**  
on Wednesday  
25th August 2004  
at 12: 00 noon  
at  
E29/30 M.I.D.C. Taloja,  
District Raigad, Maharashtra .

## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of UNITED VAN DER HORST LTD will be held on Wednesday 25th August 2004 at 12: 00 noon at the Registered Office of the Company at E29/30 M.I.D.C. Talaja, District Raigad, Maharashtra to transact the following business.

### ORDINARY BUSINESS

1. To receive consider and adopt the audited Profit & Loss Account for the period ended 31st March 2004 and Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anup Singh who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolutions :

"RESOLVED THAT M/s. Narkar & Associates, Chartered Accountants, Mumbai be and hereby reappointed as Auditors of the Company to hold Office until the conclusion of the next Annual General Meeting on such remuneration plus out of pocket expenses, as, may be mutually agreed upon between the Board of Directors and the Auditors".

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Registered Office:  
E29/30 MIDC,  
Talaja, Dist Raigad,  
Maharashtra 410 208.

By Order of the Board

**S.W. HAWALDAR**  
Finance Controller &  
Company Secretary

Dated : 30.06.2004

### NOTES:

1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, A PROXY NEED NOT BE A MEMBER.
2. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and the Share Transfer Register of the Company will be closed from 18th August 2004 to 25th August 2004 (both days inclusive).
4. Members are requested to send all transfer deeds, Share Certificates and other correspondence relating to registration of transfers, transmission endorsement for payment of Allotment Money etc to the Registrar & Share Transfer Agents, M/s Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
5. Members are requested to bring their copy of the Annual Report at the Meeting.

**Details of Director seeking re-appointment at the forthcoming Annual General Meeting in pursuance of clause 49 (VI)(A) of Listing Agreement.**

1	Name of Director	Mr. Anup Singh
2	Date of Birth	9th November, 1931
3	Date of Appointment	2nd April, 1993
4	Expertise in specific	Functional Area Production, Management.
5	Qualification	C. Eng., F.I. Mech. E. (London), F.I.E (India)
6	Directorship held in Other Companies (Excluding Foreign Companies)	<ol style="list-style-type: none"> <li>1. Karam Chand Thapar &amp; Bros. (Coal Sale ) Ltd.</li> <li>2. Solaris Chem Tech Ltd.</li> <li>3. Rico Auto Industries Ltd.</li> <li>4. Sunil Synchem Ltd.</li> <li>5. APR Packaging Ltd.</li> </ol>
7	Committee Position held in Other Companies	Nil

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**DIRECTORS' REPORT**

To,  
The Members,  
**United Van Der Horst Ltd.,**

Your Directors submit the Seventeenth Annual Report together with Audited Accounts for the financial year ending 31st March 2004.

**FINANCIAL RESULTS**

	Period ended 31st March, 2004 Rs. In Lacs	Period ended 31st March, 2003 Rs. In Lacs
Profit before providing interest & depreciation	(49.94)	35.06
Less : Interest	7.60	8.08
Less : Depreciation	42.92	41.69
(Loss) before Tax	(100.46)	(14.71)
Add : Previous Year's Expenses	0.17	0.62
Less : Deferred Tax Assets	5.65	3.04
(Loss) after Tax	(94.98)	(12.29)
Add : Balance brought forward from previous year	567.02	554.73
Balance carried to Balance Sheet	662.00	567.02

**1. Operation & Financial Results :**

The turnover of the Company of Rs. 164.97 Lacs was lower as compared to Rs.273.93 Lacs achieved last year. The Company has made cash loss of Rs.49.94 lacs mainly because of turbulent working environment due to labour unrest. The union represented by the workmen had submitted their Charter of Demands in April 2000 asking for huge increase in salary and other benefits. The management informed the workers that as the company was making continuous losses and as huge amount was to be paid to financial institutions towards loan and interest repayment, no direct increase in salary was possible. However, management suggested a productivity linked wage revision which was not acceptable to them and the production was suffering.

Ultimately, as the customer complaints were increasing rapidly due to delayed deliveries, management took up the issues with workmen. Aggrieved by the action of the management and due to disagreement with various issues, workers went to the Industrial Court and the court gave the verdict in company's favour. Company appealed to workmen to improve production and sign productivity linked wage revision and incentive agreement.

Despite the aforesaid adversaries, the management have taken necessary steps to maintain the operations, of the company.

All these activities affected the production adversely and the company has suffered a loss of Rs. 94.98 lacs without making provisions for interest on UTI loan

**2. PUBLIC DEPOSITS**

The Company has not taken Fixed Deposits during the year. As on 31.3.2004 there are no Fixed Deposits with the Company.

**3. DIRECTORS :**

Mr. Anup Singh will retire by rotation and being eligible offers himself for reappointment.

**4. INFORMATION REGARDING EMPLOYEE PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

No employee of the Company was in receipt of remuneration during the financial year 2003-2004 in excess of the sum prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**5. DEPOSITORY SYSTEM:**

The Company has already applied to National Security Depository Ltd for dematerialisation of shares and is awaiting their final sanction.

**6. CONSERVATION OF ENERGY ETC:**

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 the following information is provided.

**A. Conservation of Energy - not applicable:**

**B. TECHNOLOGY ABSORPTION**

**1. Specific area in which R&D is carried out by the Company:**

Practically every repair job undertaken is an R & D exercise as the kind and extent of repairs is different in each case. New reconditioning technologies for plating 10-meter long tubes, porous chrome plating of locomotive liners of Indian Railways and specialized welding processes for reconditioning oilfield equipment as per API Specifications have been developed in house.

**2. Benefits:**

With experience gained on different jobs, more orders can be expected faster. The technical know how developed can be effectively used for widening our product base.

**3. Future Plan of Action:**

The Company will be concentrating on our joint venture partners strength, which is chrome plating. Combination of plating and welding technologies shall meet the changing market needs.

**4. Costs of R & D:**

It is difficult to isolate R & D costs as each 'Job' is an R & D job and repetition of the same type may involve different technology.

**Technology absorption, adoption and innovation:**

1. In addition to the expertise developed in the area of reconditioning, the Company has developed technologies for porous chrome plating of Skoda Engine, Liners, Hard Chrome Plating of chilled iron Calendar Rollers for Paper Mills and technology for overhauling of HVAC Compressors.

**2. Benefits derived:**

With the increased experience gained on different types of jobs, new areas and markets for reconditioning have been opened out.

3. In case of imported technology (imported during the last three to four years reckoned from the beginning of the financial year).

**(a) Technology imported:**

The agreement for import of technology from the collaborators has expired and has not been renewed.

**(b) Year of import: 1991-92.**

**(c) Has Technology been fully absorbed:**

We have absorbed imported technology for reconditioning and are competing internationally in the Marine & Oilfield sectors.

- (d) If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action:

The above is not applicable as all the technology supplied by our collaborators has been fully absorbed.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

- (1) Activities relating to export, initiatives taken to increase exports, developing of new export markets for products and services and export plans.

The Indian Shipping Companies are utilising the same in rupee payment and thus saving foreign exchange.

- (2) Total Foreign Exchange used and earned

Total Foreign Exchange used	:	Rs. 1.35 lacs
Total Foreign Exchange earned	:	Rs. 0.59. Lacs

**6. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the Companies (Amendment) Act, 2000, the Directors state that :

- (i) In the preparation of annual accounts, all applicable Accounting Standards have been followed and proper explanations relating to material departures, if any, have been furnished;
- (ii) Accounting policies as listed in the Schedule 19 to the financial statements have been judiciously selected and consistently applied and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the
- (iii) Company as on 31<sup>st</sup> March, 2004 and of the loss of the Company for the accounting year ended on that day;
- (iv) Proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- (v) The annual accounts have been prepared on going concern basis as stated in Note 1 of Schedule 15 – Notes to Accounts.

**7. INDUSTRIAL RELATION:**

As mentioned in the Director's Report, Industrial Relations were not cordial through out the year.

**8. CORPORATE GOVERNANCE:**

Pursuant to clause 49 of the listing agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

**9. AUDITORS:**

The Company's Auditors M/s Narkar & Associates retire on the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

**10. GENERAL:**

Your Directors wish to thank shareholders, suppliers, customers, banks and employees for their co-operation and support. Your Directors also wish to place on record the support of the Financial Institutions.

**FOR BOARD OF DIRECTORS:**

Place - Mumbai  
 Date - 30th June 2004

**P. K. Daruwalla**  
 Chairman



## MANAGEMENT DISCUSSION & ANALYSIS

### Business Review

Your Company operates in the Refurbishing, Restandardising & Reconditioning Industry, which is segmented in Service Industry. Your Company provide service of repair & maintenance.

The major customers of repair & reconditioning industries are Shipping Companies, Oilfield Companies, Chemical & Fertilizer, Steel, Mining, Cement etc. These Companies make use of our facilities for repair and save on replacement cost. Though the utilisation of our services is on lower side, with API Certification, Oilfield Companies will be benefited.

Since, there are very few companies in organised sector for reconditioning & refurbishing, overall performance cannot be highlighted.

The economic environment was sluggish throughout the last year. This has resulted in lower budgets in repair & maintenance affecting directly performance of our company. With increase in Government spending mainly in Oilfield Sector there is every possibility of improvement.

### Financials

The Company has incurred a loss of Rs. 94.98 lacs as compared to a loss of Rs. 12.29 lacs previous year. The decline in sales were mainly because of non co-operation from workmen.

### Risks and risk mitigation

The following risks have been identified and risk mitigation measures initiated.

The unit Trust of India has won the case in Debt Recovery Tribunal and if recovery proceedings are initiated the working of the Company will be jeopardised. The Company is making efforts to settle the issue amicably.

A section of workmen are not reporting duty from 28th February 2004 as they are not inclined to sign the wage settlement linked to production. The company appealed to them to join duties but workmen have not responded positively. They have filed case in Labour Court against company the outcome of which is not yet known. The company may have to pay compensation if any, directed by the court.

### Product Concentration Risk

The Company concentrates on reconditioning & refurbishing activities specifically being the core business since it's inception presently the Company entering into other type of repair & maintenance services, which will mitigate the risk

### Internal Control Systems & Adequacy

The Company has in place adequate internal control systems covering all its operations. Proper accounting records highlight the economy and efficiency of operations, safeguarding of assets against unauthorised use or losses, and the reliability of financial and operational information.

Some of the significant features of the internal control systems are :

- Finance & commercial functions have been structured to provide adequate support and controls of the business
- Internal auditors who in addition to transaction audit, cover operational audit and review business processes and performance
- Clear delegation of power with authority limits for incurring capital and revenue expenditure
- Standard operating procedures and guidelines are reviewed periodically to ensure adequate control

### Segmentwise Performance

The company has only significant reportable segment of Refurbishing, Restandardising and

Reconditioning as the primary business segment. The assets and liabilities of the company are all expended towards this business segment.

#### **Industrial Relation and Human Resource Management**

The Company tried to maintain cordial industrial relations with all employees at its Taloja Plant with limited success.

#### **Cautionary Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

