



MEMBER JUMBO GROUP

BOARD OF DIRECTORS:**M. R. CHHABRIA**

Chairman

G. K. APTE

Managing Director

A. S. GUPTA

(Till 12.02.97)

J. R. GAGRAT**T. S. SHETTIGAR****M. L. BHAKTA**

(Alternate to M. R. Chhabria)

B. S. MEHTA

(Alternate to T. S. Shettigar)

KOMAL CHHABRIA WAZIR

(w.e.f. 15.01.97)

COMPANY SECRETARY:**ANITA GOKHALE****Auditors:****S. R. Batliboi & Co.****Solicitors and Advocates:****Kanga & Co.****Gagrat & Co.****Bankers:**

Canara Bank

Bank of Baroda

Syndicate Bank

United Western Bank Ltd.

Registered Office:
 'DORR-OLIVER HOUSE'
 CHAKALA, ANDHERI (EAST),
 MUMBAI 400 099.
Registrars & Share Transfer Agents:**Computronics Financial Services (India) Ltd.**
 1, Mittal Chambers,
 Nariman Point,
 Mumbai 400 021.
SENIOR EXECUTIVES:**S. T. ATTARI**

Chief Executive-operations

B. M. RAHUL

Sr. Vice President — Corporate Planning

T. S. SASTRI

Sr. Vice President — Finance & Corporate Services

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Members of Hindustan Dorr-Oliver Limited will be held at Patkar Hall, S. N. D. T. Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 on Wednesday, 3rd September, 1997 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 1997.
3. To appoint a Director in place of Mr. T. S. Shettigar, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

ANITA GOKHALE
Company Secretary

Registered Office:
'Dorr-Oliver House',
Chakala, Andheri (East),
Mumbai - 400 099.

Mumbai, 4th August, 1997

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 18th

August, 1997 to Wednesday, 3rd September, 1997 (both days inclusive).

2. Members are requested to notify to the Company any change in their addresses specifying full address in block letters with pin code of the post office.
3. Members are requested to bring their copy of the Annual Report with them to the Meeting as extra copies will not be supplied.
4. Only registered members carrying the attendance slips and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
5. The amount of unclaimed dividend for the financial year ended 31st March, 1994 will be transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956 on or around 11th November, 1997. Members who have so far not claimed their dividends for the aforesaid financial year are requested to send their warrants for revalidation well in time as any claim thereafter can only be preferred by submitting an application to the Registrar of Companies, Mumbai. Members who have not encashed the dividend warrants so far for any subsequent financial years are also requested to make their claims to the Company immediately.
6. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER.
7. The dividend on equity shares as recommended by the Directors for the year ended 31st March, 1997, if declared at the Meeting, will be made payable to those members whose names stand on the Register of Members of the Company on Wednesday, 3rd September, 1997.



RC	<input checked="" type="checkbox"/>	DE	<input checked="" type="checkbox"/>
TNA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SR	<input checked="" type="checkbox"/>
24	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

CHAIRMAN'S STATEMENT



The Financial year 1996-97 had been a tough period for most of the Engineering and Contracting Companies in India. Consequently, the Company had to face the brunt of the depressed market conditions that prevailed throughout the year.

Indian economic environment has turned turbulent. After few years of impressive growth, infrastructure bottlenecks have started hindering further growth in several industrial sectors. Coupled with this, uncertainty prevailing on the political front has dampened entrepreneurial spirit. Early signs of international competition during the last few years have now become a force to reckon with. However, the silver lining has been the bold and innovative steps taken by the Finance Minister in the Union Budget 1997-98 and followed by path-breaking credit policy announced by the RBI Governor which should provide necessary impetus to the economy. The various liberalisation measures have enabled the economy to achieve GDP growth of nearly 7% per annum in the past 3 years. There is an urgent need to remove infrastructure bottlenecks and continue with focussed efforts to achieve international competitiveness.

Over the last 3 years customs duty structure has undergone major rationalisation. While lowering of the tariff walls is essential, the capital goods industry has been put to severe disadvantage as equipment required for some industries is now subject to zero duty. This has resulted in indigenous capital goods industry losing substantial business to international competitors. Higher imports in the short term do adversely affect the Indian Engineering and Contracting Companies. However, in the long run this policy initiative should force the capital goods sector to become more competitive.

Due to depressed capital markets, liquidity crunch, high cost of borrowings and infrastructure bottlenecks, many new projects did not take off as anticipated earlier. Continued difficulties of the Indian Pulp & Paper Industry resulted in sharp reduction in the order bookings during the year 1996-97. While the activity in traditional markets like Pulp & Paper, Mineral/Chemical was subdued throughout the year, Fertilizer projects business provided new business potential. During the year Company was entrusted with new orders of over Rs. 700 Million for Modernisation and Capacity Expansion by


customers in the Phosphatic Fertilizer Industry.

Due to adverse market conditions as well as delays and cost escalation suffered during the execution of orders on hand, sales income as well as profitability for the year under review has been adversely affected. Company's business is dependent on new investments in large projects. In the current economic environment, investments are getting harder to justify in view of global competition. Nevertheless Company's strong presence in wide ranging industrial projects and access to well proven Dorr-Oliver Process Technologies will provide adequate business opportunities in the coming years. We will continue to focus on new opportunities in Mineral, Environmental and Fertilizer sectors.

During 1997-98, we are focussing on improving our cashflows and operating margins. This will need consolidation of our engineering and technical resources to reduce operating costs as well as better working capital management. Despite current spell of economic slow down, medium and long term business potential continues to be good. We have taken various measures in the past few months to strengthen our capabilities and to improve the competitiveness. Our focus on productivity, cost competitiveness and customer satisfaction will continue to guide us in future so as to maintain our business leadership in providing complete solutions to the Process Industry.

I would like to conclude by expressing my sincere appreciation to our valued customers, bankers, financial institutions, suppliers as well as government authorities for their valuable support. I would also like to compliment all employees who have been working under very trying conditions during this difficult period and hope that the process of industrial recovery will commence in the near future.

Thank you.


M. R. CHHABRIA
Chairman

FINANCIAL HIGHLIGHTS

	1997	1996	1995	1994	1993
CAPITAL ACCOUNTS :					
(Rs. in lakhs)					
Net Worth	6968.07*	7176.99*	4740.95*	4561.51*	4435.66*
Borrowings	875.03	1239.64	1384.56	467.25	173.87
Gross Block	5671.30	5526.08	3165.96	2868.81	2835.25
Net Block	5130.31	5111.37	2825.07	2581.39	2590.85
Net Current Assets	2693.36	3093.23	3086.80	2433.33	1853.00
REVENUE ACCOUNTS :					
(Rs. in lakhs)					
Sale	8275.42	10432.90	6254.59	5797.82	4777.46
Other Income	287.17	293.32	203.48	259.88	151.47
Profit from Operations	426.36	1044.70	653.88	652.54	622.06
Interest	202.29	265.91	175.90	111.08	102.04
Profit before tax	224.07	778.79	477.98	541.46	520.02
Profit after tax	65.97	541.79	357.48	280.00	257.02
Net Earnings for Appropriation	310.66	659.77	509.30	419.38	456.84
Dividend	47.52	190.08	166.32	142.56	142.56
Retained Earnings	258.39	469.69	342.98	276.82	314.28
SELECTED INDICATORS :					
Return on Capital employed %	16.47	37.50	26.87	29.09	29.55
Unexecuted Orders on hand					
Rs. Crores	95.17	74.03	100.42	52.43	70.50
Current Ratio	1.54:1	1.51:1	1.99:1	1.94:1	1.66:1
Borrowings/Shareholders' Funds	0.34:1	0.45:1	0.58:1	0.21:1	0.08:1
Sales/Shareholders' Funds (times)	3.20	3.75	2.57	2.59	2.27
Earnings per share Rs.	1.39	11.40	7.52	5.89	5.41
Dividend per share Rs.	1.00	4.00	3.50	3.00	3.00
Book Value per share Rs.	146.63	151.03*	99.77*	95.99*	93.34*
Market Price — High Rs.	86.00	100.00	220.00	270.00	230.00
— Low Rs.	42.00	80.00	95.00	45.00	50.00

*After Revaluation of Assets in the years 1989-90, 1992-93 and 1995-96



HINDUSTAN DORR-OLIVER LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors are pleased to present their 22nd Annual Report and the Audited Accounts for the financial year ended 31st March, 1997.

FINANCIAL RESULTS

	Year ended 31-3-1997 Rs. in lakhs	Year ended 31-3-1996 Rs. in lakhs
GROSS INCOME		
Sales Income	8275.42	10432.90
Other Income	287.17	293.32
	8562.59	10726.22
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	545.41	1153.04
Less :		
Interest	202.29	265.91
Depreciation	119.05	108.34
	321.34	374.25
PROFIT BEFORE TAX	224.07	778.79
Less :		
Provision for Taxation	158.10	237.00
PROFIT AFTER TAX	65.97	541.79
Profit brought forward from previous year	244.69	117.98
PROFIT AVAILABLE FOR APPROPRIATION	310.66	659.77
APPROPRIATIONS		
General Reserve	10.00	225.00
Proposed Dividend	47.50	190.08
Corporate Dividend Tax	4.75	—
Balance carried to Balance Sheet	248.41	244.69
Total	310.66	659.77

As regards paragraphs 2(e), 2(f) and 2(g) of the Auditors' Report, attention is invited to the relevant notes in Schedule 'R' of Accounts which are self explanatory.

DIVIDEND :

Your Directors are pleased to recommend a dividend of Re. One per share (10%) (*previous year 40%*). This will absorb Rs. 47.50 lakhs (*previous year Rs. 190.08 lakhs*).

OPERATIONS :

Due to the general economic slow down and crippling liquidity constraints coupled with uncertain political environment throughout the year under review, industrial sectors served by your company have faced unprecedented difficulties. Due to significant reduction in the capital formation by the manufacturing sector during 1996-97, almost all customers decided to postpone investments in modernisation and capital expansion projects envisaged earlier. New green field projects

also did not take off as expected in the beginning of 1996. Pulp & Paper Industry which is the major source of company's Process Equipment business has gone into recession consequent to the sharp decline in international pulp prices as well as stiff competition due to cheaper imports.

Due to the difficult market conditions, order booking for the first nine months of the year was restricted to a meagre Rs. 33 crores against the known prospects of over Rs. 150 crores. Towards the end of the year, however, the company successfully concluded major contracts for capacity expansion and modernisation of phosphatic fertilizer plants of IFFCO and Zuari Agro valued at Rs. 35 crores each. Consequently, new order booking during the year under review crossed Rs. 100 crore mark despite adverse market conditions.

Continuous difficulties being faced by our customers in the Pulp & Paper Industry is the major cause of concern for your company. Other industrial segments like Minerals & Chemicals served by your company are also affected. Many active projects

DIRECTORS' REPORT (Contd.)

have slowed down and pace of new order booking continues to remain slow. Considering the overall corporate financial results for the year 1996-97 and lack of investors' confidence in the Financial and Capital Market, the overall market prospects for the company's business would continue to remain uncertain during the current year as well.

Due to lower opening order book and delays in project execution due to financial constraints faced by our customers as well as suppliers, the company recorded lower sales income at Rs. 82.75 crores compared to Rs. 104.33 crores during the previous year. While Fertilizer projects business contributed very significantly during the year under review, "Dorr-Oliver Process Equipment" as well as Environmental Projects business could not sustain the activity level achieved during the previous years.

The current year's performance has been adversely affected due to lower activity level, adverse mix of equipment sales vis-a-vis income from long term project orders and cost escalations due to variation in the scope of work on major long term contracts.

FINANCE :

Working Capital Resources of the company were not adequate to support the extraordinary needs of additional Working Capital during the year under review. Severe liquidity crunch for a prolonged period since October 1995, resulted in very slow recovery of outstandings. Most of the Pulp & Paper customers who received our equipment during January/March 1996, could not keep their commitments as per the previously agreed payment terms.

Simultaneously, very low order booking during the first nine months resulted in corresponding reduction in customer advances. Combination of these two adverse factors caused extraordinary difficulties in conducting the operations throughout the year. Improved financial discipline, recovery of receivables and better commercial terms with the customers has been accorded high priority to improve cash flows during the current year. Ongoing computerisation and emphasis on improved Working Capital management will supplement our efforts.

TECHNOLOGY :

R&D activities have been directed at Energy Conservation, Resource Re-cycling, Pollution Control and abatement with appropriate technology flowsheets developed in our R&D laboratory. Company has fully assimilated Pipe Reactor Technology to improve production capacity of Phosphate Fertilizer Plants. In association with our technology partners, the Company continues its efforts to provide improved Process Equipment and Systems.

PUBLIC DEPOSIT SCHEME :

The Company could mobilise deposits amounting to Rs. 94 lakhs from 603 depositors and as of 31st March, 1997 the Company has an aggregate deposit of Rs. 475 lakhs from 3481 depositors. During the year deposits worth Rs. 123 lakhs were repaid to 940 depositors.

DIRECTORATE :

During the year Mr. A. S. Gupta resigned due to ill health and his resignation was accepted with effect from 12.02.97. Mr. Gupta has been associated with the Company for last 9 years and provided benefit of his expert advice to the Company. The Board places on record its deep appreciation for the valuable guidance provided by him during his long association with the Company.

Ms. Komal Chhabria Wazir was appointed as an Additional Director with effect from 15.01.97 and later on was nominated as a Permanent Director by Dorr-Oliver (India) Ltd.

Dr. M. D. Shukla was appointed as an Additional Director on 28.11.96. He resigned with effect from 12.02.97.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. T. S. Shettigar, Director retires by rotation and being eligible offers himself for re-appointment.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION ETC. :

A statement showing particulars required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 read with Section 217(1)(e) of the Companies Act, 1956 is attached hereto.

PARTICULARS OF EMPLOYEES :

A statement giving particulars as required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed to this Report.

AUDITORS :

M/s. S. R. Batliboi & Co., Chartered Accountants being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT :

The Directors wish to place on record their appreciation to all the employees for their efforts and dedication. Relationship with the union has been harmonious.

For and on Behalf of the Board

KOMAL CHHABRIA WAZIR
Director

G. K. APTE
Managing Director

Mumbai, 17th June, 1997.

ANNEXURE I — DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

FORM A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy:

— Not Applicable —

FORM B (See Rule 2)

Form for Disclosure of Particulars with respect to absorption:

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company

: The R&D activities which are accredited under ISO 9001 certification have been conducted during the year and have been aimed at energy conservation, resource recycling, pollution control and abatement, higher productivity together with appropriate technology flowsheets to be developed and used for the benefit of Industry. Most cost effective processes have been successfully put to use. Organic pollutants in various wastes have been brought within limits with the help of latest technology from Mass Transfer International of U.K. .

Phosphatic Fertilizer production technology has been supplemented with the latest development in this field, viz. the PIPE REACTOR Technology. Exploitation of this technology from Messrs. LA GRANDE PAROISSE, France, a major European Fertilizer Company has been effected parallel to similar technical information obtained from other technology licensors in the field.

In vacuum filtration technology as well as pressure filtration, newer equipment were developed on the basis of designs originally conceived at our centre. The new developments are going to be used in the Soda Ash industry and Alumina Industry and for Magnesia from sea water. Pressure filter designs have been developed in association with other Dorr-Oliver units abroad to be used in alumina production. This development has also immediate potential for the Alumina Industry and more effective settling devices and for drying of alumina and product hydrate. Technical flowsheets using Fluo-Solids technology are exclusively available to the Company from Messrs. Dorr-Oliver Incorporated, U.S.A.

Other Novel flowsheets are under justification and finalisation for specific grades of Iron Ore for Mines in Goa. The company's earlier technology for Chrome Ore beneficiation has been further streamlined to benefit newly planned projects.

The Department of Science and Technology recognition for Company's R&D setup was accorded for a further period of 3 years.

2. Benefits derived as a result of the above R&D

: The Company's R&D activities have not only been market oriented but have subscribed to a reclamation of resources, cost reduction and energy conservation for many industries.

A major breakthrough for anaerobic biosystems has been in the form of inclined plate reactors which have reduced the essential downtime from the very beginning to start-up and commissioning to the bare minimum.

The petrochemical industry was benefitted by petrochemical waste treatment schemes revalidated at our centre. The plant already supplied was well received and the project has been planned for doubling the capacity of waste treatment plant.

The technology assimilated for magnesia from seawater has been utilised for a major plant coming up on the Eastern Coast.

With the help of major steel and pollution control companies water management system packages have been prepared and offered to steel

ANNEXURE I — DIRECTORS' REPORT (Contd.)
3. Future plan of action

plant refinery and power plants. Initial success for steel mill applications is encouraging to treat this as a thrust area.

The R&D continued to provide market assistance to the marketing departments of all the profit centres by way of monitoring active proposals and projects both conventional as well as those developed by R&D.

: Process related R&D programmes are COD reduction by precipitation method as well as by ozone-UV treatment, alternate desilication process suitable for agricultural wastes based paper mills. For these major efforts are already underway.

Effluent recycle either in the intermediate stage or final stage will be our cornerstone of water management industries. Schemes are being streamlined with a view to reduce initial cost of treatment in a waste water reclamation plant.

4. Expenditure on R&D :

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R&D expenditure as a percentage of total turnover

Rs. 0.54 lakhs

Rs. 21.19 lakhs

Rs. 21.73 lakhs

0.26%

Technology absorption, adaptation and innovation
1. Efforts in brief, made towards technology absorption, adaptation and innovation :

Initial steps have been taken to enlarge our scope for obtaining the latest technology in our thrust areas. These include technologies for seawater desalination, flue gas desulphurisation, fluorine recovery, sludge management and iron and chrome ore beneficiation. Adaptation of appropriate design features in pressure filters for the alumina industry. Also development of new designs for bicarbonate filtration in soda ash industries. Initial thrust was also made in co-generation which was being considered for the Company's thrust area in the future. Our action will now depend on development of market in this field.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. :

It has been possible for the Company to broaden its market base and reach a large number of customers providing them a greater satisfaction.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- (a) Technology imported
- (b) Year of import
- (c) Has technology been fully absorbed
- (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action

Not Applicable

Not Applicable

Not Applicable

Not Applicable

Foreign Exchange Earnings and Outgo

	1996-97	1995-96
	(Rs. in lakhs)	
(i) Foreign Exchange earned	408.07	1168.51
(ii) Foreign Exchange used	260.22	401.36

For and on Behalf of the Board

KOMAL CHHABRIA WAZIR
Director

G. K. APTE
Managing Director

Mumbai, 17th June, 1997.