

100 YEARS OF DORR-OLIVER

**DORR-OLIVER**   
HINDUSTAN DORR-OLIVER LIMITED

*Engineering Commitment  
to Environment...*

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**ANNUAL REPORT 2000-2001**

## BOARD OF DIRECTORS

**M. R. CHHABRIA**

Chairman

**SURESH DADLANI**

Managing Director

**BHAVIKA GODHWANI**

Executive Director-Corporate Affairs

**K. C. WAZIR**
**T. S. SHETTIGAR**
**Y. C. LUMBA**
**T. C. GOEL**
**S. CHARI**

Alternate to M.R. Chhabria

**S. CHANDRA**
**G.M. - Legal & Company Secretary**

K. T. Thacker

**Auditors**

Lodha &amp; Co.

**Solicitors and Advocates**

Kanga &amp; Co.

Crawford Bayley &amp; Co.

Little &amp; Co.

**Bankers**

Bank of Baroda

The United Western Bank Ltd.

**Registered Office**

'Dorr-Oliver House',  
Chakala, Andheri (E),  
Mumbai – 400 099.

**Works**

5/1/2 , G.I.D.C., Vatwa,  
Ahmedabad – 382445.

**Registrar & Share Transfer Agents**

Sharepro Services

Satam Estate , 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (E), Mumbai – 400 099.  
Tel.: 834 8218 , 821 5168

912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai - 400 021.  
Tel. 288 1568/69

Contents	Page
Chairman's Statement .....	1
Financial Highlights .....	2
Notice .....	3
Directors' Report .....	7
Auditors' Report .....	11
Balance Sheet .....	14
Profit & Loss Account .....	15
Cash Flow Statement .....	32
Statement Pursuant to Section 212 .....	34
Annual Report of Subsidiary Company .....	35

## CHAIRMAN'S STATEMENT



Dear Shareholders,

While conveying my greetings, I am pleased to inform you, at the outset, that your Company has done well and has bounced back on its path to recovery. Economic scenario however, remains depressing for the third consecutive year and is a major cause for concern. I would like to dwell on this note and sound a word of caution for overall industrial growth before I dwell on your Company's performance.

### ECONOMIC SCENARIO

Gloomy Global trends have cast their evil spell on the Indian Economy which in turn have left most industries in shambles. GDP rate had to be revised down to 5.2% in view of the sluggish economy.

The slowdown in IT related segment of the industries - world over has left its scars on the financial markets and has affected the investment sentiments.

Globally, industries have resorted to closure of plants and massive layoffs to dampen the impact. However in India such options are not easy and in view of our political and social environment perhaps are not even desirable. At the same time there is a dire need to reach consensus to find an alternate acceptable means to deal with the effects of prolonged economic slowdown as otherwise it would spell a death knell for the growth of Indian Industries.

In spite of best efforts from those at the helm in the Government, they have remained clueless in reversing the trend. Political fall outs have prevented the Government from taking hard options and future presents a bleak picture. Unless a strong will full of commitments is put into practice, the present economic state will continue.

One of the alternatives to go forward, even at the cost of raising fiscal deficit, is to pump the economy by making huge investments in infrastructure and water management - both disciplines, India is profusely lacking. These in turn could become the drivers of growth.

Hopefully prediction of good monsoon could become a forerunner for the much elusive boom.

### COMPANY PERFORMANCE AND OUTLOOK

As mentioned earlier, in spite of recessionary trends all around, your Company, not only has managed to stay afloat but could reverse the trend by coming out of RED and making a significant improvement on the bottomline.

The amazing reversal in your Company's fortunes has been to a large extent aided by its intrinsic strengths and sticking to its knitting. The focus on key strengths coupled with improvements in sectors like pulp & paper, mineral beneficiation, have yielded the desired results.

The revenues have substantially increased to the tune of Rs.580 million and net profit after tax reaching to Rs.35 million compared to a net loss of Rs.48 million in previous year.

The people at the helm, by ushering in the introduction of strong measures on cost control in selective areas and opting for the merged entity with the wholly owned subsidiary HDOPESL and thereby increasing the core strength, have been successful in putting the Company in forward gear.

If these favourable trends in select areas of your Company's interest continue, you can expect a modest year ahead of us.

While your Company sees tremendous prospects in Environmental pollution abatement related sectors - the areas in which your Company is technologically sound - the politics of STATES have been impediments in the growth of this sector having business potential worth Rs.20 billion. Many projects are currently on hold though they are very crucial for the progress. Only strong political will full of commitments could unleash this powerful dynamite so crucial for sagging economy. Your Company can then expect a bonanza of orders in view of its strong technical capabilities.

Exports has been realised as another avenue for making strides. Your Company has trained its sights on exporting to Sri

Lanka, Nepal and Bangladesh and some of the Gulf countries including U.A.E - which present a bundle of opportunities. Already many inquiries from these overseas market are at various stages of negotiations and pose a bright picture.

As you are aware that your Company basically is a technologically driven and in order to remain free from the shackles of technological obsolescence, it has to develop / acquire state of the art technology in tune with the needs.

While our R&D laboratory, one of the few recognised by the Directorate of Science and Technology in Engineering industry, has been busy developing the process to meet the growing challenge, your Company has not remained complacent with these achievements and has approached for technical tie ups with some of the most reputed companies in Europe / USA / Canada in the field of water management, pulp & paper, mineral beneficiation & refinery Systems.

Realising that diversification in synergic areas is key to survival, your Company has created a special group to drive our products and project capabilities in much lucrative oil sector, breweries and mechanical power transmission.

It is my firm conviction that with improvement in prospects in sectors of our interest, penetration in overseas market with competitive technologies - homegrown or acquired - and reaching out to synergic areas, your Company is bound to reap rewards. Hopefully, the bad patch your Company witnessed is over and sunny days are here again.

The first quarter results for the current year bear testimony of our renewed confidence and hopefully balance year would see more orders in our kitty.

I would like to conclude by expressing my sincere appreciation to our valued clients, bankers, vendors and government agencies for their valued support and last but not the least to our employees for their contributions in no small measures to tide over the difficult period.

Thank you.

M. R. CHHABRIA  
Chairman

**FINANCIAL HIGHLIGHTS**

	31.03.2001	31.03.2000	31.03.1999	31.03.1998	31.03.1997
<b>CAPITAL ACCOUNTS</b>					
(Rs. in lakhs)					
Net Worth (Including Revaluation Reserve)	6711.89	6475.68*	7239.92*	7213.89*	6968.07*
Borrowings	1305.32	1337.18	1247.16	717.11	875.03
Gross Block	6340.97	5351.24	5647.00	5611.56	5671.30
Net Block	4758.01	4405.40	4843.10	4950.65	5130.31
Net Current Assets	2637.11	3153.22	3389.75	2917.59	2693.36
<b>REVENUE ACCOUNTS:</b>					
(Rs. in lakhs)					
Sales	5444.92	3763.27	7262.05	8224.82	8275.42
Other Income	379.90	317.26@	77.12@	89.40	287.17
Profit from Operations	602.73	- 333.75	229.53	827.63	426.36
Interest	221.47	98.46@	12.96@	177.13	202.29
Profit/Loss before tax	381.26	- 432.21	216.57	650.50	224.07
Profit/Loss after tax	352.86	- 499.52	91.55	362.98	65.97
Net Earnings for Appropriations	109.24	- 150.15	402.12	611.37	310.66
Dividend (excluding Dividend Tax)	71.28	—	47.52	95.04	47.52
Retained Earnings	30.69	—	349.37	506.83	258.39
<b>SELECTED INDICATORS:</b>					
Return on Capital Employed (%)	12.67	—	5.58	18.57	6.50
Unexecuted Orders on Hand (Rs. crores)	42.13	21.64	35.85	54.36	95.17
Current Ratio	1.54:1	1.93:1	1.62:1	1.58:1	1.54:1
Borrowing/Shareholders' Funds	0.56:1	0.56:1	0.43:1	0.25:1	0.34:1
Sales/Shareholders' Funds (times)	2.34	1.58	2.52	2.89	3.20
Earnings per share (Rs.)	7.42	—	1.93	7.64	1.39
Dividend per share (Rs.)	1.50	—	1.00	2.00	1.00
Book Value per share (Rs.)	141.24*	136.27*	152.36*	151.81*	146.63*
Market Price - High (Rs.)	17.90	42.00	35.00	48.50	86.00
- Low (Rs.)	9.90	15.00	19.50	19.50	42.00

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

@ Interest earned Rs. 142.85 lakhs is adjusted against interest expense for the year 1999-2000 (1998-99 Rs. 127.82 lakhs)

## NOTICE

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of the Members of Hindustan Dorr-Oliver Limited will be held on Saturday, 29<sup>th</sup> day of September, 2001 at 3.00 p.m. at the Amar Gian Grover Auditorium, Lala Lajpat Rai College, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034 to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
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.

### SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** Mrs. Bhavika Godhwani, who was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> April, 2001 pursuant to Section 260 of the Companies Act, 1956 and Article 147 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose her candidature as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation pursuant to Section 255 of the Companies Act, 1956."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** Mr. T. C. Goel who was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> April, 2001 pursuant to Section 260 of the Companies Act, 1956 and Article 147 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature as a Director, be and is hereby appointed as a

Director of the Company liable to retire by rotation pursuant to Section 255 of the Companies Act, 1956."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** Mr. Sudhinkumar Chandra who was appointed as an Additional Director of the Company with effect from 27<sup>th</sup> July, 2001 pursuant to Section 260 of the Companies Act, 1956 and Article 147 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation pursuant to Section 255 of the Companies Act, 1956."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** in accordance with the provisions of Section 293 (1) (e) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby gives its consent to the Board of Directors of the Company to contribute on behalf of the Company to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will in any financial year exceed Rs.50,000 or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the said Act, during the three financial years immediately preceding subject to the maximum of Rs. 50,00,000/-."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 150 of the Articles of Association of the Company be altered by deleting the second sentence, 'The remuneration of each Director for his services for each meeting of the Board or Committee attended by him shall be such sum not exceeding Rs. 250/- as may be determined by the Board of Directors from time to time.' and substituting in place thereof the sentence, 'The remuneration of each Director by way of fee for each meeting of the Board or Committee thereof attended by him shall not exceed such maximum sum as may be prescribed by the Central Government and determined by the Board from time to time.'"



**NOTICE (Contd.)**

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, Clause III A, the Main Object Clause of the Memorandum of Association of the Company be and is hereby altered by inserting the following new sub-clauses (7) to (9) after the present sub-clause (6):

'(7) To carry on the business of manufacturers, buyers, sellers, traders, importers, exporters, dealers in and distributors of all types of Gears, Gear Units, Couplings and Power Transmission Equipment, Hydraulic/Pneumatic Equipment, Vacuum and other Pumps.'

'(8) To carry on the business of producers, importers, exporters, buyers, sellers, bottlers, packers, distributors of and dealers in mineral water, distilled water, purified water, medicated water and other drinks and beverages, cordials and the like, and to carry on the business of bottle makers, potters, bottle stopper makers and coopers.'

'(9) To carry on the business of constructing, establishing, renovating, leasing, hiring, operating, running and maintaining business centres, office facilities, conference / convention rooms and halls, whether on franchise or otherwise.'

**RESOLVED FURTHER THAT** the remaining sub-clauses of the Clause III, the Object Clause of the Memorandum of Association be re-numbered from (10) onwards and that the Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things as may be required or deemed expedient to give effect to this resolution."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to Sec.149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the businesses as specified in sub-clauses (7) to (9) of

Clause III of the Memorandum of Association as and when deemed fit by the Board of Directors upon the aforesaid sub-clauses becoming effective."

**NOTES :**

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is appended to the Notice.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 21<sup>st</sup> September, 2001 to Saturday, 29<sup>th</sup> September, 2001 (both days inclusive).
3. Members are requested to notify any change in their addresses specifying full address in block letters with pin code quoting their Folio No. directly to the Company's Registrar & Share Transfer Agents - M/s. Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099, Phone No.8348218, 8215168 Fax No.8375646.
4. 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. PROXY IN ORDER TO BE VALID SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
5. **The transaction at Sr. No. 10 requires consent of shareholders through Postal Ballot and necessary ballot paper is being sent. The same may be completed and returned to the Company as per instructions printed on the ballot paper.**

By Order of the Board of Directors

**K.T.Thacker**

G.M.-Legal & Company Secretary

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

Date : 27<sup>th</sup> July, 2001.

**NOTICE (Contd.)**
**EXPLANATORY STATEMENT**

**(Pursuant to Section 173 of The Companies Act, 1956 in respect of Item Nos. 5 to 11 of the accompanying Notice dated 27<sup>th</sup> July, 2001)**

**Item No. 5:**

The Board of Directors of the Company at its Meeting held on 30<sup>th</sup> April, 2001, appointed Mrs. Bhavika Godhwani (hereinafter referred to as "Mrs. Godhwani") as an Additional Director on the Board of the Company. She was also appointed Executive Director of the Company on the same date. Mrs. Godhwani's appointment as Executive Director and payment of remuneration to her was approved by Members at the Extraordinary General Meeting of the Members of the Company held on 8<sup>th</sup> June, 2001. Pursuant to Section 260 of the Companies Act, 1956 read together with Article 147 of the Articles of Association of the Company, Mrs. Godhwani holds office upto the date of the ensuing Annual General Meeting. Notice in writing has been received from a Member under Section 257 of the Companies Act, 1956 alongwith the prescribed deposit signifying his intention to propose Mrs. Godhwani as a candidate for appointment as a Director of the Company.

Mrs. Godhwani, aged 31 years, has done her education in Economics and Finance and has experience in handling Corporate Planning and Finance related functions at Jumbo Group's Head Office at Dubai.

The Board is of the opinion that the continued association of Mrs. Godhwani will be beneficial to the Company and recommends the resolution at Item No. 5 for approval by the Members.

Mrs. Godhwani is to be considered as interested in the passing of the resolution at Item No.5 since it relates to her appointment and also Mr. M. R. Chhabria and Mrs. Komal C. Wazir, being her relatives.

**Item No. 6:**

The Board of Directors of the Company at its Meeting held on 30<sup>th</sup> April, 2001, appointed Mr. T. C. Goel (hereinafter referred to as "Mr. Goel") as an Additional Director on the Board of the Company. Pursuant to Section 260 of the Companies Act, 1956 read together with Article 147 of the Articles of Association of the Company, Mr. Goel holds office upto the date of the ensuing Annual General Meeting. Notice in writing has been received from a Member under Section 257 of the Companies Act, 1956 alongwith the prescribed deposit signifying his intention to propose Mr. Goel as a candidate for appointment as a Director of the Company.

Mr. Goel, aged 52 years, is Executive Director and President of Falcon Tyres Limited and Chief Executive Officer and President

of Dunlop India Limited and has over 31 years of experience in Corporate Sector.

The Board is of the opinion that the continued association of Mr. Goel will be beneficial to the Company and recommends the resolution at Item No. 6 for approval by the Members.

Mr. Goel may be considered as interested in the passing of the resolution at Item No. 6.

**Item No. 7:**

The Board of Directors of the Company at its Meeting held on 27<sup>th</sup> July, 2001, appointed Mr. Sudhinkumar Chandra (hereinafter referred to as "Mr. Chandra") as an Additional Director on the Board of the Company. Pursuant to Section 260 of the Companies Act, 1956 read together with Article 147 of the Articles of Association of the Company, Mr. Chandra holds office upto the date of the ensuing Annual General Meeting. Notice in writing has been received from a Member under Section 257 of the Companies Act, 1956 alongwith the prescribed deposit signifying his intention to propose Mr. Chandra as a candidate for appointment as a Director of the Company.

Mr. Chandra, aged 63 years, is Chief Executive Officer (Beach Sand Mining) of Ardesir B Cursetjee & Sons Limited. He has working experience of more than 40 years which includes his long association with various reputed organisations such as Bhabha Atomic Research Centre and India Rare Earths Limited.

The Board is of the opinion that the continued association of Mr. Chandra will be beneficial to the Company and recommends the resolution at Item No. 7 for approval by the Members.

Mr. Chandra may be considered as interested in the passing of the resolution at Item No. 7.

**Item No. 8:**

The Company is authorised by its Memorandum of Association to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. By virtue of Section 293 (1) (e) of the Companies Act, 1956, however, the maximum amount which can be so contributed in any financial year is Rs.50,000 or 5% of the Company's average net profits as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, during the three immediately preceding financial years, whichever is greater. Section 293 (1) (e) permits such contribution in excess of these limits if Shareholders approve. As such, your Board seeks sanction to make such contributions in a financial year up to a maximum of Rs. 50,00,000/-

The Board commends this resolution for approval by the Members.

None of the Directors of the Company is deemed to be concerned or interested in the passing of the resolution at Item No. 8.

**NOTICE (Contd.)**
**Item No. 9 :**

Article 150 of the Articles of Association of the Company restricts the payment of remuneration to each Director for his services for each meeting of the Board or Committee attended by him to Rs. 250/-. It is considered expedient that in order to have independent, talented and professional Directors on the Board of the Company, they be paid remuneration at rates which are comparable to those existing in the Industry. It is therefore proposed to amend Article 150 of the Articles of Association of the Company to provide for payment of remuneration by way of a fee for attending any meeting of the Board or Committee thereof, which will be restricted to such maximum sum as may be prescribed by the Central Government and determined by the Board of Directors from time to time.

The Special Resolution at Item No. 9 is therefore proposed pursuant to Section 31 of the Companies Act, 1956.

The Board recommends the Resolution at Item No. 9 for approval by the Members.

The Directors may be considered as interested in the passing of the resolution at Item No. 9, to the extent of fees for attending the meetings of the Board or Committee thereof, which may be received by them.

A copy of the Memorandum and Articles of Association containing the proposed alteration would be available for inspection by the members at the Registered Office of the Company on any working day between 2.00 p.m. and 4.00 p.m. upto the date of the Meeting.

**Item No. 10:**

The present sub-clauses (2) & (4) of the Object Clause of the Memorandum of Association of the Company permit the Company to manufacture any machinery required in its business and set up undertakings for manufacture of the same. However, by way of abundant precaution, it is considered expedient to alter its Object Clause, to specifically provide for manufacture of all types of Gears and other products as mentioned in the proposed sub-clause (7) above.

Production of Mineral Water and other allied products is a new activity which the Company proposes to undertake as the Company has necessary expertise in liquid solid separation in general and water management in particular. Further this business is growing in India and has good potential with growing awareness for the Products.

Likewise, constructing, running and maintaining of business centres, convention halls for seminars/symposium etc., has vast potential in view of several Indian / foreign companies and

corporates requiring the said facilities. This will altogether be a new activity for the Company.

Your Directors are of the view that the proposed new business activities can be conveniently and advantageously combined with the existing business and will be beneficial to the Company and its shareholders as these would improve effective utilisation of the resources of the Company, including those acquired on the amalgamation of the erstwhile subsidiary, HDO Process Equipment & Systems Limited with the Company. Accordingly, it is proposed to alter the Object Clause as set out at Item No. 10 in the notice. Your approval by way of a Special Resolution is required under Section 17 of the Act.

The resolution proposed is commended for your approval.

None of the Directors of the Company is deemed to be concerned or interested in the passing of the resolution at Item No. 10 except as shareholders generally.

The Memorandum of Association of the Company together with the proposed alterations in the Object Clause is available for inspection by the members on any working day between 2.00 p.m. and 4.00 p.m. upto the date of the ensuing Annual General Meeting.

**Item No. 11 :**

The main Object Clause of the Memorandum of Association of the Company is proposed to be altered as proposed in the Resolution at Item No. 10 above. Section 149 (2A) of the Companies Act, 1956 requires the approval of Members by a Special Resolution in General Meeting for the commencement of any new business. The approval of the Members is therefore sought to enable the Board to commence all or any proposed new businesses at the appropriate time.

None of the Directors is deemed to be concerned or interested in the passing of the Special Resolution at Item No. 11, except as Shareholders generally.

By Order of the Board of Directors

**K.T.Thacker**

G.M.-Legal & Company Secretary

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

Date : 27<sup>th</sup> July, 2001.



## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in submitting their 26<sup>th</sup> Annual Report and the audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2001. The said Accounts incorporate the Assets and Liabilities of HDO Process Equipment & Systems Limited (HDOPESL), the erstwhile wholly owned Subsidiary Company, merged with your Company pursuant to the Scheme of Amalgamation approved by the Hon'ble High Courts of Bombay and Gujarat and the Amalgamation becoming effective.

### PROFITS, DIVIDENDS AND RETENTION

	(Rs. in lakhs)	
	Year ended	
	31 <sup>st</sup> March 2001	31 <sup>st</sup> March 2000
a) Profit / (Loss) before Tax	381.26	(432.21)
b) Provision for Income Tax	28.40	(53.43)
c) Profit / (Loss) after Tax	352.86	(485.64)
d) Profit brought forward from previous year	—	349.37
e) Deficit of erstwhile HDOPESL and Extraordinary Items	(309.57)	—
f) Release from Export Turnover Reserves	21.34	—
g) Tax Adjustment of earlier years	44.61	(13.88)
h) Surplus / (Deficit)	109.24	(150.15)

### Appropriations

i) Proposed dividend for the financial year at the rate of Rs. 1.50 per Equity Share (previous year Nil)	71.28	—
j) Income Tax on proposed dividend	7.27	—
k) Transfer to / (from) General Reserve	17.65	(150.15)
l) Retained profits carried forward	13.04	—
	109.24	(150.15)

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50 per share (previous year Nil) for the year ended 31<sup>st</sup> March, 2001. The consequent outflow, including Dividend tax will be Rs. 78.55 lakhs (previous year Nil). Your Board further proposes a transfer to General Reserve of Rs. 17.65 lakhs (previous year Nil).

### COMPANY PERFORMANCE

The year 2000-01 was a difficult one with the Company's business constrained by unfavourable economic conditions. Notwithstanding challenging business conditions and low investment level in the economy, your Company has been able to leverage its technical capabilities and leadership position in achieving positive results.

During the year under review, Sales went up by 44% with a pre-tax profit of Rs. 381 lakhs (previous year loss Rs. 432 lakhs). These results were achieved through continuous focus on management of costs, productivity improvement, value additions to products and services and quality upgradation.

There have been some signs of growth in Paper & Pulp Industry, Petrochemicals and other industries. The Amalgamation of HDOPESL with your Company would also improve its overall operational efficiency due to synergy of operations and management. Barring unforeseen circumstances the performance of the Company is expected to improve further in the current financial year.

### FINANCE

Focussed attention and concerted efforts are being made to recover the receivables and to control cost.

### TECHNOLOGY

The Company has been associated with some of the internationally renowned companies for process and process equipment know-how to maintain its technological edge over its competitors. The Company has tie-ups with such companies for state-of-the-art technology and is in the process of adding new tie-ups for updating and improving technology in most of its business segments, to meet the future challenges.

### SUBSIDIARY

As required by Section 212 of the Companies Act, 1956, Audited accounts of the Company's subsidiary, viz., Harshit Finlease & Investments Ltd. and the Reports of the Directors and Auditors thereon for the year ended 31<sup>st</sup> March, 2001 are attached.

### PUBLIC DEPOSIT SCHEME

As on 31<sup>st</sup> March, 2001, 90 depositors had not claimed their deposits amounting to Rs.11,75,060.

### DIRECTORATE

Mrs. Bhavika Godhwani has been appointed as an Executive Director – Corporate Affairs of the Company with effect from 30<sup>th</sup> April, 2001. Her appointment as Executive Director and payment of remuneration to her was approved by the Members at the Extraordinary General Meeting of the Company held on 8<sup>th</sup> June, 2001. Mr. S. Chari has been appointed as an Alternate Director to Mr. M. R. Chhabria, Chairman and Mr. T. C. Goel as

**DIRECTORS' REPORT (Contd.)**

an Additional Director on the Board of the Company with effect from 30<sup>th</sup> April, 2001. Mr. S. Chandra has been appointed as an Additional Director with effect from 27<sup>th</sup> July, 2001. The Board is of the view that the Company will benefit with the strengthening of the Board of Directors of the Company.

Mr. S. T. Attari ceased to be the Executive Director and resigned as Director of the Company with effect from 11<sup>th</sup> March, 2001. The Board places on record its deep sense of gratitude for the services rendered by Mr. Attari during his tenure of office.

Mr. T. S. Shettigar retires by rotation and being eligible offers himself for reappointment.

**LISTING OF SHARES**

The Company's Equity Shares are listed on Mumbai, Delhi, Chennai, Calcutta and National Stock Exchanges.

**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 annexed to this report marked Annexure I.

**PARTICULARS OF EMPLOYEES**

A statement showing 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 marked Annexure II.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2001 and of the profit of the Company for that year;

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

As per the amended Listing Agreement with the Stock Exchanges, the Company is required to comply with the requirement of Corporate Governance by 31<sup>st</sup> March, 2002. Steps have been initiated in that behalf.

**AUDITORS**

M/s. Lodha & Co., Chartered Accountants, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

In regard to the comments of the Auditors in their Report on the notes to Accounts, the same are self-explanatory and do not call for any further explanation.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation to all the employees for their continued devotion and dedication. The Board also acknowledges the faith reposed in the Company by the banks and investing public.

For and on Behalf of the Board

**SURESH DADLANI**  
Managing Director

**Y. C. LUMBA**  
Director

Mumbai, 27<sup>th</sup> July, 2001