SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ALFA LAVAL

Annual Report 2002

Alfa Laval (India) Limited

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Alfa Laval (India) Limited

CHAIRMAN EMERITUS
Kamaljit Singh

DIRECTORS
Jos Bellinkx, *Chairman*
F.A.A. Jasdanwalla
B. Chakrabarti, *Nominee Director*
Satish Tandon, *Managing Director*
Cyrus J. Guzder
Ajay Joshi, *Director - Finance*
Peter Leifland

SECRETARY
V. Chandrasekhar

BANKERS
Bank of India
Standard Chartered Bank
Bank of Maharashtra
The United Western Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.

LEGAL ADVISERS
Crawford Bayley & Co.

AUDITORS
S. R. Batliboi & Co.

REGISTERED & HEAD OFFICE
Mumbai Pune Road,
Dapodi,
Pune - 411012
Phone: (020) 7107100,4116100
Fax: (020) 7147711
Home Page: www.alfalaval.com

SHARE TRANSFER AGENTS
M/s. Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078
Ph. 022-25923837 Fax : 022-25672693
E-mail : isrl@vsnl.com

WORKS
Dapodi, Pune 411012

E-7/ E-8, MIDC Estate
Satara - 415004

Gat Nos. 30 to 33 & 74 to 82
Sarole Veer Road,
Sarole - 412206
Tal. Bhor, Dist. Pune

SALES & SERVICE NETWORK
Bangalore
Baroda
Chandigarh
Chennai
Dhaka, Bangladesh
Hyderabad
Indore
Jaipur
Jamshedpur
Kanpur
Kochi
Kolkata
Mumbai
New Delhi
Nagpur
Pune
Raipur
Vishakhapatnam

CUSTOMER SERVICE CENTER
Plot No. R-674, MIDC Rebale
TTC Industrial Area, Post Ghansoli,
Thane - 400 701

As a measure of economy the practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. Members are, therefore, requested to bring their own copies of the Report to the Meeting.

www.reportjunction.com

Chairman's Message

"The capabilities and growth potential of your Company are providing opportunities to the Principals to enhance their commitment by shifting more and more products to the Indian manufacturing base, with the reliability and quality already established."

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Dear Shareholders,

As years go by, your Company crosses one milestone after the other in its history. Last year we saw your Company completing its 65th year of operation and producing a remarkable performance in line with its age and experience while maintaining its freshness, endurance and strength which are very much needed for sustainability.

The year under review surpassed its previous record of order intake resulting into a comfortable order backlog at the end of the year which is a good sign. As in the past, your Company scaled another peak by achieving a record net profit despite an unfavourable business sentiment prevailing in the domestic as well as in the international markets. The Management team under the leadership of Mr. Satish Tandon has made this possible and I compliment them wholeheartedly.

I am confident that you would be happy to see the progress of your Company and also the dividend recommended by the Board of Directors. You will also note that your Company is adhering to the norms of corporate governance which, according to me, is a must for creating and sustaining stakeholder confidence.

At the last Top Management Conference, your Company was adjudged the best Sales Company in the Group for order intake during the first half of the year 2002. This clearly shows the measure of recognition and importance that the Principals are conferring in the Indian operations. The capabilities and growth potential of your Company are providing opportunities to the Principals to enhance their commitment by shifting more and more products to the Indian manufacturing base, with the reliability and quality already established. You will be proud to note that your Company is being viewed as a principal source for the project related business of the Principals. Going by your Company's philosophy as outlined by the Managing Director in his message, it is certain to open up business opportunities which will continue to be the platform for pursuing the mission of optimising the performance of the customers' processes time and time again. It is quite evident that in the business that your Company is in, customer satisfaction is the key to success which in turn guards the interests of stakeholders and ultimately leads to realisation of long-term shareholder value.

I take this opportunity to thank my colleagues on the Board for their continued support and co-operation and to convey my best wishes to Mr. Satish Tandon and his team for the future. My thanks are also due to you, our shareholders for your support and interest and all other stakeholders who have, in one way or the other, contributed to the Company's successful operations during the year 2002.

Jos Bellinkx

www.reportjunction.com

www.reportjunction.com

Managing Director's Message

"The Company's philosophy to afford primacy to the customer and his needs and to be market responsive will hold the Company in good stead in the eyes of the customers thereby paving the way for more business opportunities."

reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Dear Shareholders,

I am highly privileged to share with you the remarkable performance of the Company in the year 2002. The Company surpassed its previous records of net profit and dividend. Once again the Company successfully withstood the negative business sentiment that prevailed for most part of the year.

The year 2002 witnessed a record order intake spurred on by the growth in projects business and exports. The sales could not keep pace with the order intake due to the timing of the receipt of the orders resulting into a huge order backlog position at the end of the year. The Company's two segments comprising of the Equipment Division and Process Technology Division sustained their performance in a rather sluggish capital goods market. The Company put up a sparkling show on the export front with the export turnover contributing to about 28% of the total sales. Parts and service business kept up its growth momentum. The emphasis laid on channel marketing and sale of the Company's products started yielding results.

The attention devoted on developing the export market has opened up many avenues. The Company's strong technological backup delivering international value is being sourced for setting up vegetable oil plants and distilleries for overseas customers. The Company is targetting its vegetable oils business alongwith distillery business and bio-tech as the growth areas especially in the overseas markets. The active fuel alcohol programme in South Asian countries will provide an impetus for Ethanol business. The vast potential for oil refinery and distillery in the Asian, African, South American and other markets are being tapped which should trigger more business volumes in the years to come.

The Indian manufacturing base besides being used by the Principals for their requirements of high speed separators, decanters and flow products, is also presenting itself as a hub for the various other market segments of the Principals involving total project management. More and more products are being planned for transfer to the Indian factories in view of its reliability and quality. Its well equipped fabrication facilities are being upgraded to comply with international standards which will pave the way for supplies of fabricated equipment to the Principals' customers.

With a comfortable order book position currently, the Company expects to turn out a satisfactory performance during this year.

The Company's philosophy to afford primacy to the customer and his needs and to be market responsive will hold the Company in good stead in the eyes of the customers thereby paving the way for more business opportunities. Here is where the contribution of my team plays a significant role. The human capital is the most crucial resource of the Company and its continued development both technically an managerially is the cornerstone of the Company's sustained high performance. I am sure this team will carry the mission of optimising its customers's processes time and time again to far greater heights.

I take this opportunity to thank my team for carrying on the good work; customers for accepting us as partners in their growth; our Principals for showing immense confidence in the Indian operations; our suppliers for meeting our timely requirements; our shareholders for their support and interest and above all the Board of Directors for the confidence reposed in me and my team.

Satish Tandon

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE

Notice is hereby given that the 65th Annual General Meeting of the Shareholders of Alfa Laval (India) Limited will be held at **Hotel Le Meridien, RBM Road, Pune 411 001, on Wednesday, 30th April, 2003 at 3.00 p.m.** to transact the following business:-

1. To receive, consider, and adopt the audited Balance Sheet as at 31st December, 2002, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To declare the final dividend for the year ended 31st December, 2002.
3. To appoint a Director in the place of Mr. F.A.A. Jasdanwalla who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Cyrus J. Guzder who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-

   "RESOLVED that consent of the Company be and it is hereby accorded, pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, to the revision in the terms of remuneration of Mr. Satish Tandon, Managing Director of the Company, ("Mr. Tandon") with effect from 1st January, 2003, as under : -

   1. A basic salary of Rs.2,15,000/- [rupees two lakhs fifteen thousand only] per month;
   2. A commission based on performance, as may be approved by the Board of Directors of the Company, subject to a ceiling of an amount equal to 45% of the annual basic salary of Mr. Tandon;
   3. Perquisites:

      i) Housing :

         a] a fully maintained rent free furnished residential accommodation;

         b] reimbursement at actuals, of gas, electricity and water charges;

      ii) Medical Reimbursement :

         Reimbursement of expenses incurred by Mr. Tandon for himself and his family, subject to a ceiling of one month's basic salary in a year or three months' basic salary over a period of three years;

      iii) Leave Travel :

         Leave travel allowance for himself and his family once in a year in accordance with the rules of the Company;

         Explanation:

         Family means, spouse and the dependent children of Mr. Tandon.

      iv) Insurance :

         In accordance with the rules of the Company;

      v) Club fees :

         Fees and subscription of clubs. These will, however, not include admission and life membership fees.

      vi) Provision of a chauffeur driven car and telephone at residence;

      vii) Contributions to Provident Fund, Superannuation or annuity fund in accordance with the rules of the Company to the extent these put together do not exceed 27% of the basic salary of Mr. Tandon;

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

viii) Gratuity - not exceeding half a month's salary for each completed year of service;

ix) Other allowances aggregating Rs.32,695/- per month.

x) Encashment of accumulated leave at the end of the tenure as per the rules of the Company;

The expenditure incurred by the Company on the aforesaid perquisites shall be valued as per the Income-Tax Rules, 1962, as amended from time to time;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Tandon as Managing Director of the Company, the remuneration as specified above, shall be paid as minimum remuneration for such year to Mr. Tandon;

AND RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things including entering into a supplementary agreement with Mr. Tandon as may be necessary or expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-

"RESOLVED that consent of the Company be and it is hereby accorded, pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, to the re-appointment of Mr. Ajay Joshi as Wholetime Director of the Company with the designation "Director-Finance" ("Mr. Joshi") for a period of three years with effect from 1st March, 2003 on the following terms of remuneration:-

1. A basic salary of Rs. 85,000/- [rupees eightyfive thousand only] per month;

2. A commission based on performance, as may be approved by the Board of Directors of the Company, subject to a ceiling of an amount equal to 30% of the annual basic salary of Mr. Joshi;

3. Perquisites :

i) Housing :

a] a fully maintained rent free furnished residential accommodation;

b] reimbursement at actuals, of gas, electricity and water charges;

ii) Medical Reimbursement :

Reimbursement of expenses incurred by Mr. Joshi for himself and his family, subject to a ceiling of one month's basic salary in a year or three months' basic salary over a period of three years;

iii) Leave Travel :

Leave travel allowance for himself and his family once in a year in accordance with the rules of the Company;

Explanation :

Family means, the spouse and the dependent children of Mr. Joshi;

iv) Insurance :

In accordance with the rules of the Company;

v) Club Fees :

Fees and subscription of a maximum of two clubs. These will, however, not include admission and life membership fees;

vi) Provision of a chauffeur driven car and telephone at residence;

vii) Contributions to Provident Fund, Superannuation or annuity fund in accordance with the rules of the Company to the extent these put together do not exceed 27% of the basic salary of Mr. Joshi;

viii) Gratuity - not exceeding half a month's salary for each completed year of service;

ix) Other allowances aggregating upto Rs.10,625/- per month;

x) Encashment of accumulated leave at the end of the tenure as per the rules of the Company;

The expenditure incurred by the Company on the aforesaid perquisites shall be valued as per the Income-Tax Rules, 1962, as amended from time to time;

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Joshi as Wholetime Director of the Company, the remuneration as specified above, shall be paid as minimum remuneration for such year to Mr. Joshi;

AND RESOLVED FURTHER that the Board of Directors of the Company be and they are hereby authorised to do all such acts, deeds and things including entering into a fresh agreement with Mr. Joshi as may be necessary or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a special resolution:-

"RESOLVED,, pursuant to Section 31 and other provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or any re-enactment thereof for the time being in force), that the Articles of Association of the Company be amended in the following manner :

In Article 2 on "Interpretation", "Alfa-Laval" be interpreted as

"Alfa-Laval" means
Alfa Laval AB
SE 221 00
Lund
Sweden

and includes any entity in which Alfa Laval AB, Sweden and/or any of its parent, subsidiary or associate company holds atleast 30% of the issued and paid up equity share capital of the Company;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things as may be necessary, usual or expedient to give effect to this resolution."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-

"RESOLVED, pursuant to Section 225 and other applicable provisions, if any, of the Companies Act, 1956, that M/s. S.R. Batliboi & Associates, Chartered Accountants, be and they are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of the retiring Auditors M/s. S.R. Batliboi & Co., Chartered Accountants, Mumbai, at such remuneration as may be agreed to between the Board of Directors of the Company ("the Board") and the Auditors, plus such travelling and out-of-pocket expenses as may be authorised by the Board."

By Order of the Board of Directors
Alfa Laval (India) Limited

Dated : 26th February, 2003

Regd. Office:
Mumbai-Pune Road
Dapodi, PUNE - 411 012

V. Chandrasekhar
Company Secretary

www.reportjunction.com