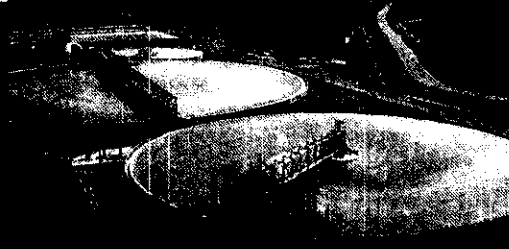
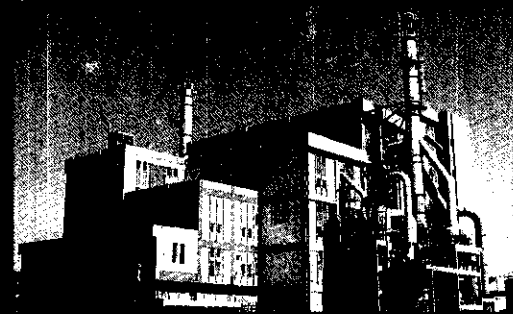


DORR-OLIVER 
HINDUSTAN DORR-OLIVER LIMITED

ANNUAL REPORT 1998-99



HINDUSTAN PETROLEUM CORPORATION LIMITED

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

Chairman

S. T. ATTARI

Executive Director

Y. C. LUMBA

Executive Director

B. S. MEHTA

(Alternate to M. R. Chhabria)

KOMAL CHHABRIA WAZIR**T. S. SHETTIGAR****COMPANY SECRETARY****ANITA GOKHALE****Auditors**

Lodha & Co.

Solicitors and Advocates

Kanga & Co.

Gagrat & Co.

Bankers

Canara Bank

Bank of Baroda

Syndicate Bank

The 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**P. K. SEKHRI**

President — Operations

T. K. RAVISHANKAR

Sr. Vice President — Finance & Legal

R. K. BIJLANI

Vice President — Marketing

N. K. DOSHI

Vice President — Projects

N. D. SHAH

Vice President — Engineering

SANTOSH GUPTA

Vice President — Business Development

M. C. WADHWANI

Vice President — PED-Operations

In 50 years
the legendary technology of
Dorr-Oliver has evolved from
Process Equipment to Project Management.

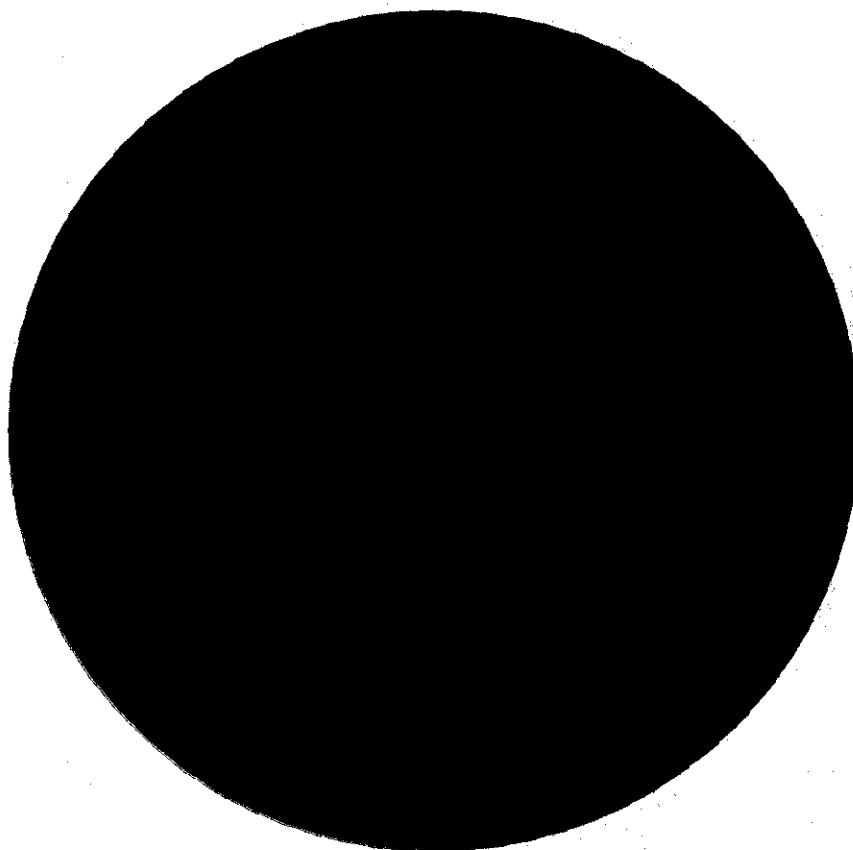
report@JURIMEDIA.com

• Changing and developing standards for testing for water resistance, plastic for construction, beauty / air pressure control systems / water supply Reverse Osmosis membranes, a building nursery complex DAP / NPK fertiliser plants of global standards.

Besides this, our ingenious R & D team, along with our service team, is constantly innovating services and better systems and equipment to achieve Total Customer Satisfaction.

So, whether you need to get the best process equipment or are embarking on a state-of-the-art project, you can turn to one company: Hindustan Dorr-Oliver.

BORN-OLIVER 
HINDUSTAN OIL-BORN-OLIVER
Stay Ahead In Process Solutions



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DORR-OLIVER 

HINDUSTAN DORR-OLIVER LIMITED

DORR-OLIVER HOUSE, CHAKALA ANDHERI (E), MUMBAI-400 099
TEL: 832 5541, 832 6416-17 TLX: 011-79021 & 011-84807
FAX: 91-22-836 5659 HDOA CABLE: DORR-OLIVER

E-MAIL : ANDHERI OFFICE :

G= hdo;S=andheri;P=elnet;A=vsnl;C=in (National)
hdo.andheri@elnet.ems.vsnl.net.in (International)

REGIONAL OFFICES

DELHI:

DOHIL CHMABERS,
46, NEHRU PLACE,
NEW DELHI-110 019,
TEL: 641 2039
FAX: 91-11-6422856

E-MAIL

G=hdo;S=delhi;
P=elnet;A=vsnl;
C=in (National)
hdo.delhi@elnet.ems.
vsnl.net.in (International)

CALCUTTA

57 D, BALLYGUNGE,
CIRCULAR ROAD,
CALCUTTA-700 019
TEL: 475 3865
TLX: 021-7701
FAX: 91-33-4748486

E-MAIL

G=hdo;S=calcutta;
P=elnet;A=nsnl;
C=in (National)
hdo.calcutta@elnet.ems.
vsnl.net.in (International)

MADRAS

121 RUKMINI,
LAKSHMIPATHI RD.,
EGMORE,
MADRAS-600 008
TEL: 855 4183
TLX: 041-8488
FAX: 91-44-8553728

E-MAIL

G=hdo;S=madras;
P=elnet;A=nsnl;
C=in (National)
hdo.madras@elnet.ems.
vsnl.net.in (International)



HINDUSTAN DORR-OLIVER LIMITED

NOTICE

NOTICE is hereby given that the Twenty-fourth 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 Monday, 27th September, 1999 at 11.30 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, 1999 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, 1999.
3. To appoint a Director in place of Mr. S. T. Attari, 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, 7th June, 1999.

NOTES :

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 16th September, 1999 to Monday, 27th September, 1999 (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.
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, 1999, if declared at the Meeting, will be made payable to those members whose names stand on the Register of Members of the Company on Monday, 27th September, 1999.

ANNEXURE II-DIRECTORS' REPORT

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the period 1st April, 1998 to 31st March, 1999.

Name	Age	Qualification	Expe- rience (Years)	Date of Joining	Designation & Nature of Duties	Last Employment Held	Amount Rs.
Mr S. T. Attari	61	B.Sc.(Mumbai), B.Sc. (Engg.) (London), A.M.I.M.E. (London)	38	01/04/77	Executive Director	Dorr-Oliver (India) Ltd.	1011200

Employed part of the Year

Mr G. K. Apte	53	B.E. (Mechanical) Post Graduate Diploma in Business Admn. & Management	30	11/02/94	Managing Director	Larsen & Toubro Ltd.	745000
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- Notes : (1) Gross remuneration as shown above includes Salary, Bonus, Arrears for past years, Commission, Rent/House rent allowance and other allowances, Company's contribution to Provident Fund & Superannuation scheme, Leave travel assistance, Medical expenses reimbursed and actual expenditure incurred in providing perquisite or perquisites as per Income Tax rules whenever actual expenditure is not ascertainable.
- (2) Other terms and conditions of employment are as per agreement of service and rules of the Company.
- (3) All employees are entitled to health and accident insurance benefits.

For and on behalf of the Board

Mumbai, 7th June, 1999.

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Y C LUMBA
Executive Director

KOMAL CHHABRIA WAZIR
Director

CHAIRMAN'S STATEMENT



The financial year 1998-99 has been a distressing year for Indian industry during which, for more reasons than one, the level of economic activity has remained very subdued. Equally, the political uncertainty, the economic crisis in various countries, external sanctions and a general lack of optimism has resulted in a very difficult period for the industry in general and Hindustan Dorr Oliver has been no exception. The economic slow down witnessed during the past few years seems to have reached its nadir during 1998-99. The new millenium, it is hoped, will usher in prosperity for the Indian industry, based on its strong fundamentals.

Despite the general sluggishness and fierce competition, HDO succeeded in achieving a turnover of Rs. 72.62 crores. The next few years will be challenging and will call for the exercise of hard options to ensure competitiveness. Strict cost controls, selective order booking and high operational efficiency will be the watchwords in the years to come.

Apart from its conventional business in Complex Fertilizers and Process Equipment, your Company has established

its position in Environmental Engineering as well, which contributes about 30% of the turnover. This evidences a better business-mix for your Company which enabled it to combat recession. Export orders are also playing a significant role in your Company's business portfolio and this segment is showing an increasing trend. On the domestic front, the important projects handled during the year included DAP/NPK Grassroute Plant at IFFCO Kandla, debottlenecking of DAP/NPK plants of Zuari, Madras Fertilizers Limited, Mangalore Chemicals & Fertilizers Limited, Phosphoric Acid Storage Tanks and cross-country-multipurpose Acid Pipeline at GFCL — Kakinada, Effluent Treatment Plants at HPCL — Vizag, MRL — Chennai, TELCO — Pune and Hyundai — Singapore. Other major clientele include NALCO, Oswal Chemicals, Nirma Ltd. and Jindal Steel — Vijaynagar.

Its excellent presence in the diverse sectors has earned the Company a high reputation for its Environment Pollution Control capabilities. The Company must and will endeavor to retain its effectiveness in the fields of Complex

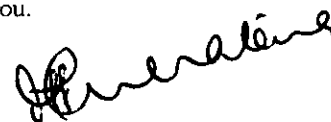
Fertilizers, Process Equipment and Environmental Engineering in the near future.

The political uncertainty, general recession and the slow pace of implementation of revival measures announced by the Government, resulted in a sharp reduction in order bookings during the year 1998-99. The fertilizer sector where the Company enjoys a major market share as well as a long standing reputation has either shelved or delayed major phosphatic fertilizer projects. Pulp and paper industry likewise, continues to reel under competition and further aggravated by low import duties.

Our search for technological partnerships has led to new associations during the year. C.T. Environment, Switzerland and Messo — Chemietechnik, Germany have agreed to collaborate with HDO on specific project opportunities. Such associations will go a long way in supporting our growth plans and help maintain our leadership in the years to come.

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 on their unstinted efforts and co-operation which has helped the company to tide over this difficult time.

Thank you.



M. R. CHHABRIA
Chairman

FINANCIAL HIGHLIGHTS					
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	31.03.1999	31.03.1998	31.03.1997	31.03.1996	31.03.1995
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CAPITAL ACCOUNTS :

(Rs. in lakhs)

Net Worth (Including Revaluation Reserve)	7239.92*	7213.89*	6968.07*	7176.99*	4740.95*
Borrowings	1247.16	717.11	875.03	1239.64	1384.56
Gross Block	5647.00	5611.56	5671.30	5526.08	3165.96
Net Block	4843.10	4950.65	5130.31	5111.37	2825.07
Net Current Assets	3389.75	2917.59	2693.36	3093.23	3086.80

REVENUE ACCOUNTS :

(Rs. in lakhs)

Sale	7262.05	8224.82	8275.42	10432.90	6254.59
Other Income	204.94	89.40	287.17	293.32	203.48
Profit from Operations	357.35	827.63	426.36	1044.70	653.88
Interest	140.78	177.13	202.29	265.91	175.90
Profit before tax	216.57	650.50	224.07	778.79	477.98
Profit after tax	91.55	362.98	65.97	541.79	357.48
Net Earnings for Appropriations	402.12	611.37	310.66	659.77	509.30
Dividend (Excluding Dividend Tax)	47.52	95.04	47.52	190.08	166.32
Retained Earnings	349.37	506.83	258.39	469.69	342.98

SELECTED INDICATORS :

Return on Capital Employed (%)	12.38	29.07	16.47	37.50	26.87
Unexecuted Orders on Hand (Rs. crores)	35.85	54.36	95.17	74.03	100.42
Current Ratio	1.62:1	1.58:1	1.54:1	1.51:1	1.98:1
Borrowing/Shareholders' Funds	0.43:1	0.25:1	0.34:1	0.45:1	0.58:1
Sales/Shareholders' Funds (times)	2.52	2.89	3.20	3.75	2.57
Earnings per share (Rs.)	1.93	7.64	1.39	11.40	7.52
Dividend per share (Rs.)	1.00	2.00	1.00	4.00	3.50
Book Value per share (Rs.)	152.36*	151.81*	146.63*	151.03*	99.77*
Market Price — High (Rs.)	35.00	48.50	86.00	100.00	220.00
— Low (Rs.)	19.50	19.50	42.00	80.00	95.00

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

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors are pleased to present their 24th Annual Report and the Audited Accounts for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

GROSS INCOME

	Year ended 31-03-1999 Rs. in lakhs	Year ended 31-03-1998 Rs. in lakhs
Sales Income	7262.05	8224.82
Other Income	204.94	89.40
	7466.99	8314.22

PROFIT BEFORE INTEREST, DEPRECIATION AND TAX

492.58 958.27

Less :

Interest	140.78	177.13
Depreciation	135.23	130.64

276.01 307.77

PROFIT BEFORE TAX

216.57 650.50

Less :

Provision for Taxation	125.50	287.52
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PROFIT AFTER TAX

91.07 362.98

Profit brought forward from previous year	306.83	248.39
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Transfer from Investment Allowance Reserve	3.74	—
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PROFIT AVAILABLE FOR APPROPRIATION

401.64 611.37

APPROPRIATIONS

General Reserve	—	200.00
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Proposed Dividend	47.52	95.04
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Corporate Dividend Tax	4.75	9.50
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Balance carried to Balance Sheet	349.37	306.83
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Total	401.64	611.37
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DIVIDEND :

Your Directors are pleased to recommend a dividend of Re. 1.00 per share (10%) (previous year 20%). This will absorb Rs. 47.52 lakhs (previous year Rs. 95.04 lakhs).

OPERATIONS :

Continued sluggishness in industrial growth had an adverse impact on the order booking for the year and has affected the turnover of your Company. To compensate for lack of activities in its generic business, your Company has expanded activities in new areas through backward integration. Hopefully this would open up more business opportunities and prospects.

There seems to be recovery in Phosphatic Fertilizer Business as the level of enquiries have substantially increased with good chances of a few materialising by the third quarter. Despite tight liquidity conditions prevailing in the industry, business activities have been sustained at an optimum level

through better project management and prudent cash management.

Enquiry levels from the aluminium and paper business segment is on the rise and barring unforeseen circumstances would result into good prospects.

FINANCE :

During the year under review, liquidity continued to be under severe pressure due to unprecedented recessionary conditions in the market. The slow pace of collections from customers caused considerable difficulties in the operations throughout the year. Recovery of receivables and improved financial discipline has been accorded high priority to improve liquidity during the current year.

TECHNOLOGY :

In order to offer the state of the art solutions, your Company has tied up with a number of technological partners across

DIRECTORS' REPORT (Contd.)

the globe resulting in enhanced process capabilities.

The Company continues to enjoy patronage of major refineries and Petro Chemical Industries for their effluent treatment needs.

In the Mineral area, considerable success has been achieved in the determination of High-Rate Sedimentation parameters which would help in exploring new avenues.

SUBSIDIARIES :

With effect from 27th July, 1998, the name of Patel Filters Limited was changed to HDO Process Equipment and Systems Ltd. It became a wholly-owned subsidiary of your Company during the year.

As required by Section 212 of the Companies Act, 1956, audited accounts of the two subsidiaries of your Company and the reports thereon of the Directors and Auditors for the year ended 31st March, 1999 are attached.

PUBLIC DEPOSIT SCHEME :

The Company could mobilise deposits amounting to Rs. 522.22 lakhs from 2929 depositors and as of 31st March, 1999, the Company has an aggregate deposit of Rs. 789.52 lakhs from 5130 depositors. During the year deposits worth Rs. 287.11 lakhs were repaid to 1640 depositors.

DIRECTORATE :

During the year Mr. J. R. Gagrati resigned from his office and his resignation was accepted with effect from 28th July, 1998. The Board places on record its deep gratitude for the valuable guidance provided by him during his long association with the Company.

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

Y2K PREPAREDNESS :

The Company is actively working on the Y2K problem related to Hardware / Software, as well as Products, Manufacturing facility, Infrastructure, Suppliers and other Business Associates.

Remediation is under process and the Company will be fully compliant by June 1999. The Company will continue its Year 2000 assessment and testing efforts for new or modified business computer systems throughout 1999. The Cost to address the Company's Year 2000 issues (inclusive of the cost of hardware, software, consultancy, etc.) is estimated to be Rs. 20 Lacs.

As a contingency plan essential back-up systems are planned to be set up to face the disruption of business operations on account of non-compliance of Y2K requirements.

ENLISTMENT OF SHARES :

The Company's shares are listed on Mumbai, Delhi, Chennai, Calcutta and National Stock Exchanges. Annual Listing Fee has been paid to each of these Stock Exchanges within the prescribed time limits.

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 Lodha & Co., Chartered Accountants being eligible offer themselves for reappointment.

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

Y. C. LUMBA
Executive Director

KOMAL CHHABRIA WAZIR
Director

Mumbai, 7th June, 1999.