



INDIAN HUME PIPE

Annual Report 1998-99



We pay our homage to

Late ***Shri Babubali Gulabchand*** - Chairman Emeritus
(Former Chairman & Managing Director)

9th May 1923 - 18th December 1998

Board of directors

Shri Rajas R. Doshi Chairman & Managing Director
 Shri C. K. Vissani
 Shri G. Krishnamurthy (Upto 17-08-1998)
 Shri R. S. Shastri
 Shri Ajit Gulabchand
 Shri P. M. Dandekar
 Smt. Jyoti R. Doshi
 Shri Rajendra M. Gandhi
 Shri Ramenshwar D. Sarda
 Shri N. Balakrishnan (From 28-10-1998)

Chairman Emeritus

Late Shri Bahubali Gulabchand (upto 18-12-1998)

Company Secretary

Shri Narendra R. Jain

Executives

Shri P. D. Kelkar Chief Engineer (Prestressed Concrete Division)
 Shri P. R. C. Nair Chief Engineer (Research & Development Division)
 Shri S. K. Soman Chief Engineer
 Shri B. Ramaswamy Chief Engineer
 Shri P. R. Bhat Chief Engineer
 Shri S. G. Khaladkar Controller of Accounts & Finance
 Shri B. S. Narkhade Chief Auditor
 Shri P. H. Mali Personnel Manager

Auditors

M/s. K. S. Aiyar & Co., Chartered Accounts,
 49, Bombay Samachar Marg, Fort, Mumbai 400 023

Solicitors & Advocates

M/s. Daphtary Ferreira & Diwan, Mumbai

Bankers

State Bank of India
 Bank of Baroda
 State Bank of Hyderabad
 The South Indian Bank Ltd.

Registered Office

Contraction House, 2nd floor,
 5, Walchand Hirachand Marg,
 Ballard Estate, Mumbai 400 001
 Telephone Nos. 2618091/2618092
 Fax : 2656863
 Email - ihpho@vsnl.com

Annual General Meeting

On Friday, the 27th August, 1999 at 4.00 p.m.
 At Walchand Hirachand Hall, Indian Merchants
 Chamber Building, Churchgate, Mumbai 400 020

THE INDIAN HUME PIPE COMPANY LIMITED**Notice**

NOTICE is hereby given that the SEVENTY-THIRD ANNUAL GENERAL MEETING of the Company will be held as scheduled below :-

DAY : FRIDAY
 DATE : 27th August, 1999
 TIME : 4 - 00 P. M.
 PLACE : Walchand Hirachand Hall,
 Indian Merchants Chamber Building,
 Indian Merchants' Chamber Marg,
 Churchgate,
 MUMBAI 400 020

AGENDA for the meeting will be as under :-

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri Rajendra M. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rameshwar D. Sarda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED that Shri N. Balakrishnan, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and who being eligible, offers himself for re-appointment and in respect of whom the Company has received notices in writing from some members under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby re-appointed a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution :
"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any of the Companies Act, 1956 Messrs K. S. Aiyar & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to do both continuous and final audit of the Company's accounts for the Financial Year 1999-2000 on a remuneration of Rs. 80,000/- (Rupees Eighty Thousand only) and that they be paid, in addition, any out of pocket and/or travelling expenses they may incur in carrying out their duties as such Auditors."
"RESOLVED FURTHER that the Board of Directors be and are hereby authorised to fix the remuneration payable to Auditors, Messrs K. S. Aiyar & Co., Chartered Accountants in respect of branches of the Company to be audited by them for the Financial Year 1999-2000 as required by Section 228 of the Companies, Act, 1956."
7. To consider and if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution :
"RESOLVED that the Board of Directors be and they are hereby authorised to appoint any person or persons qualified for appointment, as Auditors of the Company under Section 226 and/or 228 of the Companies Act, 1956 for auditing accounts of the Branches of the Company required to be audited under Section 228 of the said Act on such terms and conditions including remuneration as the Board may think fit, for the Financial Year 1999-2000, in consultation with the Company's Auditors."

By Order of the Board of Directors,

NARENDRA R. JAIN

Company Secretary

Registered Office :
 Construction House,
 5, Walchand Hirachand Marg,
 Ballard Estate,
 Mumbai 400 001
 Dated: 19th July, 1999.

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THE INDIAN HUME PIPE COMPANY LIMITED**Notice****NOTES :**

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 5 to 7 are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 1st September, 1999 to Monday, the 6th September, 1999 (both days inclusive).
- (d) The Dividend, if sanctioned, will be paid from 9th September, 1999 to those Members, whose names stand on Company's Register as on 6th September, 1999.
- (e) In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred the unclaimed Dividend upto the Financial Year ended 31st March, 1994, to the General Revenue Account of the Central Government. Members, who have valid claims to any of the unclaimed Dividend referred to above, may claim the same from the Registrar of Companies, Maharashtra, Mumbai in the prescribed manner.
- (f) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders and fixed deposit holders in respect of the shares and deposits held by them. Nomination forms can be obtained from the Secretarial/Fixed Deposit Department of the Company.
- (g) Members are requested to notify immediately change in their Address, if any, to the Registered Office of the Company.
- (h) Members are requested to bring the copies of the Annual Report at the time of attending the Annual General Meeting.
- (i) Members/Proxy-holders are requested to produce at the entrance of the hall, Admission Slip, forwarded to them, duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
- (j) As already notified M/s. N. D. Management Services Pvt. Ltd. ceased to be the Registrar and Transfer Agents of the Company with effect from 1st January, 1999.
- (k) The Company's Equity Shares are listed on the Mumbai Stock Exchange, Pune Stock Exchange & the National Stock Exchange of India Limited and the listing fees for the year 1999-2000 have been paid.

THE INDIAN HUME PIPE COMPANY LIMITED**Explanatory Statement**

As required by Section 173 of the Companies Act, 1956

Item No. 5

The Board of Directors of the Company at their meeting held on 28th October, 1998 appointed Shri N. Balakrishnan, as a Director of the Company in place of Shri G. Krishnamurthy who resigned from the Board on 17th August, 1998. Shri N. Balakrishnan is the representative of Life Insurance Corporation of India in place of Shri G. Krishnamurthy. Under Article 135 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 Shri N. Balakrishnan holds office upto the date of this Annual General Meeting and being eligible, he offers himself for re-appointment. The Company has received notices in writing from some members along with deposits of Rs. 500/- each proposing his candidature for office of Director, retiring by rotation as required under Section 257 of the Companies Act, 1956.

Except Shri N. Balakrishnan, no other Director is interested or concerned in this resolution.

Item No. 6

Messrs K. S. Aiyar & Co., Chartered Accountants have been working as Auditors of the Company since inception of the Company. As required by Section 224 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1974, Messrs. K. S. Aiyar & Co. have sent Certificate to the Company that their re-appointment, if made, will be in accordance with the limits specified in Sub-section (1-B) of the said Section 224 of the said Act. It may be further clarified that a Special Resolution is necessary for the appointment of the Auditors, under the provisions of Section 224A of the Companies Act, 1956 as the Financial Institutions, Banks and Insurance Companies together hold more than 25% of the subscribed Share Capital of the Company.

In view of the rising costs of Audit work and increase in the volume of work Messrs K. S. Aiyar & Co. have requested for increase in their remuneration for the year 1999-2000. The last increase was done in the year 1994-95. It is now proposed to increase their remuneration from Rs. 55,000/- to Rs. 80,000/- as mentioned in the resolution.

None of the Directors of the Company is concerned or interested in this resolution.

4**Item No. 7**

Pursuance to the provisions of Section 228 of the Companies Act, 1956 it is proposed that the Accounts of some of the Branches of the Company may be audited otherwise than by Company's Statutory Auditors. Hence, the Company in General Meeting is required to authorise the Board of Directors to appoint such person or persons, pursuant to the provisions of Section 228 of the Companies Act, 1956 who are qualified for appointment as Auditors of the Company under Section 226 and/or 228 of the said Act, for auditing the accounts of the Company's branches otherwise than by Company's auditors in consultation with Company's Auditors.

None of the Directors of the Company is concerned or interested in this Resolution.

By Order of the Board of Directors,

NARENDRA R. JAIN

Company Secretary

Registered Office :

Construction House,
5, Walchand Hirachand Marg,
Ballard Estate,
Mumbai 400 001

Dated : 19th July, 1999

Directors' Report

TO

THE MEMBERS,

Your Directors are pleased to present to you the Annual Report on the business operations of the Company, together with the audited statement of accounts, for the Financial Year ended 31st March, 1999.

FINANCIAL RESULTS :

	This Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
THE NET PROFIT IS :		3,53,47,715		3,64,41,893
After providing for				
i) Depreciation	:	1,26,13,475		1,20,78,928
ii) Taxation for the year	:	3,50,00,000		2,56,50,000
iii) Taxation of earlier years	:	1,83,00,000		Nil
Add : i) Balance Brought Forward from last year	:	5,32,10,363		4,62,96,834
ii) Transfer from Reserve for Doubtful Debts	:	12,12,853		Nil
Surplus available for allocation	:	8,97,70,931		8,27,38,727
ALLOCATION :				
Investment Reserve	:	4,00,000		1,49,000
Proposed Dividend	:	89,14,271		85,26,694
Tax on proposed Dividend	:	9,80,570		8,52,670
General Reserve	:	2,00,00,000		2,00,00,000
Surplus Carried to Balance Sheet	:	5,94,76,090		5,32,10,363
TOTAL	:	8,97,70,931		8,27,38,727

DIVIDEND :

In the light of the improved performance of the Company, this year also your Directors are pleased to recommend to the Members a higher Dividend of 23% as compared to 22% paid for the previous year on the Equity Shares of the Company.

DEBENTURES :

- 50,000, 13.5% Convertible Debentures of the original aggregate value of Rs. 1.00 Crore and
- 2,00,000, 14% Non-Convertible privately placed Debentures of the original aggregate value of Rs. 2.00 Crores.

During the year, the Company has fully redeemed both the above mentioned Debenture series on their respective due dates. Thus, as on 31st March, 1999 there are no outstanding debentures of the Company.

FACTORIES/PROJECTS :

During the period under report the Company has closed its works at Bhopal, Hospet and Kakkad and has established a new project site at Nathpa Jhakri in Himachal Pradesh. Thus, the total number of factories/project establishments as at the end of the period under report was 38.

HIGHLIGHTS OF WORKING :

Following are the Highlights of working of your Company during the period under report :

(A) WATER SUPPLY AND SEWERAGE PROJECTS :

Your Company **Successfully Completed** number of PSC and M. S. Pipeline works, the prominent amongst them are -

- For various Schemes in Andhra Pradesh of the total value of about Rs. 23.23 Crores.

THE INDIAN HUME PIPE COMPANY LIMITED**Directors' Report**

- ii) For various water supply and sewerage/drainage schemes in Tamil Nadu of the total value of about Rs. 21.34 Crores.
- iii) For various Water Supply and Sewerage Schemes in Maharashtra and Gujarat of the total value of about Rs. 5.80 Crores.
- iv) For Koppal Water Supply Scheme in Karnataka of the value of about Rs. 3.00 Crores.

Company's many Pipeline Projects are **Progressing Well and/or Nearing Completion**, Noteworthy amongst them are -

- i) Urmodi Lift Irrigation Scheme at Satara for Maharashtra Krishna Valley Development Corporation of the value of about Rs. 20.73 Crores.
- ii) Kota Water Supply Scheme of Public Health Engineering Department, Kota of the value of about Rs. 9.05 Crores.
- iii) Supply of PSC and MS Pipes to M/s. Malvika Steel Ltd., Jagdishpur, against their pending order of the value of Rs. 8.09 Crores. Payments for the supplied items is being made by I.F.C.I. Ltd. on behalf of M/s. Malvika Steel Ltd.
- iv) Water Supply to Combined Cycle Power Plant Project at Bidadi, of M/s. Bidadi Power Corporation Ltd., Bangalore of the value about Rs. 5.43 Crores.
- v) Krishnoor Growth Centre Water Supply Scheme of MIDC, Nanded of the value of about Rs. 3.68 Crores.

Some of the **New Orders** secured by your Company during the period under report are -

- i) For PSC Pipes including construction of reservoirs, pump houses, quarters, electrical works etc. on turnkey basis for Combined Water Supply to Thuraiyur for TWAD Board, Trichy-Pudukottai Circle, Trichy valued at Rs. 21.80 Crores.
- ii) For PSC Pipes for Water Supply Schemes of Maharashtra Jeevan Pradhikaran, Ahmednagar Division totally valued at Rs. 15.41 Crores.
- iii) For M.S. Pipes for Ashti Lift Irrigation Scheme of Maharashtra Krishna Valley Development Corporation, Pandharpur Division valued at Rs. 14.80 Crores.
- iv) For PSC Pipes for Panchayat Raj RWS Project, Nizamabad valued at Rs. 7.58 Crores.
- v) For PSC Pipes for Nanguneri Water Supply Scheme of TWAD Board, Madurai valued at Rs. 7.36 Crores.
- vi) For PSC Pipeline for Vellakoil-II Water Supply Scheme of TWAD Board, Coimbatore valued at Rs. 5.74 Crores.
- vii) For PSC Pipes for Santhakulam Combined Water Supply Scheme of TWAD Board, Madurai valued at Rs. 5.03 Crores.

(b) POWER PROJECTS :

- (i) The work of fabrication and erection of Penstocks for Koyna Hydro Electric Project Stage-IV is already completed and the same is awaiting commissioning. The Company has done additional fabrication and erection of Lattice Stiffeners, "N" Girders and Anchors valued at Rs. 5.33 Crores for Head Race Tunnel and Surge Shaft.
- (ii) The fabrication of Penstock for Tata Electric Companies' 24 K.W. Hydro Power Plant at Bhivpuri as per order received from M/s. Larsen & Toubro Ltd. (E.C.C. Construction Group) of the total value of Rs. 5.42 Crores is completed.
- (iii) The work of erection of Steel Liners in Pressure Shafts Line No.6 for Narmada Project has been completed except the grout plug welding and painting work which is in progress. This is also expected to be over by end of September, 1999.
- (iv) The work as per order of the value of Rs. 13.12 Crores for Fabrication and Erection of Penstocks for the Nathpa Jhakri Power Project in Himachal Pradesh from Nathpa Jhakri Joint Venture (NJJV) was progressing well upto February 1999, but the work is stopped due to the labour unrest with NJJV. The matter is expected to get resolved shortly.

(c) RAILWAY SLEEPERS :

The Company has received an Order for 1,88,000 PSC Sleepers from Central Railway of the value of about Rs. 9.47 Crores. During the year, the Company has completed the supply of balance quantity of PSC Sleepers under the earlier order.

Directors' Report**(d) BAR WRAPPED STEEL CYLINDER PIPES (BW/SC PIPES) :**

The Company's newly introduced Bar Wrapped Steel Cylinder Pipes (BW/SC Pipes) have slowly started getting recognition it deserves. Since its introduction last year, the Company has secured Order of the total value of about Rs. 6.33 Crores. These Pipes are being manufactured at Company's factories at Vadgaon and Pattancharu. Orders worth Rs. 2.48 Crores have already been executed as on date of this report.

INDUSTRIAL RELATIONS :

By and large, the Industrial relations remained peaceful and cordial during the period under report.

INCOME TAX :

The Income-tax assessments of your Company have been completed till the Financial Year ended 31st March, 1996. Company's appeals against assessment orders for the Financial years ended 31st March, 1985 to 31st March, 1996 are pending with the Appellate Authorities. The amount involved in appeal is Rs. 239.09 Lakhs.

The Company had taken on lease certain assets from M/s. ICICI Ltd. It also had done sale and lease back of certain assets with other leasing companies. From Assessment Year 1994-95, the Income Tax Department has disallowed part amounts of lease rents paid treating this lease arrangement as financial arrangement. The Company has gone in appeals against such disallowance for each year. However, as advised by Tax Consultant, the Company has made Taxation provision for earlier years of Rs. 183.00 lakhs for these disallowed part of lease rents and some other disallowances.

FIXED DEPOSITS :

Fixed Deposits of the total amount of Rs. 5,00,000 from 76 Depositors, which became due for repayment on or before 31st March, 1999 were not claimed by the Depositors as on that date. Out of the same, deposits of Rs. 1,80,000 from 19 Depositors have been either repaid or renewed till the date of this report.

STATUS ON Y2K PREPAREDNESS :

Most of the Company's Hardware/Software systems are Y2K compliant. Therefore, the risk and cost to the Company due to the year 2000 bug is considered negligible. In view of this, no contingency plans are made.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information 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 relating to foregoing matters, wherever applicable, is given by way of an Annexure and forms part of this report.

(a) Conservation of Energy :

Effective control measures/systems to conserve energy are already in force at our establishments. Consciousness of energy conservation is also cultivated among the employees to optimise the use of Electricity/Fuel, etc.

(b) Technology Absorption, Adaptation and Innovation :

The required information in the prescribed FORM-B under the Companies Act, 1956 in respect of technology absorption is given in the Annexure forming part of this report.

(c) Foreign Exchange Earnings and Outgo :

The required information in respect of foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the Financial Year ended 31st March, 1999.

DIRECTORS :

Your Directors deeply regret to inform you the sudden and sad demise of Shri Bahubali Gulabchand, Chairman Emeritus, on the 18th of December, 1998 at the age of 75. The Board places on record with gratitude its appreciation of the invaluable services and guidance rendered by him to the Company during his more than 50 Years long association with the Company in various capacities, first as a Director from 20th May, 1948 to 31st December, 1969, as Managing Director from 1st January, 1970, as Vice-Chairman & Managing Director from 23rd September, 1974 and then as the Chairman and Managing Director from 22nd August, 1977 to 13th April, 1994 and thereafter as Chairman Emeritus till his untimely demise. With his business acumen and administrative ability, late Shri Bahubali Gulabchand had contributed immensely to the manifold development and growth of the Company's business.

THE INDIAN HUME PIPE COMPANY LIMITED**Directors' Report**

Shri G. Krishnamurthy who was a Director on the Board of Directors of the Company since 27th April, 1992 resigned from the Board on 17th August, 1998. The Board wishes to place on record its appreciation of the valued advice and guidance given by Shri Krishnamurthy during his association with the Company.

Shri N. Balakrishnan has been appointed by the Board on 28th October, 1998 as additional Director of the Company. Being eligible he offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company Shri Rajendra M. Gandhi and Shri Rameshwar D. Sarda Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and under Section 217(1)(e) of the said Act read with the Companies (Disclosures of particulars in the Report of the Board of Directors) Rule 1988 forms part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to the Shareholders excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

APPOINTMENT OF COST AUDITORS :

The Company has appointed Shri V. V. Deodhar, Cost Auditor, to do the Cost Audit in respect of one of the Company's products, viz. Steel Pipes and Specials for the Financial Year ending 31st March, 2000 and necessary approval for the same has also been received from the Central Government.

AUDITORS :

You are requested to appoint Auditors for the current year and fix their remuneration.

Wishing you all good health, wealth and prosperity,

For and on behalf of the Board of Directors,

RAJAS R. DOSHI

Chairman and Managing Director

Registered Office :

Construction House,
5, Walchand Hirachand Marg,
Ballard Estate,
Mumbai 400 001

Dated : 19th July, 1999