

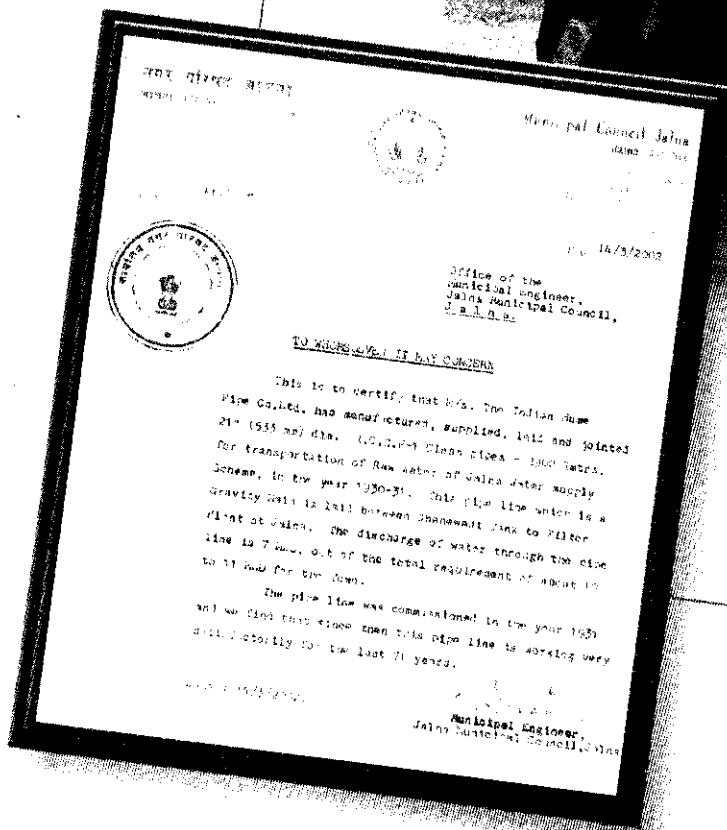
# *Annual Report 2001 - 2002*

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## Indian Hume Pipe



1800 mm dia BWSC co  
circulation pipeline at  
combined cycle power  
M/s BSES Ltd. near K  
Andhra Pradesh.



The Company's first project of supplying, laying & jointing RCC-P-1 class pipes for Jalna water supply scheme was commissioned in the year 1931 and even after 71 years, this pipeline is working satisfactorily.



## THE INDIAN HUME PIPE COMPANY LIMITED

### Board of Directors

Mr. Rajas R. Doshi..... *Chairman & Managing Director*  
 Mr. R. S. Shastri (*Upto 24-10-2001*)  
 Mr. Ajit Gulabchand  
 Ms. Jyoti R. Doshi  
 Mr. Rajendra M. Gandhi  
 Mr. Rameshwar D. Sarda  
 Mr. N. Balakrishnan  
 Ms. Anima B. Kapadia  
 Mr. Vijay Kumar Jatia (*From 25-10-2001*)

### Company Secretary

Mr. Narendra R. Jain

### Executives

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

### Auditors

M/s K. S. Aiyar & Co., Chartered Accountants,  
 Janmabhoomi Bhavan, 4th floor,  
 24/26 Janmabhoomi Marg, Fort, Mumbai - 400 001.

### Solicitors & Advocates

M/s Daphtary Ferreira & Divan, Mumbai  
 M/s Kanga & Company, Mumbai

### Bankers

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

### Registered Office

Construction House, 2nd floor,  
 5, Walchand Hirachand Marg,  
 Ballard Estate, Mumbai 400 001  
 Telephone Nos. 2618091/2618092  
 Fax: 2656863  
 email: info@indianhumepipe.com  
 Website: www.indianhumepipe.com

### Annual General Meeting

On Monday, the 19th August, 2002 at 4-00 P.M.  
 At Walchand Hirachand Hall, Indian Merchants  
 Chamber Building, Churchgate, Mumbai 400020



## NOTICE

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

Day	:	Monday
Date	:	19th August, 2002
Time	:	4 - 00 P. M.
Place	:	Walchand Hirachand Hall, Indian Merchants Chamber Building, 4th floor, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020.

To transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2002, 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 Dividend on Equity Shares for the year ended 31st March, 2002.
3. To appoint a Director in place of Mr. Rameshwar D. Sarda, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. N. Balakrishnan, 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(s), the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any of the Companies Act, 1956 M/s. K. S. Aiyar & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as 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 2002-2003 on a remuneration of Rs. 1,00,000/- (Rupees One Lacs 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, M/s. K. S. Aiyar & Co., Chartered Accountants in respect of branches of the Company to be audited by them for the Financial Year 2002-2003 as required by Section 228 of the Companies Act, 1956."

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following:  
"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of the Association of the Company be and are hereby added, altered and deleted as enumerated below:  
A. Following clause (a) be and is hereby added to the existing Article 66(1):  
"Clause (a) of Articles 66(1):  
Notwithstanding anything contained in this Articles of Association, the Company may purchase/buy-back its own shares or other specified securities upon such terms and conditions and in accordance with the provisions of Sections 77A, 77AA and 77B and other applicable provisions of the Act, as amended from time to time and other allied legislations, including rules, guidelines, regulations and bye-laws or any statutory modifications or re-enactments thereof."  
B. Existing Article 113 be modified as under:  
"Add the following words after the words 'Article 116'  
or through postal ballot as provided under section 192 A of the Act, other legislations, including rules, guidelines, regulations and bye-laws or any statutory modifications or re-enactments thereof."  
C. Article 137 be deleted.  
"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and it is hereby authorised to do all act, deeds, matters and things that may arise in relation thereto, as the Board in its absolute discretion may think fit and its decision shall be binding on all members and other interested persons."
7. To consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution, upon the Special Resolution amending the Company's Articles of Association in terms of item No.6 above being passed:  
"RESOLVED that subject and pursuant to article 66(1) (a) of the Articles of Association of the Company and subject to and in accordance with sections 77A, 77AA and 77B and all other applicable provisions of the Companies Act 1956 (hereinafter referred to as "the Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations 1998 (hereinafter referred to as the "Buy-back Regulations" including any statutory modifications or re-enactment thereof for the time being in force) and subject to all other necessary approvals, sanctions, or permissions as may be required from Government or other relevant authorities and subject to such conditions, stipulations or modifications as may be prescribed or imposed by such authorities while granting such approvals, sanctions or permissions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any persons or committee to whom the Board may delegate authority to exercise the aforesaid powers) the company hereby accords its consent for the buy-back of upto 96,894 Equity Shares representing 25% of the Company's Fully Paid up Equity Share Capital of the face value of Rs.100/- each (hereinafter referred to as the "Buy-back") through the Tender method, on a date to be specified by the Board, out of the free reserves of the Company, at a maximum price not exceeding Rs700/- (Rupees Seven Hundred) per share amounting to an aggregate amount not exceeding Rs.678.26 Lacs and on such other terms and conditions as the Board at its absolute discretion may deem fit.  
RESOLVED FURTHER that the Board be and it is hereby authorised to finalise the specific price for Buy-back within the maximum price not exceeding Rs. 700/- (Rupees Seven Hundred) per share, the maximum number of shares to be bought back not exceeding 96,894 Shares and the total amount to be utilised towards the Buy-back shall be within a total aggregate amount of Rs. 678.26 Lacs.





## NOTICE

RESOLVED FURTHER that nothing contained hereinabove shall confer any right on any shareholder to offer or confer any obligations on the Company or the Board to Buy-back any shares and / or impair any other right or power that the Company or the Board may have to terminate any process relating to Buy-back, if so permissible by Law.

RESOLVED FURTHER that the Buy-back of shares from non resident shareholders shall be subject to such approvals as may be required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper including the appointment of merchant bankers, brokers, solicitors, registrars, advertisement agencies, compliance officer, investor service centers and other advisors, consultants or representatives; applications to the appropriate authorities for their approvals; all action that may be necessary for the preparation and issue of the public announcement, filing of public announcement with the Securities and Exchange Board of India and concerned stock exchanges, the filling of the declaration of solvency, filling of certificate for extinguishment and physical destruction of share certificates relating to the shares that are bought back, all other documents required to be filed in connection with the Buy-back and to settle any questions or difficulties which may arise in relation to the Buy-back and to do all other acts or things including taking any steps and making decisions that may be necessary or incidental to the implementation of the Buy-back.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the aforesaid powers to any committee of the Board or to any other person(s) as may be deemed fit by the Board."

8. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution :-  
"RESOLVED that Mr. Vijay Kumar Jatia, who was appointed as an Additional Director by the Board of Directors of the Company under Section 260 of the Companies Act, 1956 and who hold such office up to the date of this Annual General Meeting and in respect of whom notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received by the Company from some members signifying their intention to propose his name for the office of Director, be and is hereby appointed as Director of the Company."
9. To consider and if thought fit, to pass, with or without modification(s), 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 2002-2003, 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 : 28th June, 2002.

### NOTES:-

- (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item Nos. 6 to 9 above 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/HERSELF 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 Monday, 12th August 2002 to Friday, 16th August, 2002 (both days inclusive).
- (d) The Dividend, if sanctioned, will be payable to those Members, whose names appear on Company's Register of Members as on 12th August, 2002. Members who are likely to receive dividend of more than Rs.1,000/- and who estimate that their total income during the financial year ending on 31st March, 2003 is likely to be less than the minimum amount liable to Income-Tax, may file the Tax Exemption Certificate under Section 197A of the Income Tax Act, 1961 or declaration in form 15G in duplicate at the Registered Office of the Company on or before 12th August, 2002 to receive the dividend payment without deduction of tax at source.
- (e) The Members are requested to forward particulars of their respective bank account numbers with full name of the bank, account number and nature of account to Company's Registered office which would enable the Company to print on the dividend warrants the details of bank accounts of the shareholders. This would help to avoid fraudulent encashment of dividend warrants.
- (f) As required under the listing Agreement, a brief write up is reproduced below in respect of the two Directors whose re-appointment is placed before this Annual General Meeting.
  - i) Mr. Rameshwar D. Sarda, aged 48 years, is associated with the Company since 1996. He has wide experience of doing various business activities like Real Estate, hospitality, Travel & publication of News papers etc.
  - ii) Mr. N. Balakrishnan, aged 64 years, is associated with the Company since 1998. He has retired from Life Insurance Corporation of India (LIC) after serving as an Executive Director. Presently, he is a Director of two Public Limited Companies i.e. Bharat Bijlee Ltd., Mumbai and Vijayeshwari Textiles Ltd., Coimbatore.
- (g) In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred the unclaimed Dividend up to the Financial Year ended 31st March, 1994, to the General Revenue Account of the Central Government.



## NOTICE

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.

- (h) 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 fixed deposits held by them. Nomination forms can be obtained from the Secretarial Department of the Company.
- (i) Members are requested to notify immediately change in their Address, if any to the Registered Office of the Company.
- (j) Members are requested to bring the copies of the Annual Report at the time of attending the Annual General Meeting.
- (k) 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.

## EXPLANATORY STATEMENTS

As required by Section 173 of the Companies Act, 1956

### ITEM NO. 6

- A) Section 77A of the Companies Act, 1956 requires a Company to be authorised by its Articles of Association before it can purchase its own shares. Since the existing Articles of Association of the Company do not contain such an Article it is proposed that in order to enable the Company to buyback its shares the Articles of Association of the Company be altered by inserting article 66(1)(a) which will enable the Company to purchase / buy-back its Equity shares.
- B) The Article 113 is proposed to be modified in view of the amended section 192A of the Companies Act, 1956 relating to voting by postal ballot.
- C) The Article requiring the Directors to hold qualification shares is proposed to be deleted.

The Board of Directors of the Company recommend this resolution.

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

### ITEM NO. 7

In terms of Section 77A of the Companies Act 1956, the Company is permitted to buy-back its shares upto 25% of its total Paid up Share Capital and Free Reserves subject to the approval of shareholders by way of a Special Resolution.

The Board of Directors of the Company at their meeting held on 28th June, 2002 have approved the buy-back of fully paid up equity shares of the Company subject to obtaining shareholder's approval at the maximum price not exceeding Rs.700/- per share and the maximum numbers of shares to be bought back not exceeding 96,894 shares on a maximum outlay of Rs.678.26 Lacs for the Buy-back.

The Board of Directors of the Company proposes the Buy-back of its shares as it believes that it is in a position to return upto Rs. 678.26 Lacs of cash to its shareholders. It also believes that the Company's shares are undervalued in the market. In the Board's view the buy-back would in addition to providing an additional exit route to shareholders who desire to sell their shares, enhance the value of the shares thereby benefiting the shareholders who continue to hold shares of the Company. The proposed buy-back will also add to the shareholders value by reducing the cost of servicing the Company's capital in future. The proposed Buy-back is therefore in the best interest of the Company and its shareholders.

The method to be adopted for the buy-back shall be through the Tender method.

The shares proposed to be bought back are equity shares of the Company having a face value of Rs. 100/- each and the price per share will not exceed Rs.700/- per share and the maximum number of shares proposed to be bought back is 96894 shares.

A maximum amount of Rs.678.26 Lacs has been earmarked by the Directors for the buy-back, which will be made available from the surplus funds of the Company arising out of current profit/internal accruals/sale of underutilised assets/operating cash inflows of the Company. The Board is proposed to be authorised to determine subsequently, the specific price at which the buy-back will be made and the number of shares to be bought back. The buy-back price per share and the number of shares to be bought back will be arrived at, after taking into consideration the book value of shares, their market value and any other possible increase in earning per share after the buy-back and such other factors.

The Board of Directors hereby confirm that there are no defaults subsisting in repayment of fixed deposits or repayment of term loans to any financial institutions or banks. Since the Company has not issued any preference shares or debentures the question of default on their redemption does not arise.

Given below are the details of the Promoters' shareholding :

- a) The aggregate shareholding of the Promoters and of the Directors of the Promoters, where the promoter is a Company and of the persons who are in control of the Company as on the date hereof is 2,06,347 equity shares constituting 53.24% of the Paid up Share Capital. The post buy-back aggregate shareholding of the promoters (after the proposed buy-back assuming full acceptance in the buy-back) shall constitute about 70.99% of the Paid up Share Capital.
- b) During a period of six months preceding the date of the Board Meeting i.e. 28th June, 2002 no purchase or sale of the Equity Shares of the Company was made by the promoters and the persons mentioned in (a) above.

The Promoters, its Directors and their relatives may tender their shares under the buy-back upto a maximum of 14,742 shares.

The Board of Directors of the Company also confirm that it has made full inquiry into the affairs and the prospects of the Company and have formed the opinion :

- a) that immediately following the date of passing of this Special Resolution, there will be no grounds on which the Company could be found unable to pay its debts.
- b) as regards the Company's prospects for the year immediately following the date of passing of Special Resolution, having regard to their intentions with respect to the management of the Company's business during such year and to the amount and character of the financial resources which will, in their view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date, and



## EXPLANATORY STATEMENT

c) In forming the above opinion for the above purposes, the Directors have taken into account the liabilities of the Company, as if the Company was being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities.) The text of the Report dated 28th June, 2002 received from M/s. K. S. Aiyar & Company, the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below :

"In connection with the proposal of The Indian Hume Pipe Company Limited, (the Company) to buyback its equity shares in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities Exchange Board of India (Buyback of Securities) Regulations 1998, based on representations made by the Company and on the basis of information and explanation given to us which to the best of our knowledge and belief were under the circumstances considered necessary, we confirm as under :-

- (i) We have inquired into the Company's state of affairs;
- (ii) The amount of Rs.678.26 Lacs being the permissible amount towards capital payment for the securities in question is in our view properly determined in accordance with the Section 77A(2) of the Companies Act, 1956 (i.e. within 25% of paid up share capital and free reserves of the Company as per the latest Audited Balance Sheet of the Company i.e. as at 31st March, 2002); and
- (iii) The Board of Directors in its Meeting held on 28th June, 2002, have formed the opinion as specified in Clause (x) of schedule I to Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, based on the financial position as of 31/3/2002 and on the basis of projections placed before them, which is found to be reasonable, and that the Company will not, having regard to its state of affairs, be rendered insolvent, within a period of one year from the date of passing of this Special Resolution."

The buy-back will be completed within 12 months from the date of the passing of the Special Resolution herein and in accordance with the limits specified by the SEBI regulations for taking various steps under the buy-back method.

The proposed resolution seeks to authorise the Board of Directors to determine the actual price, the timing and the number of shares to be bought back within the limits specified above.

All the material documents referred to in the explanatory statement such as the Memorandum and Articles of Association of the Company, the relevant Board Resolutions relating to the Buy-back of shares, the Auditors Report dated 28th June, 2002 and the Audited Accounts of the Company for the financial year ended 31st March, 2002 are available for inspection by any Member of the Company at the Registered office of the Company at Construction House, 2nd Floor, Walchand Hirachand Marg, Ballard Estate Mumbai - 400 001 on any working day between 11.00 a.m. and 1 p.m. till the date of the Annual General Meeting i.e. 19th August, 2002 (2nd & 4th Saturday are holidays for the Company).

Although this item is included as a part of the agenda of this meeting it is mandatory for all the listed companies to pass resolutions relating to section 77A of the Act by way of postal ballot pursuant to Section 192A of the Act read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Accordingly the Company has already sent to the shareholders the Postal Ballot form. Your Board of Directors have appointed Mr. Mukund G. Ranade, Practising Chartered Accountant and former Director- Corporate Affairs & Company Secretary, M/s. Skanska Cementation India Ltd. (formerly Cemendia Company Ltd.) as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The result of the Ballot will be declared by the Chairman at the Seventy Sixth Annual General Meeting convened on 19th August, 2002 and the date of passing of the resolution will be the date of the said Annual General Meeting or any adjournment thereof.

The Board of Directors of your Company recommend the passing of this resolution.

None of the Directors is in any way interested or concerned in this resolution except to the extent of their shareholding in the Company.

**ITEM NO. 8 :**

The Board of Directors of the Company at their meeting held on 25th October, 2001 appointed Mr. Vijay Kumar Jatia as a Additional Director of the Company under Article 135 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and pursuant to that he holds office up to the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956 notices have been received from some members along with deposit of Rs. 500/- each signifying their intention to propose his appointment as director of the Company. Mr. Vijay Kumar Jatia has filed with the Company his consent under the provision of Section 264 (1) of the Companies Act, 1956 to act as director of the Company, if appointed. Mr. Vijay Kumar Jatia is an Industrialist and is the Chairman & Managing Director of The Modern Mills Limited and is on the Board of Directors of quite a few Companies.

The Board of Directors of your Company recommend the passing of this resolution.

Except Mr. Vijay Kumar Jatia no other Director of the Company is concerned or interested in this resolution.

**ITEM NO.9 :**

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.

The Board of Directors of your Company recommend the passing of this resolution.

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 : 28th June, 2002.





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE & DEVELOPMENT:

We all know that water is a prime natural resource and a basic human need for survival and existence. In view of the vital importance of water for human & animal life, for maintaining ecological balance and for economic and developmental activities of all kinds and considering its increasing scarcity, the planning and management of this resource and its optimal economical and equitable use has become a matter of national importance.

In India your Company is a dominant player in taking up works related to water supply schemes, providing & laying of pipes and other related civil works. There are only a few Companies like us who are operating in the organised sector. Majority of players are dominated by unregulated small scale industries and contractors who sometimes do not adhere to quality of products they produce or the work which they execute. Your Company is one of the oldest cement concrete & steel pipe manufacturing Company in the country and manufacturers wide range of water supply related products like Prestressed Concrete pipes, Steel pipes, Bar Wrapped Steel Cylinder pipes, Hume pipes which are used in water supply and sanitation projects, Penstock pipes are used for Hydro Electric Projects. Since last couple of years the Company has changed its working style from pure manufacturing activities to doing complete Turnkey water supply Projects involving Supplying, Laying & Jointing of pipes, construction of Head works like Jack Well & Intake Well, Water Treatment plants construction and installation of pump house & pumping machinery.

### 2. OPPORTUNITIES AND THREAT:

The population of the country which is over a 102 Crores at present, is expected to reach a level of around 139 Crores by year 2025 (Source :- National Water Policy 2002 ) which will further aggravate the scarcity of water to the people of India. Thus there is a vast scope for improvement in Infrastructural developmental activities in water supply and sanitation segment leading to good scope for Company's manufacturing & contracting activities in this field.

Growth of population and the expansion of economic activities inevitably lead to increasing demands for water for diverse purpose, domestic, industrial, agricultural, hydro-power, thermal power, navigation, recreation, etc. Domestic and Industrial water needs have been largely concentrated in or around major cities, however the demand in rural areas is expected to increase sharply as the development programmes of State Governments improve the economic conditions of the rural masses. Demand for water for hydro and thermal power generation and for other industrial uses is also increasing substantially. As a result water which is already scarce will become even scarcer in future. This underscores the need for the utmost efficiency in water utilisation and its distribution. Hence there is a good scope for water supply projects coming up in near future and this augurs well for your Company.

Due to continued protection by the Government to the small scale manufacturers who form part of unorganised sector and many of whom are not quality conscious and also due to the subsidy in excise and sales tax benefits which they enjoy, they are considered as major threat/competition to your Company.

### 3. SEGMENT-WISE ACTIVITY:

The Company has been in the field of water industry for last more than 75 years. The Company's presence is there in almost all water supply related activities, viz. Urban & Rural Water Supply, Penstock for Hydro Power Generation, Tunnel Lining, Large diameter Irrigation pipelines, Head Works including pumping & machinery, Treatment Plants, Overhead Tanks, other Allied Civil Construction. The Company also supplies concrete Railway sleepers to Indian Railways. The segment wise report is as under :

#### (A) Water Supply and Sewerage Projects:

(i) Some prominent Pipeline Project works **Successfully Completed** by your Company during the year are -

1. Combined Water Supply Scheme to Thuraiyur near Trichy of Tamilnadu Water And Drainage Board (TWAD) of the value of Rs.21.18 Crores.
2. Ashti Lift Irrigation Scheme of Maharashtra Krishna Valley Development Corporation, Ujjain Canal Division No.7, Pandharpur of the value of Rs.14.80 Crores.
3. Combined Cycle Power Plant Project of Karnataka Power Corporation Ltd. for Water Supply Scheme, Bidadi of the total value of Rs.6.80 Crores.
4. Combined Water Supply Scheme to Avaniyapuram for TWAD Board, Tamilnadu of the value of Rs.6.44 Crores.
5. Water Supply Schemes for TWAD Board at Nanguneri of the total value of Rs. 6.34 Crores.
6. A time bound order for Water Supply Pipeline from Singapur to Lingampally Slice IV, at Hyderabad for Hyderabad Metropolitan Water Supply Sewerage Board (HMWSS) of the value of Rs.5.66 Crores.





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

7. A time bound order for Water Supply Pipeline from Singapur to Lingampally Slice II, at Pattancheru for HMWSS Board of the value of Rs. 5.36 Crores.
  8. Tiruttrani, Kollidam and Namathode Water Supply Schemes for which orders were received from M/s. Larsen & Toubro Ltd., Thanjavur of the value of Rs. 4.98 Crores.
  9. Nagercoil Water Supply Scheme of TWAD Board of the value of Rs. 3.47 Crores.
  10. For Magadi Water Supply Scheme, Karnataka of the total value of Rs. 1.16 Crores.
- (ii) Company's work on many Pipeline Projects are **Progressing Well and/or Nearing Completion** and the noteworthy amongst them are -
1. Combined Water Supply Scheme to Andimadam for TWAD Board, Trichy of the value of Rs. 24.72 Crores.
  2. Augmentation to Ambejogai Water Supply Scheme ( Manjara Dam Source ) of Maharashtra Jeevan Pradhikaran Works Division, Ambejogai of the value of Rs. 17.00 Crores.
  3. Junia-Borada Water Supply Scheme for Public Health Engineering Department (PHED), Ajmer valued at Rs. 12.27 Crores.
  4. Ningaon Water Supply Scheme of Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs. 10.66 Crores.
  5. Rishivandiyam Water Supply Scheme for M/s. Larsen & Toubro Ltd., Thanjavur of the value of Rs. 6.30 Crores.
  6. Permanent Water Supply Scheme to Nardana Central Growth Centre of MIDC, Dhule of the value of Rs. 4.98 Crores.
  7. Augmentation to Deolali Water Supply Scheme of Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs. 4.75 Crores.
  8. Ariyalur Water Supply Scheme for TWAD Board, Thanjavur of the value of Rs. 4.67 Crores.
  9. Theni-Alinagaram Water Supply Improvement Scheme from TWAD Board, Silaiman of the value of Rs. 3.95 Crores.
  10. Avinashi Water Supply Scheme for M/s. Larsen & Toubro Ltd., Thanjavur of the value of Rs. 2.32 Crores.
- (iii) Some of the **New Orders secured** by your Company during the year are -
1. Churu-Bissau Water Supply Project from PHED, Jaipur, Govt. of Rajasthan of the value of Rs. 26.13 Crores.
  2. Shenkottai Combined Water Supply Scheme, Tirunelveli-I, Tamilnadu of the value of Rs. 15.61 Crores.
  3. Water Supply Schemes to Sriperumbudur from TWAD Board, Northern Region, Coimbatore, Tamilnadu of the value of about Rs. 13.27 Crores.
  4. Combined Water Supply Scheme to Panagudi from TWAD Board, Tamilnadu of the value of Rs. 13.18 Crores.
  5. Water Supply to Fluoride Control Project for Ajmer District from PHED, Govt. of Rajasthan of the value of about Rs. 12.28 Crores.
  6. Water Supply Improvement Scheme to Thiruvellore Municipality from TWAD Board, Thanjavur of the value of Rs. 8.29 Crores.
  7. For Purandar Lift Irrigation Scheme of Maharashtra Krishna Valley Development Corporation from M/s. IVRCL Infrastructures & Projects Ltd., of the value of Rs. 7.29 Crores.
  8. Comprehensive Protective Water Supply to Pattancheru from Panchyat Raj Dept., Govt. of Andhra Pradesh of the value of Rs. 6.63 Crores.
  9. Sagar Water Supply Scheme, Sagar, Madhya Pradesh of the value of Rs. 4.38 Crores.
  10. Water Supply Scheme to Habsiguda Sewer Main Slice-III from HMWSS Board, Andhra Pradesh of the value of Rs. 2.90 Crores.
  11. Water Supply Scheme to Habsiguda Sewer Main Slice-II from HMWSS Board, Andhra Pradesh of the value of Rs. 2.11 Crores.



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### (B) Power Projects:

The work of fabrication and erection of Penstocks for Nathpa Jhakri Power Project in Himachal Pradesh from Nathpa Jhakri Joint Venture (NJJV), of the value of Rs.15.30 Crores inclusive of escalation has already been completed.

We have secured an order for Almatti Dam Power Project for supply, fabrication and erection of Penstock Pipes of the value of Rs.5.54 Crores.

### (C) Railway Sleepers:

We have completed the manufacture of 1,88,000 Nos. of PSC sleepers for Central Railway against their contract No. C.S.120.

We have also secured an order for the manufacture of 96,000 Nos. sleepers against contract No.W.188. of the value of Rs.5.20 Crores from the Railway Board.

### (D) Bar Wrapped Steel Cylinder Pipes (BWSC Pipes):

Bar Wrapped Steel Cylinder Pipes (BWSC Pipes), being the new product, is now gathering momentum. Maharashtra Jeevan Pradhikaran and Maharashtra Industrial Development Corporation (MIDC) have incorporated BWSC pipes in their DSR as one of the approved pipes for their water supply/drainage Scheme. The total orders secured during the year by the Company for these pipes are of the value of Rs.1.30.

### 4. Outlook:

Water supply has always been a very important infrastructure activity for any populous location. For urban & rural water supply projects the main customers have always been Public Health Engineering Department of various State Government, Corporations, Municipalities, Water & Sewerage Boards, etc., of the states. There is huge potential for water supply, sewage disposal, head works, treatment plants, etc. In urban areas more than 40% of the population do not have access to drinking water while in rural area more than 60-65% of the population do not have access to drinking water. In view of this there is good business potential in this segment and for the products of your Company.

### 5. Risks & Concerns:

The Company's activities and prospects largely depend on the implementation of various water supply related projects undertaken by various Government Agencies. Company is doing the business with various State Governments and it depends upon their policy on allocation of funds as well as their ability to raise funds to undertake such water supply projects amongst various infrastructure related projects being implemented by them. Further political stability at the Government level also affects their decision on various projects. Adverse changes and lack of funds delays the works resulting in higher cost and can also affect the business prospects of the Industry and the Company.

Another concern is undue advantage which the small scale sector enjoys in relation to Central Excise duty concessions resulting in unfair advantage to many of your Company's competitors.

### 6. Internal Control Systems:

The Company has adequate internal control procedures commensurate with its size and nature of business, that ensures control over various functions of the organisation. The internal control system provides for guidelines, authorisation and approval procedures. The internal audit reports, post audit reviews are carried out to ensure compliance with Company's policies and procedures.

### 7. Financial Performance with respect to Operational Performance:

For the year ended 31<sup>st</sup> March 2002, the Company has achieved an adjusted turnover of Rs.11520.83 Lacs as compared to last year's turnover of Rs.10835.22 Lacs and an increase in profit-before-tax of Rs.1402.02 Lacs as against last year's figure of Rs. 916.70 Lacs.

Looking to order position in hand, the Company is expected to keep up this performance during 2002-03 barring unprecedented events.

### 8. Material Developments in Human Resources/Industrial Relations Front:

There are more than 1300 people working for us at various plants, sites and corporate office. The Company arranges training programmes, workshops, etc. to help them to improve their skills. In all the company's factories & sites, priority is given to the safety aspects of the staff and workers. During the year, the industrial relations with the workmen at various units of the Company was by and large peaceful & cordial.