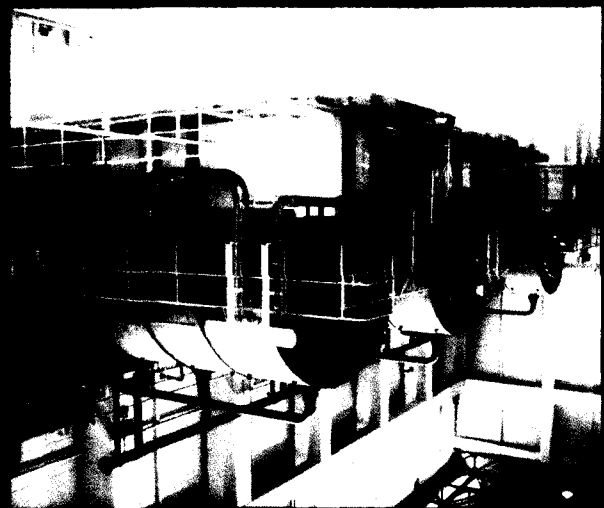
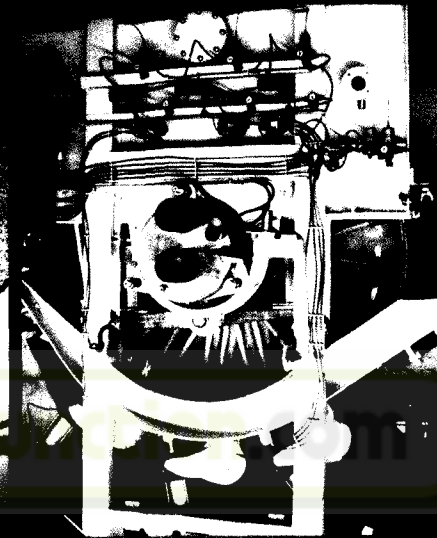
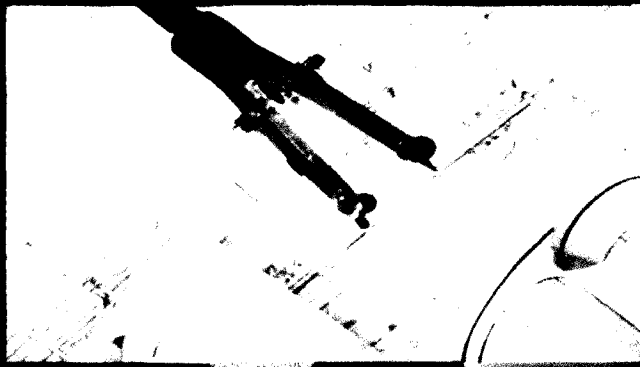


*Total Engineering Solutions Provider...*



**THE  
GENESIS  
OF SUCCESS**

**ANNUAL REPORT 2004-05**

**HINDUSTAN DORR-OLIVER LIMITED**

**DORR-OLIVER**

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**BOARD OF DIRECTORS**

(As on 29th June, 2005)

Ms. V.M. Chhabra	Chairperson
Ms. Komal C. Wazir	Director
Mr. Sudhinkumar Chandra	Director
Dr. H. R. Bhojwani	Director

**AUDITORS**

M/s. Lodha &amp; Company

**SOLICITORS AND ADVOCATES**

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

**BANKERS**

 The United Western Bank Limited  
 Indian Overseas Bank  
 Bank of Baroda

**REGISTERED OFFICE**

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

**WORKS**

5/1/2, G.I.D.C., Vatwa, Ahmedabad - 382 445.

**REGISTRAR & SHARE TRANSFER AGENTS**
**Sharepro Services (India) Private Limited**

 Satam Estate, 3rd Floor,  
 Above Bank of Baroda,  
 Cardinal Gracious Road, Chakala,  
 Andheri (E), Mumbai - 400 099.  
 Tel. No.: 28215168, 28348218,  
 Fax No.: 28375646

 912, Raheja Centre, Free Press Journal Road,  
 Nariman Point, Mumbai - 400 021.  
 Tel.: 22881568/69  
 Fax No.: 22825484.

### FINANCIAL HIGHLIGHTS

	31.03.2005	31.03.2004	31.03.2003	31.03.2002	30.03.2001
<b>CAPITAL ACCOUNTS:</b>					
(Rs. in '000)					
Net Worth* (including Revaluation Reserve)	576767	575051	711152	701520	671188
Borrowings	133695	171652	171819	140556	130532
Gross Block	466267	463844	665772	662042	634097
Net Block	259587	265494	466399	472048	475801
Net Current Assets	425485	455558	343061	287916	263710
<b>REVENUE ACCOUNTS:</b>					
(Rs. in '000)					
Sales	838098	748622	683419	583428	544492
Other Income	26765	12445	24820	28091	23736
Profit from Operations	37297	121220	67757	51083	30605
Interest	16849	18192	18508	13783	7893
Profit before tax	20448	103028	49249	37300	38126
Profit after tax	11167	97342	32998	31968	35286
Net Earning for Appropriations	94229	101169	30489	20348	10924
Dividend (excluding Dividend Tax)	5077	5077	5077	5702	7128
Retained Earnings	88489	85012	24762	14646	3069
<b>SELECTED INDICATORS:</b>					
Return on Capital Employed (%)	2.98	14.28	6.08	4.91	12.67
Unexecuted Orders on Hand (Rs. in crore)	176.89	142.27	63.69	236.00	42.13
Current Ratio	1.65:1	2.01:1	1.18:1	1.75:1	1.54:1
Borrowing/Shareholders' Funds	0.38:1	0.50:1	0.62:1	0.56:1	0.56:1
Sales/Shareholders' Funds (times)	2.41	2.18	2.46	2.33	2.34
Earning per share (Rupees)	2.64	17.87	3.50	4.01	7.42
Dividend per share (Rupees)	1.20	1.20	1.20	1.20	1.50
Book Value per share* (Rupees)	136.33	135.93	149.65	147.63	141.24
Market Value per share – High (Rupees)	110.00	48.90	34.95	30.85	17.90
– Low (Rupees)	22.75	13.75	13.50	5.00	9.90

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



## NOTICE

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the Members of Hindustan Dorr-Oliver Limited will be held on Wednesday, 28<sup>th</sup> day of September, 2005 at 4.00 p.m. at the All India Plastics Manufacturers' Association, AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (E), Mumbai – 400 093 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2005 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 Dr. H. R. Bhojwani, who retires by rotation.
4. To appoint Auditors to hold the 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, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to Section 309(2) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with Stock Exchanges and Article 150 of the Articles of Association of the Company, the Board of Directors be and is hereby authorised to decide the payment of sitting fees to the directors other than the managing director / whole-time directors of the Company for attending the meeting of the Board of Directors or any committee thereof, not exceeding the maximum amount prescribed by the Central Government from time to time."

By Order of the Board of Directors

**Sudhinkumar Chandra**  
Director

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

Date : 29<sup>th</sup> June, 2005.

### **NOTES :**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 22<sup>nd</sup> September, 2005 to Wednesday, 28<sup>th</sup> September, 2005 (both days inclusive).
2. The Dividend on equity shares as recommended by the Board of Directors of the Company, if declared at the Meeting, will be payable to those shareholders holding shares in physical form whose names shall appear in the Register of Members of the Company as on 28<sup>th</sup> September, 2005 and in respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares on 28<sup>th</sup> September, 2005 as per the details furnished by the Depositories for this purpose.
3. Members are requested to furnish bank details in order to enable the Company to print the same on the dividend warrants. In respect of members holding shares in electronic form, bank details as furnished by the depositories to the Company will be printed on the dividend warrants.

**NOTICE (Contd.)**

4. Pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st March, 1997 has been transferred to Investors Education and Protection Fund (IEPF) on 26<sup>th</sup> October, 2004. The dividend for following years remaining unclaimed for 7 years will be transferred by the Company to IEPF as per the schedule given below:

Sr. No.	Financial Year	Date of Declaration of Dividend	Due for transfer to IEPF in
1.	1997-98	22 <sup>nd</sup> September, 1998	November, 2005*
2.	1998-99	27 <sup>th</sup> September, 1999	November, 2006
3.	2000-01	29 <sup>th</sup> September, 2001	November, 2008
4.	2001-02	30 <sup>th</sup> September, 2002	November, 2009
5.	2002-03	13 <sup>th</sup> September, 2003	October, 2010
6.	2003-04	20 <sup>th</sup> September, 2004	October, 2011

\* Communication has been sent to the respective shareholders advising them to lodge their claims on or before 15<sup>th</sup> September, 2005 with respect to unclaimed dividend for the Financial Year 1997-98, which is due for transfer to IEPF in November, 2005.

5. 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 – Sharepro Services (India) Pvt. Ltd., Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099, Phone No.28348218, 28215168 Fax No.28375646.
6. M/s. Lodha & Company, Chartered Accountants, Mumbai the retiring Statutory Auditors, have vide their letter dated 24<sup>th</sup> June, 2005 signified their willingness to be re-appointed as Statutory Auditors at the ensuing Annual General Meeting and have confirmed that their reappointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.
7. Members desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the General Manager - Finance at the Registered Office of the Company atleast 10 days prior to the meeting in order to keep the information ready to the extent possible.
8. Members or their Authorised Representative / Proxies are requested to bring their copies of the Annual Report to the meeting.
9. 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.

**EXPLANATORY STATEMENT**

(Pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 5 of the accompanying Notice dated 29<sup>th</sup> June, 2005)

The revised Clause 49 of the Listing Agreement to be complied by the companies by 31<sup>st</sup> December, 2005 states that all fees and compensation payable to non-executive directors, including independent directors shall be fixed by the Board of Directors and shall require prior approval of the shareholders at the general meeting.

The Board recommends the resolution at Item No. 5 for approval by the Members.

By Order of the Board of Directors

**Sudhinkumar Chandra**  
*Director*

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

Date : 29<sup>th</sup> June, 2005

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in submitting their 30<sup>th</sup> Annual Report and the audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2005.

### FINANCIAL RESULTS

(Rs. in '000s)

	Year ended 31 <sup>st</sup> March, 2005	Year ended 31 <sup>st</sup> March, 2004
Net Sales	838,098	748,622
Other Income	26,765	12,445
Total Income	864,863	761,067
Gross profit before interest and depreciation / amortisation	42,075	68,288
Interest and finance charges (Net)	16,849	18,192
Depreciation / Amortisation	4,778	4,759
Profit before extraordinary items	20,448	45,337
Extraordinary items (Net)	-	57,691
Profit before tax	20,448	103,028
Provision for taxation	9,281	5,686
Profit after taxation	11,167	97,342
Balance brought forward from previous year	83,062	23,562
Balance available for appropriation	94,229	101,169
Appropriations:		
Proposed dividend for the financial year at the rate of Rs. 1.20 per share (previous year Rs. 1.20 per share)	5,077	5,077
Corporate Dividend Tax	663	650
Transfer to Debenture Redemption Reserve	-	10,430
Transfer to General Reserve	2,000	1,950
Retained profits carried forward to Balance Sheet	86,489	83,062

### COMPANY PERFORMANCE AND FUTURE OUTLOOK

The Company because of its presence in broad spectrum of industries has been able to maintain its foothold in key sectors like Pulp & Paper and mineral beneficiation. The year under review presented major opportunities in the mineral sector. The Company received prestigious orders from Vedanta Alumina Limited, a Sterlite Group Company, worth over Rs.100 Crores for their upcoming Alumina Refinery at Lanjigarh, Orissa.

The Company had entered into a Contract with Ministry of Interior, General Corporation for Water and Sewerage Plant at Iraq on 25<sup>th</sup> October, 2001, which was amended from time to time. As per the latest amendment, the scope of the Contract is restricted to Supply of Mechanical & Electrical Equipment and Supply of Pipes for aggregate value of Euro 8.5 million. The Company has entered into a Tripartite Agreement in May, 2005 with its Associates, as per which the entire contract has been assigned to the them. These Associates have jointly and collectively undertaken to fulfil Company's obligations under the Contract.

The Company achieved net sales of Rs. 838,098 thousand for the year ended 31<sup>st</sup> March, 2005 as against the net sales of Rs. 748,622 thousand achieved in the previous year. With close monitoring on costs and expenses, the year ended with a gross profit of Rs 42,075 thousand (previous year Rs 68,288 thousand) and a pre-tax profit of Rs. 20,448 thousand (previous year Rs. 103,028 thousand).



## DIRECTORS' REPORT (Contd.)

The Company has received a number of enquiries from the Gulf countries for projects related to water and waste water management. The Company is evaluating these business prospects.

With orders in hand and execution plan in place, barring unforeseen circumstances, your Company expects to achieve improved performance during the current financial year.

### **DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs. 1.20 per equity share of Rs.10/- (previous year Rs. 1.20 per share) for the year ended 31<sup>st</sup> March, 2005. The consequent outflow will be Rs. 5,077 thousand (previous year Rs. 5,077 thousand). Your Board further proposes a transfer to General Reserve of Rs. 2,000 thousand (previous year Rs. 1,950 thousand).

### **FINANCE**

The Company continued to maintain tight control on its finances and borrowings with constant focus and emphasis on working capital management.

### **SCHEME OF ARRANGEMENT**

521516 - 11% Secured Redeemable Non-Convertible Debentures of Rs. 20/- each ("NCD") were allotted by the Company on 18<sup>th</sup> June, 2003 pursuant to the Scheme of Arrangement between the Company and its Members under Sections 391 to 394 read with Section 100 of the Companies Act, 1956 as approved by the Hon.'ble High Court at Bombay as per the order passed on 21<sup>st</sup> October, 2002. NCDs were redeemed along with interest on due date i.e. 18th June, 2004. A lien has been created in favour of Western India Trustee Company Limited, Trustees on the amount remaining unclaimed / unpaid in the Bank Account.

### **PUBLIC DEPOSIT SCHEME**

As on 31<sup>st</sup> March, 2005, 61 depositors had not claimed their deposits amounting to Rs. 948 thousand.

### **DIRECTORATE**

Mr. Suresh Dadlani, who was appointed as the Managing Director of the Company for a period of 5 years with effect from 22<sup>nd</sup> June, 2000, completed his term on 21<sup>st</sup> June, 2005 and has ceased to be Director of the Company from that date. The Board places on record its deep appreciation of the services rendered by Mr. Dadlani during his tenure as the Managing Director of the Company.

Dr. H. R. Bhojwani retires by rotation at the ensuing Annual General Meeting.

### **AUDITORS' REPORT**

The notes to the accounts referred to in Auditors' Report are self explanatory and do not call for any further explanation.

### **AUDITORS**

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

The Company has received a confirmation from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

### **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;



**DIRECTORS' REPORT (Contd.)**

- (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 on 31<sup>st</sup> March, 2005 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.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of Clause 49 of the listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is given separately in the Annual Report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are separately given in the Annual Report.

**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

**H.N. Nanani**  
Director

**Sudhinkumar Chandra**  
Director

Mumbai, 29<sup>th</sup> June, 2005.

**DIRECTORS' REPORT (Contd.)**
**ANNEXURE – I**

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

**FORM A**  
 (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	Year ended 31 <sup>st</sup> March, 2005	Year ended 31 <sup>st</sup> March, 2004
<b>A. Power and fuel consumption</b>		
1. Electricity		
(a) Purchased		
Unit (in'000)	716 KW	762 KW
Total amount (Rs. in '000)	3708	3702
Rate/unit (Rs.)	5.18	4.86
(b) Own Generation	NII	Nil
2. Coal (specify quality and where used)	NII	Nil
3. Furnace oil	NII	Nil
4. Others/Internal generation	NII	Nil
<b>B. Consumption per unit of production</b>		
Electricity (Per M.T.)	584.82 kw	694.18 kw
(Total Unit/total Production)		

**FORM B**
**Research and Development (R&D)**
**1. Specific areas in which R & D was carried out by the Company:**

Basic process evaluation and tests were done in the area of Mineral Processing for alumina production from a specific bauxite ore.

An exhaustive process investigation work was carried out on secondary treated effluent from an automobile industry for reuse of the industrial waste water.

Laboratory scale study for treatability high strength nitrogen containing effluent at BARC was completed, and a pilot scale effluent treatment project is ongoing at the same site.

A process evaluation study on operation of a classifier for a sand processing system was completed.

Work on application of membrane in the area of effluent treatment is ongoing.

**2. Benefits derived as a result of above R & D efforts:**

Based on R & D efforts, the company has bagged big orders for a Red Mud Settler & Washer System, Milk of Lime Plant and Alumina Seed Hydrate Thickener System from Vedanta Alumina Ltd. Apart from this, small and large orders were secured based on test work conducted and technical support rendered by R & D Group.

**3. Future Plan of Action:**

The Company plans to take up new projects based on marketing input and complete on going projects. It is also planned to explore new applications for EMO gravity thickener and press belt filter on a qualitative basis.

**4. Expenditure on R & D:**

(a) Capital	:	Nil
(b) Recurring	:	Rs. 2,442 thousand
(c) Total	:	Rs. 2,442 thousand
(d) Total R & D Expenditure as percentage of total turnover	:	0.28 %

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

Apart from the inhouse R&D effort, a collaboration agreement was signed with Granite Recherche Developpement S.A, Switzerland for technology dealing with Lignin Precipitation and Recovery in the pulp & paper industry.