

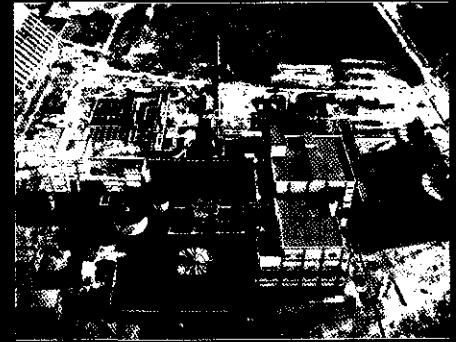
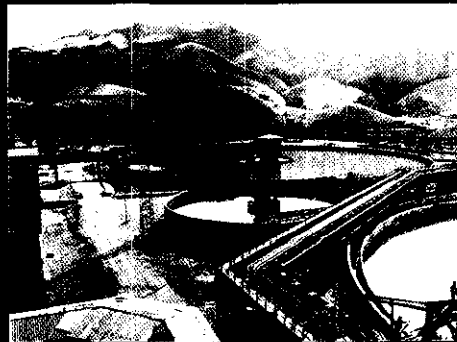
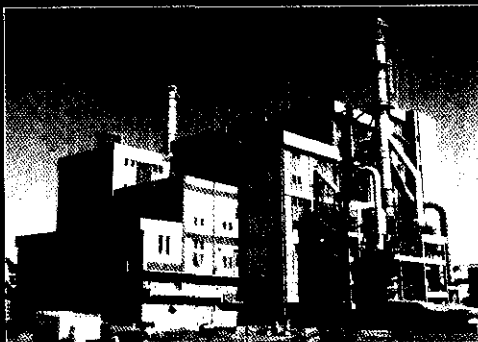
DORR-OLIVER 
HINDUSTAN DORR-OLIVER LIMITED



ANNUAL REPORT 1999-2000



MEMBER JUNBO GROUP





BOARD OF DIRECTORS

M. R. CHHABRIA
Chairman

SURESH DADLANI
Managing Director

S. T. ATTARI
Executive Director

K. C. WAZIR
Director

Y. C. LUMBA
Director

T. S. SHETTIGAR
Director

SENIOR EXECUTIVES

P. K. SEKHRI
President – Operations

T. K. RAVISHANKAR
Sr. Vice President – Finance & Legal

COMPANY SECRETARY

Anita Gokhale

Auditors

Lodha & Co.

Registered Office

'Dorr-Oliver House'
Chakala, Andheri (East)
Mumbai 400 099

Solicitors and Advocates

Kanga & Co.
Little & Co.
Crawford Bayley & Co.

Bankers

Canara Bank
Bank of Baroda
Syndicate Bank
The United Western Bank Ltd

Registrar & Transfer Agents

M/s Sharepro Services

Regd. Office:

Satam Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road, Chakala
Andheri (East), Mumbai 400 099
Tel. 834 8218, 832 9828

Investor Relations Centre:

912, Raheja Centre
Free Press Journal Marg
Nariman Point
Mumbai 400 021
Tel. 282 5163, 288 1568/9

CHAIRMAN'S STATEMENT



The vicissitudes of business in the last couple of years has left most industrial segments in total shambles and to have them resurrected would certainly require large modicums of Governmental interventions in the form of lesser regulations, larger investments in core sector industry and liberal incentives for higher production. The economy certainly had hopes of a definite revival in the year 1999-2000, as the early signals arrived, but this was not to be, as the economy progressed through the year.

Your Company had a traumatic year, what with the recessionary trends hitting at the Engineering Project Companies the most. Even large players in this segment had a subdued outlook and were hoping that the scenario would change for the better sooner than later.

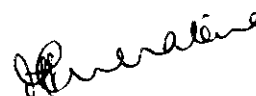
Your Company under the circumstances, had put up a modest performance and was just able to pick up threads towards the end of the financial year. While the Revenue reached its nadir at Rs. 41 crores, your

Company was able to contain the year-end loss to Rs.4.32 crores due to the tremendous efforts employed for cost reduction and cost control. Be that as it may, the Order book position has certainly improved in the first four months of the current financial year, and if this trend continues, as we profoundly hope that it would, the Order book position and the shipments would be at least at a level, where your Company could look forward with anticipation for a sustained revival and growth. Our technological strengths continue to be well known. We continue to remain among the chosen few suppliers of Turnkey solutions for Fertilizer Industries, Mineral Beneficiation, Environmental Engineering, Paper and Pulp Plants and other Process Equipment. With the activity level slightly improving during the last few months, your Company in the midst of international competition could bag prestigious Orders worth Rs. 33 crores approximately from the country's largest producer of Alumina, M/s. National Aluminium Co. Ltd. It has also received Orders for supply of Paper and Pulp equipment from well known Indian Companies and for export of equipment for Environmental Pollution abatement, from Sri Lanka. A large number of enquiries both from domestic and export markets are currently at various stages of negotiation. A continued thrust on Environmental aspects both in domestic and overseas markets as also with the increased activity level, particularly in non-ferrous and Paper and Pulp Industry, your Company expects to improve its performance considerably during the current financial year.

Your Company, with the unusual experience gained in the last couple of years, has developed strategies to build up adequate resilience and simultaneously to make rapid strides in the path of growth. Several hard options have been considered and adopted as well to remain as a significant player in the business. The Organisation structure has been completely recast to make it more vibrant, competitive and accountable. Upgradation of existing Technologies, being sin-quo-non for growth, has been given a new fillip and a vistas by creating a separate cell for focussed attention. There is no gain saying the fact that cost control and cost reduction is paramount in the face of dog-eat-dog competition and scanty margins. Every possible effort is being made in this direction and hopefully we should have a distinct competitive edge in the execution of future contracts.

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 the employees for their unstinted effort and cooperation which has helped the Company to tide over the difficult time.

Thank you.



M. R. CHHABRIA
Chairman

FINANCIAL HIGHLIGHTS

	31.03.2000	31.03.1999	31.03.1998	31.03.1997	31.03.1996
CAPITAL ACCOUNTS:					
(Rs. in lakhs)					
Net Worth (Including Revaluation Reserve)	6475.68*	7239.92*	7213.89*	6968.07*	7176.99*
Borrowings	1337.18	1247.16	717.11	875.03	1239.64
Gross Block	5351.24	5647.00	5611.56	5671.30	5526.08
Net Block	4405.40	4843.10	4950.65	5130.31	5111.37
Net Current Assets	3153.22	3389.75	2917.59	2693.36	3093.23
REVENUE ACCOUNTS:					
(Rs. in lakhs)					
Sale	3763.27	7262.05	8224.82	8275.42	10432.90
Other Income	317.26 (a)	77.12 (a)	89.40	287.17	293.32
Profit from Operations	-333.75	229.53	827.63	426.36	1044.70
Interest	98.46 (a)	12.96 (a)	177.13	202.29	265.91
Profit/Loss before tax	-432.21	216.57	650.50	224.07	778.79
Profit/Loss after tax	-499.52	91.55	362.98	65.97	541.79
Net Earnings for Appropriations	-150.15	402.12	611.37	310.66	659.77
Dividend (excluding Dividend Tax)	—	47.52	95.04	47.52	190.08
Retained Earnings	—	349.37	506.83	258.39	469.69
SELECTED INDICATORS:					
Return on Capital Employed (%)	—	12.38	29.07	16.47	37.5
Unexecuted Orders on Hand (Rs. crores)	21.64	35.85	54.36	95.17	74.03
Current Ratio	1.93:1	1.62:1	1.58:1	1.54:1	1.51:1
Borrowing/Shareholders' Funds	0.56:1	0.43:1	0.25:1	0.34:1	0.45:1
Sales/Shareholders' Funds (times)	1.58	2.52	2.89	3.20	3.75
Earnings per share (Rs.)	—	1.93	7.64	1.39	11.40
Dividend per share (Rs.)	—	1.00	2.00	1.00	4.00
Book Value per share (Rs.)	136.27*	152.36*	151.81*	146.63*	151.03*
Market Price — High (Rs.)	42.00	35.00	48.50	86.00	100.00
— Low (Rs.)	15.00	19.50	19.50	42.00	80.00

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

(a) Interest earned Rs. 142.85 lakhs is adjusted against interest expense for the current year (Previous Year Rs. 127.82 lakhs).

DIRECTORS' REPORT

TO THE MEMBERS.

The Directors are pleased to present their 25th Annual Report and the Audited Accounts for the financial year ended 31st March, 2000.

FINANCIAL RESULTS

	Year ended 31-03-2000 Rs. in lakhs	Year ended 31-03-1999 Rs. in lakhs
GROSS INCOME		
Sales Income	3763.27	7262.05
Other Income	317.26	77.12
	4080.53	7339.17
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION AND TAX	(161.95)	364.76
Less:		
Interest	98.46	12.96
Depreciation	171.80	135.23
PROFIT/(LOSS) BEFORE TAX	(432.21)	216.57
Less:		
Provision for Taxation	53.43	109.52
PROFIT/(LOSS) AFTER TAX	(485.64)	107.05
Profit brought forward from previous year	349.37	306.83
Transfer from Investment	—	3.74
Allowance Reserve	—	—
Provision for Taxation for Earlier years	13.88	15.50
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATIONS	(150.15)	402.12
APPROPRIATIONS		
General Reserve	(150.15)	—
Proposed Dividend	—	47.52
Corporate Dividend Tax	—	5.23
Balance carried to Balance Sheet	—	349.37
Total	(150.15)	402.12

DIVIDEND:

In view of the loss suffered by the Company during the period under review, the Board expresses its inability to recommend any dividend.

OPERATIONS:

Although the year 1999-2000 witnessed a limited economic recovery in certain segments of industry, not many new projects could materialise during the year. Hence it could not result into

improved order-booking for the Company. However, there have been signs of growth in Pulp & Paper Industry, Mineral Benefication and related industries. Besides, there is an improved all round attention on Environment and Health & Hygiene. These have resulted in substantially improved level of enquiries and in fact, its impact on the order-book position is already visible. A major thrust on cost reduction in all the areas of controllable costs are likely to make your Company more competitive. Your Company expects to see much better performance during the current year.



DIRECTORS' REPORT (Contd.)

FINANCE:

The overall recessionary trend in the market continues to have its ill-effect on the treasury. Focussed attention is being provided to recovery of receivables and cost-control.

TECHNOLOGY :

To maintain its technological edge over competitors, your Company has always strived to be associated with internationally renowned companies for process & equipment know-how. Whereas it already has tie ups with some of the state of the art technology partners, it continues to pursue further additions to its portfolio for better competitiveness in each of its business segment. Some additional tie ups are expected to be in place during the current year.

SUBSIDIARIES:

As required by Section 212 of the Companies Act, 1956, audited accounts of your subsidiary Company viz. Harshit Finlease & Investments Ltd. and the reports thereon of the Directors and Auditors for the year ended 31st March, 2000 are attached.

However, with respect to another subsidiary company viz. HDO Process Equipment And Systems Ltd., due to workers' unrest, their management was forced to suspend operations in the Company since 24th May, 2000. In view of these unforeseen circumstances, the audit of the accounts for the year ended 31.03.2000 which had already commenced, is not complete. An application u/s 212(8) of the Companies Act, 1956 seeking permission not to attach the Balance Sheet and other requisite particulars of the subsidiary to the Balance Sheet of your Company has been made to the appropriate authority.

PUBLIC DEPOSIT SCHEME:

The Company could mobilise deposits amounting to Rs. 243.54 lakhs from 1397 depositors as of 31st March, 2000. The Company has an aggregate deposit of Rs. 799.31 lakhs from 5157 depositors. During the year, deposits worth Rs. 233.75 lakhs were repaid to 1370 depositors.

DIRECTORATE :

On 22nd June, 2000, Mr. Suresh Dadlani has joined as the Managing Director of the Company. The Board hopes that the Company will further enhance its position and name in the Industry under his able leadership.

Mr. B. S. Mehta has resigned from the office of Alternate Directorship w.e.f. 30th June, 2000. The Board places on record its deep sense of gratitude for the expert advice rendered by Mr. Mehta to the Company during his tenure of office.

With effect from 1st July, 2000, Mr. Y. C. Lumba has resigned from the office of Executive Directorship of the Company. He however continues to be a Director on the Board and would be liable to retire by rotation. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Lumba retires by rotation and being eligible offers himself for reappointment.

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.

SEBI has included the name of the Company for compulsory trading in dematerialised form by all the investors from 26th December, 2000. The Company is taking requisite steps for giving effect to this and accordingly the required resolutions are recommended for being passed at the ensuing Annual General Meeting. Members of the Company will be duly informed in respect of the formalities to be completed by them shortly.

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.

For and on Behalf of the Board

SURESH DADLANI
Managing Director

S. T. ATTARI
Executive Director

Mumbai, 31st July, 2000

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)

- | | |
|---|--|
| <p>1. Specific areas in which R&D was carried out by the Company</p> | <p>: The reorganised R&D facilities were made fully functional and operative during the year. Based on the market demands the pollution control systems continue to be the major focus area for developmental work. A number of pilot plant studies were conducted to evolve suitable process flowsheets for specific industrial effluents. The year also saw a spurt in the R&D activities related to process industry such as Alumina. The major ongoing and completed research projects are highlighted below.</p> <p>Development work on the rotating biological discs was completed during the year and data collected has been analysed. The design baseline manual for commercial application is under preparation.</p> <p>Work on Advanced Oxidation Techniques for removal of Sulphides from Industrial effluents was undertaken and completed. Based on the data collected commercial plants can now be designed using this technology.</p> <p>Application studies of High Rate Thickening Process for various metallurgical material is underway with a view to introduce this state of the art technology for diversified processes. This project is expected to be completed by the end of this year.</p> <p>To cater to the medium and small scale industries a suitable range of screw classifiers were designed and developed during the year.</p> |
| <p>2. Benefits derived as a result of the above R&D</p> | <p>: The R&D effort helped the company to secure the prestigious NALCO settler order. This is the largest single order in the Metallurgical field secured by the company.</p> <p>Nitrification/denitrification system which was developed in house about 3 years ago continues to bring in business for the company.</p> |
| <p>3. Future plan of action</p> | <p>: The emphasis will be to complete the ongoing projects and draw up plans to diversify into nontraditional areas.</p> |
| <p>4. Expenditure on R&D:</p> <p>(a) Capital</p> <p>(b) Recurring</p> <p>(c) Total</p> <p>(d) Total R&D expenditure as a percentage of total turnover</p> | <p>Rs. 0.17 lakhs</p> <p>Rs. 13.51 lakhs</p> <p>Rs. 13.68 lakhs</p> <p>0.36%</p> |



ANNEXURE I — DIRECTORS' REPORT (Contd.)

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Nothing to report
2. Benefits derived as a result of the above efforts : The overall R&D efforts have helped the Company to maintain its leadership position and also contributed towards price competitiveness of the products marketed.
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 : Not Applicable
 - (b) Year of import : Not Applicable
 - (c) Has technology been fully absorbed? : Not Applicable
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Not Applicable

Foreign Exchange Earnings and Outgo

	1999-2000 (Rs. in lakhs)	1998-99 (Rs. in lakhs)
(i) Foreign Exchange earned	831.00	317.22
(ii) Foreign Exchange used	656.47	261.38

For and on Behalf of the Board

SURESH DADLANI
Managing Director

S. T. ATTARI
Executive Director

Mumbai, 31st July, 2000



AUDITORS' REPORT

Auditors' Report to the Members of Hindustan Dorr-Oliver Limited

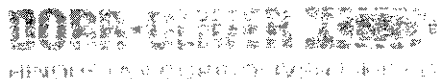
We have audited the attached Balance Sheet of HINDUSTAN DORR-OLIVER LIMITED as at March 31, 2000 and also the Profit and Loss Account annexed thereto for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as the "Act") and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments referred to in the said annexure, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) The Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies, contingent liabilities and other notes appearing in Schedule 'R', particularly note no. 4 regarding recoverability of inter-corporate deposit of Rs. 167.31 lakhs, note no. 5 regarding recoverability of overdue debtors of Rs. 193.65 lakhs and note no. 6 regarding management perception with respect to company's involvement in its wholly owned subsidiaries and elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000;
 - and
 - (ii) in the case of Profit and Loss Account, of the loss for the year ended on that date.

For Lodha & Company
Chartered Accountants

N. Kishore Bafna
Partner

Mumbai, 30th June, 2000



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report of even date to the Members of Hindustan Dorr-Oliver Limited on the accounts for the year ended March 31, 2000.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and generally, the location of these assets. The Company has a programme of physical verification, pursuant to which its fixed assets are verified every alternate year. This frequency of verification is considered reasonable having regard to the size of the Company and the nature of its assets. As explained, the Company has according to its phased programme physically verified Plant & Machinery and Vehicles, during the year, except Plant & Machinery costing Rs. 130 lakhs (net block Rs. 3.12 lakhs—fully secured) and discrepancy as may be noticed would be adjusted in the year of its verification.

2. No revaluation of Fixed Assets has been undertaken during the year;

3. The stock of components lying with the Company was physically verified during the year by the management at reasonable intervals;

In our opinion, the procedure of physical verification of stock of components followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business and no material discrepancies were noticed on physical verification;

On the basis of our examination of the stock records, we are of the opinion that the valuation of stock of components is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year;

4. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act or from companies under the same management as defined under Section 370(1-B) (non-operative) of the Act;

5. The Company has not granted any secured loans. The terms and conditions of interest-free and interest-bearing unsecured loans granted to Companies, firms or other parties required to be listed in the register maintained under Section 301 of the Act, are, prima facie, not prejudicial to the interest of the Company. The Company has not granted any loans to Companies under the same management as defined under Section 370 (1-B) (non-operative) of the Act;

6. In the case of loans or advances in the nature of loans given by the Company to employees and other parties, these are being repaid as stipulated alongwith interest, wherever applicable, except in the case of an Inter Corporate Deposit (including interest) of Rs. 167.31 lakhs, referred to in note no. 4 of Schedule R to the accounts;

7. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of components, plant and machinery, equipment and other assets and for supply of systems (including components and services);

8. The transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating, during the year, to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties;

9. Unserviceable and damaged components have been determined by the management on the basis of technical evaluation. Adequate provision has been made in the accounts for the loss arising on the items so determined;

10. In respect of deposits accepted from the public, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975;

11. The Company has an internal audit system which is commensurate with its size and nature of its business;