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**United Van Der Horst Limited**

**18th Annual Report  
2004 - 2005**

## **United Van Der Horst Limited**

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### **BOARD OF DIRECTORS**

Mr. P.K. Daruwalla	<i>Chairman</i>
Dr. C. Jankiram	<i>Managing Director</i>
Mr. Anup Singh	<i>Director</i>
Mr. A. Raghunathan	<i>Director</i>
Mr. Johannes M.Kievit	<i>Director (up to 29th November 2004)</i>
Mr. Kwan Chee Seng	<i>Director (up to 29th November 2004)</i>

### **FINANCE CONTROLLER AND COMPANY SECRETARY**

Mr. Shrikant Hawaldar

**ANNUAL GENERAL MEETING**  
on Saturday  
**24th September 2005**  
at 12: 00 noon  
at  
E29/30 M.I.D.C. Taloja,  
District Raigad, Maharashtra .

### **BANKERS**

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

### **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,  
Navi Mumbai - 410208  
Maharashtra

# United Van Der Horst Limited

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## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of UNITED VAN DER HORST LTD will be held on 24th September 2005 at 12 : 00 noon at the Registered Office of the Company at E - 29 / 30, M. I. D. C. Taloja, District Raigad, Navi Mumbai, 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 2005 and Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. Raghunathan 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 resolution :

“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”.

### SPECIAL BUSINESS:

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

“RESOLVED THAT, Mr. Kwan Chee Sengh who was appointed as an Additional Director of the Company with effect from 2nd March 2005 under Article 125 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

By Order of the Board

Dated : 28.06.2005

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

### 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 19th Sept. 2005 to 24th Sept. 2005 (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.

### **ANNEXURE TO THE NOTICE**

#### **EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item No. 4**

Mr. Kwan Chee Seng was appointed as an Additional Director of the Company by the Board of Directors on 2nd March 2005 in accordance with Articles of Association of the Company. By virtue of the said Article, he holds office till the forthcoming Annual General Meeting. Notice has been received by the Company from a shareholder proposing his appointment as Director of the Company under Section 257 of the Companies Act, 1956.

Mr. Kwan Chee Seng is working as Managing Director in Van Der Horst Engineering Pte. Ltd. He has rich experience in Engineering Industry more than 25 years as well as in Management and Production.

Your Directors recommend his appointment .

Except Mr. Kwan Chee Seng, no other Director of the Company is interested in this resolution.

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

Name of Director	Mr. A. Raghunathan	Mr. Kwan Chee Seng
Date of Birth	12th July 1952	1st November 1957
Date of Appointment	16th April, 2003	2nd March 2005
Expertise in specific functional Area	Finance & Accounts Management.	Production Management.
Qualification	Chartered Accountant	Engineer
Directorship held in Other Companies (Excluding Foreign Companies)	1. Devi Investment Pvt. Ltd. 2. Face One Models Pvt Ltd. 3. Rossi & Associates Pvt. Ltd.	Nil
Committee Position held in Other Companies	Nil	Nil

# United Van Der Horst Limited

## DIRECTORS' REPORT

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

Your Directors submit the Eighteenth Annual Report together with Audited Accounts for the financial year ending 31st March 2005.

### FINANCIAL RESULTS

	Period ended 31st March, 2005 Rs. In Lacs	Period ended 31st March, 2004 Rs. In Lacs
Profit before providing interest & depreciation	46.83	(49.94)
Less : Interest	8.82	7.60
Less : Depreciation	42.71	42.92
(Loss) before Tax	(4.70)	(100.46)
Add : Previous Year's Expenses	(0.26)	0.17
Less : Deferred Tax Assets	10.56	5.65
Profit / (Loss) after Tax	6.12	(94.98)
Add : Balance brought forward from previous year	(662.00)	(567.02)
Balance carried to Balance Sheet	(655.88)	(662.00)

#### 1. Operation & Financial Results

The turnover of the Company of Rs. 276.70 Lacs was higher as compared to Rs. 164.97 Lacs achieved last year. The Company has made cash Profit of Rs 46.83 lacs against cash loss of Rs. 49.94 Lacs during last year. The Company has achieved this production with the help of few permanent workmen and apprentices supported by casual labours. Due to reduction in wage payment to workmen and cost saving measures adopted by the Company, the Company was able to generate cash profit of Rs. 46.8 Lacs before providing interest and depreciation. The case of remaining permanent workmen is still pending in the Labour Court.

#### 2. PUBLIC DEPOSITS

The Company has not taken Fixed Deposits during the year. As on 31.3.2005 there are no Fixed Deposits with the Company.

#### 3. DIRECTORS

Mr. A, Raghunathan will retire by rotation and being eligible offers himself for reappointment. Mr. Kwan Chee Seng who was appointed as Additional Director on 2nd March 2005 will hold office till ensuing Annual General Meeting and being eligible offers himself for reappointment. The relevant resolution relating to this appointment forming part of the Notice of the Annual General Meeting is placed for your approval.

#### 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 2004-2005 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 received ISIN No. INE890G01013 from NSDL for dematerialisation of shares. Application made to CDSL is still pending with them and we are awaiting for their ISIN No.

**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 areas where experience gained over the years in chrome plating. Combination of plating and welding technologies 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.

**5. 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 and Deutz Engine Liners, Hard Chrome Plating of chilled cast iron Calendar Rollers for Paper Mills, overhauling of HVAC Compressors, heavy duty hydraulic cylinder, and reconditioning of high pressure valves and equipments of the Oil Industry.

**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.

## United Van Der Horst Limited

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### 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 and Oil Field 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. 1.30 lacs

Total Foreign Exchange earned : Rs. 0.00. Lacs

### 7. 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 15 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 Company as on 31st March, 2005 and of the Profit of the Company for the accounting year ended on that day;
- (iii) 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 13 of Schedule 15 – Notes to Accounts.

### 8. INDUSTRIAL RELATION:

As mentioned in the Director's Report, Industrial Relations were cordial through out the year.

### 9. 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.

### 10. AUDITORS:

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

### 11. 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 - 28th June 2005

**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, Reconditioning, Repairing and Maintenance service

The major customers are Shipping Companies, Oilfield Companies, Chemical & Fertilizer, Steel & Mining, Cement Companies, 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 in particular and the industry in general are benefited due to procedures and quality systems in place.

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 reported a profit of Rs. 6.12 lakh as compared to a loss of Rs. 94.98 lakh during the previous year. Whilst this has been achieved mainly because of certain cost cutting measures initiated by your Company, however, considering the substantial accumulated losses, your Company is seriously looking at various options, including restructuring of your Company's business operations.

**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. They have also obtained Recovery Certificate from DRT. The UTI has also applied Recovery Officer of DRT to issue Attachment Order towards property of the Company. The Company is making efforts to settle the issue amicably.

As reported in last Annual Report, a section of workmen are not reporting for 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 duty but the 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, as directed by the court.

**Product Concentration Risk**

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



## **United Van Der Horst Limited**

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### **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 maintained cordial industrial relations with all employees at its Taloja Plant with 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.



**AUDITORS' REPORT**

To

The Members

**UNITED VAN DER HORST LIMITED**

We have audited the attached Balance Sheet of United Van Der Horst Limited as at 31st March 2005, the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. We have to state that these financial statements are the responsibility of the Company's management. Our responsibility to express our opinion on these financial statements is complied with based on our audit.

As for the scope and basis for our opinion, we state that we have conducted our audit in accordance with the auditing standards generally accepted in India and obtained reasonable assurance about the financial statements being free of material misstatements. Our audit includes, wherever necessary, examining, on a test check basis, the evidence supporting the amounts and disclosures in the financial statements and also includes assessing adherence to the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of books and records that were considered appropriate and the information and explanations given to us during the course of the audit, we further report as under on matters specified in paragraphs 4 and 5 of the said Order:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We understand that the Company has programme for physical verification of the fixed assets at periodic intervals. However, during the year under review the company has not carried out physical verification and as such discrepancies could not be noted.
- (c) No fixed assets have been disposed off during the year and, therefore, it has not affected the going concern status of the company.
- (ii) (a) Physical verification of inventory has been conducted at reasonable interval by the management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been dealt with in the books of account.
- (iii) The Company has not granted loans to or taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Act and, therefore, the reporting requirements of this clause are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal control.