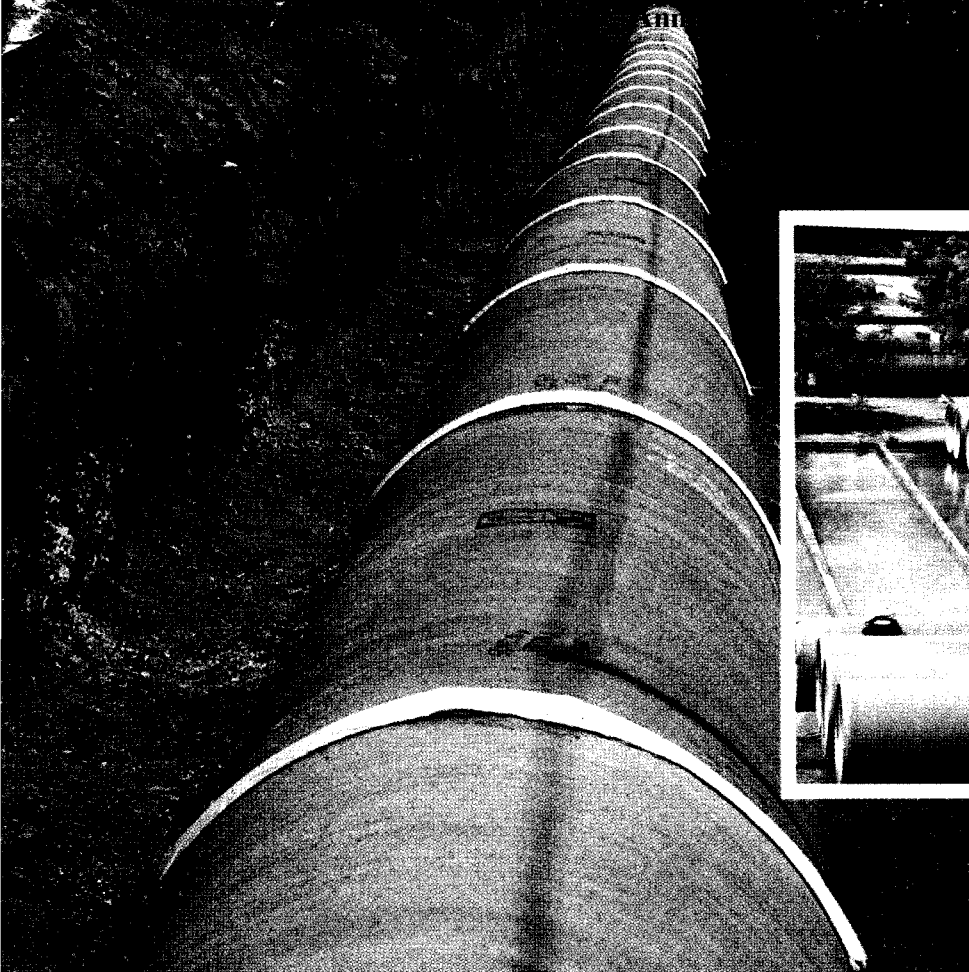




The Indian Hume Pipe Co. Ltd.

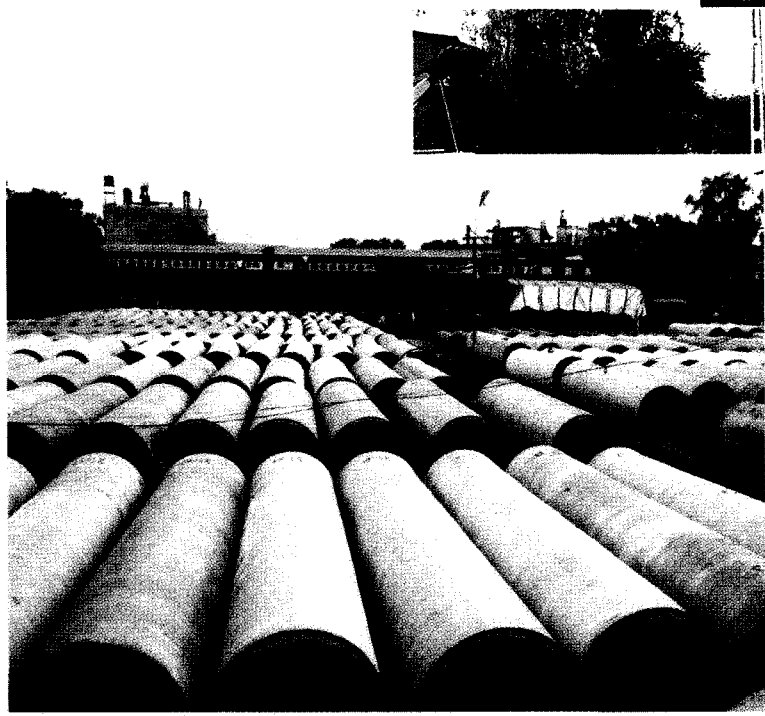
Annual Report 2003 - 2004



***Prestressed Concrete Cylinder pipes
in yard at Thanjavur factory***

***1200 mm dia Prestressed Concrete Cylinder Pipeline installation & commissioning
work in progress at the New Tirupur Area Development Water Supply Scheme in
Tamilnadu. The first ever project in India using PCCP pipes***

***700 mm dia Bar Wrapped Steel Cylinder pipeline for Gujarat Water Supply
& Sewerage Board***



***Bar Wrapped Steel Cylinder pipes
in yard at Rajkot factory***





Board of Directors

Mr. Rajas R. Doshi *Chairman & Managing Director*
 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

Company Secretary

Mr. Narendra R. Jain

Executives

Mr. P. D. Kelkar *Sr. General Manager (Prestressed Concrete 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*

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.

Registrar & Share Transfer Agent

M/s. Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (West), Mumbai - 400 078.
 Telephone No.: 55555454

Registered Office

Construction House, 2nd floor,
 5, Walchand Hirachand Road,
 Ballard Estate, Mumbai 400 001.
 Telephone Nos. 22618091/22618092
 Fax: 22656863, email : info@indianhumepipe.com
 Website : www.indianhumepipe.com

Annual General Meeting

On Friday, the 30th July, 2004 at 4.00 P.M.
 At Walchand Hirachand Hall, Indian Merchants Chamber Building, 4th floor,
 Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020.



N O T I C E

N O T I C E is hereby given that the SEVENTY-EIGHTH ANNUAL GENERAL MEETING of the Company will be held as scheduled below:-

DAY	:	FRIDAY
DATE	:	30TH JULY, 2004
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, 2004, 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 Final Dividend on 2,90,683 Equity Shares of the Company for the year ended 31st March, 2004.
3. To appoint a Director in place of Mr. Rajendra M. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Anima B. Kapadia, who retires by rotation and being eligible, offers herself 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 224 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 they are hereby re-appointed as the 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 including all its branches for the Financial Year 2004-05 on a remuneration as may be fixed by the Board of Directors of the Company 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."

SPECIAL BUSINESS:

6. 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 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof) and the provisions of the Articles of Association of the Company the equity shares of the Company having a nominal face value of Rs.100/- (Rupees One Hundred only) per share, be sub-divided into equity shares having a nominal face value of Rs.10/- (Rupees Ten) per share and the relevant Capital Clause in the Memorandum and the Articles of Association of the Company be accordingly altered as proposed in the Resolutions at item No.7 & 8 of the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the existing paid-up 2,90,683 equity shares of Rs.100/- each of the Company be sub-dividend into 29,06,830 equity shares of Rs.10/- each.

RESOLVED FURTHER THAT the Board of Directors of the Company, (hereinafter referred to as the "Board" which expression shall also include any Committee thereof duly authorised in this behalf) be and are hereby authorised to advise the Registrar & Transfer Agents of the Company and the Depositories to take the necessary action to give effect to the above and also to issue new share certificates representing the sub-divided shares with new distinctive numbers (except in the case of shares held in demat form), in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates in lieu of the cancellation of the old share certificates or without physically exchanging the share certificates by treating the old share certificates as deemed to be cancelled.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them to any Committee of Directors or any Director(s) to give effect to the aforesaid resolution."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT on the Resolution for sub-division of the nominal face value of equity shares being duly passed as stated in the Resolution at Item No.6 of the Notice convening this Annual General Meeting Clause V of the Memorandum of Association of the Company be deleted and in place thereof the following new Clause V be substituted:
V. The Capital of the Company is Rs.4,50,00,000 (Rupees Four Crore Fifty Lacs) comprising of 45,00,000 Equity Shares of Rs.10/- each with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred or special right, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may for the time being be provided by the Regulations of the Company."
8. To consider, and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:
"RESOLVED THAT on the Resolution for sub-division of the nominal face value of equity share being duly passed as stated in



N O T I C E

the Resolution at item No.6 of the Notice convening this Annual General Meeting and pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be altered by deleting the existing Article 6 and substituting in place thereof the following as Article 6:

- '6. The Authorised Share Capital of the Company is Rs.4,50,00,000/- (Rupees Four Crore Fifty Lacs) consisting of 45,00,000 equity shares of Rs.10/- each'."

By Order of the Board of Directors,

NARENDRA R. JAIN

Company Secretary

Registered Office:

Construction House,
5, Walchand Hirachand Road,
Ballard Estate,
Mumbai 400 001
Dated: 24th June, 2004

NOTES:-

- (a) The relevant Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the Special business under item Nos.6 to 8 above, to be transacted at the meeting 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, 26th July, 2004 to Wednesday, 28th July, 2004 (both days inclusive).
- (d) The Final Dividend for the year ended 31st March, 2004, if sanctioned at the meeting, will be payable to those Members whose names appear in the Company's Register of Members as on 26th July, 2004. In respect of shares held in Electronic (Demat) form the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- (e) Shareholders who hold shares in dematerialised form may please note that Company will be mandatorily printing on the dividend warrants as advised by the Securities and Exchange Board of India (SEBI), the shareholder's bank account details as furnished by the respective Depositories to the Company. The Company will not act on any request received directly from shareholders for any changes in their bank account details.
In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, shareholders are advised to avail of ECS facility, whereby the dividend amount will be directly credited to their respective Bank Accounts electronically. This will also ensure speedier credit of dividend. You may write to the Company's Registrar & Share Transfer Agents or your Depository participants directly to avail benefit from this service/facility.
- (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 AGM.
 - i) Mr. Rajendra M. Gandhi, aged 57 years, is associated with the Company as Director since 1996 and has Industrial experience of more than 30 years as the Proprietor of M/s. Navbharat Automobiles, Solapur. Mr. Rajendra Gandhi is an MBA from Michigan University U.S.A., having good financial knowledge. He is the Chairman & Member of the Audit Committee of the Company.
 - ii) Ms. Anima B. Kapadia, aged 53 years, is associated with the Company as Director since 2001. She is an Advocate and Solicitors of good standing and is a partner in the Company's Solicitors Firm, M/s. Daphtary Ferreira & Divan, Mumbai. She is also a Director on the Board of M/s. Lucid Colloids Limited, Mumbai and M/s. B. A. & Bros. (ESTN) Limited, Kolkatta. She is a Member of the Remuneration Committee and Chairman & Member of the Shareholder's/Investors Grievance Committee of the Company. She is also Member of the Audit Committee of M/s Lucid Colloids Limited.
- (g) Transfer of funds to Investor Education & Protection Fund (IEPF)
 - i) In terms of the provisions of Section 205A read together with Section 205C of the Companies Act, 1956, unpaid and unclaimed dividend for the financial year ended 31st March, 1996 has been transferred by the Company to the Investor Education & Protection Fund established by the Central Government under Section 205C of the Act.
 - ii) It may be noted that pursuant to the provisions of above mentioned Section, the amount of dividend which has remained unclaimed and unpaid for a period of 7 years from the date it became due for payment is required to be transferred to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. Accordingly, the amount of dividend for the financial year 1996-97 and onwards which remain unclaimed and unpaid as aforesaid shall be transferred to the IEPF and no claims shall lie against the IEPF or the Company in respect of such amounts. We, therefore request the members who have not encashed their dividend warrants for the financial year 1996-97 onwards to write immediately to the Company claiming dividends declared by the Company for the said financial years.

**NOTICE**

- (h) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to the shareholders and fixed deposit-holders in respect of the shares and deposits held by them with the Company. 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 signatures 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:

Presently the nominal face value of equity shares of the Company is Rs.100/- per share. The Board of Directors of the Company at their meeting held on 24th June, 2004 considered that our is one of the few remaining companies who have not brought down the nominal face value of its share to Rs.10/- from its existing Rs.100/- share paid-up thereby effecting the liquidity of shares in the market and with a view to increase the liquidity of the shares in the stock market and to make them more affordable to the investors at large and also to have better comparability with share price of other companies, the Board have decided to reduce the nominal face value of equity shares of the Company by sub-dividing the equity shares. In view of this, it is proposed that the nominal value of equity shares of the Company be reduced from Rs.100/- each to Rs.10/- each.

Except to the extent of their shareholding in the Company none of the Directors of the Company is concerned or interested in this resolution.

ITEM NO. 7 & 8:

Consequent to the sub-division of shares, it is necessary to alter the Capital clause of the Memorandum and in the Articles of Association of the Company. The Ordinary Resolution in Item No.7 and Special Resolution in Item No.8 seek to make corresponding amendments in Clause V of the Memorandum of Association and Article 6 of the Articles of Association of the Company to give effect to the above.

After the resolution has been adopted by the members, the Company will fix a Record Date for splitting the share certificates. Shareholders holding shares in electronic form will be allotted split/sub-divided shares in electronic form (Demat mode). However, shareholders holding shares in the form of physical share certificates will have the opportunity to either receive split/sub-divided shares in demat mode or in the form of physical certificates. In view of the fact that the Company's shares are now tradable only in the demat mode and sale in physical form (to the extent permissible) apart from causing delay/risks associated with postal interception and potential fraud, often also leads to the realisation of a significantly lower price, it will be in the interest of the members to opt for receiving split shares in lieu of their existing holding in the Demat mode. Members may like to bear this aspect in mind while exercising their option. Full details of the procedural formalities will be communicated in due course.

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection of the Members at the Registered Office of the Company from 11.00 a. m. to 1.00 P.M. on any working day upto 29th July, 2004.

Except to the extent of their shareholding in the Company none of the Directors of the Company is concerned or interested in this Resolutions.

By Order of the Board of Directors,

NARENDRA R. JAIN

Company Secretary

Registered Office:

Construction House,
5, Walchand Hirachand Road,
Ballard Estate,
Mumbai - 400 001
Dated: 24th June, 2004



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. Indeed water is fundamental to our life. 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.

Your Company has been in the business of manufacturing, laying and jointing of pipelines of various varieties such as RCC pipes, Steel pipes, Prestressed concrete pipes, Bar wrapped steel cylinder pipes (BWSC), Prestressed concrete cylinder pipes (PCCP) etc., which provide infrastructure facility and development for water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system. For the past few years as a part of nation building your Company has also been undertaking infrastructure development programmes by way of executing on turnkey basis the combined water supply projects i.e. undertaking the complete job of water supply from source to distribution centres which apart from manufacturing, laying and jointing of pipelines included construction of water pumping station, branch mains elevated reservoirs, leading to development of complete system for water supply to various towns and villages of India.

2. OPPORTUNITIES AND THREAT:

The population of the country 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. As it is with the growing population demanding more food, more products and higher standards of living, the shortage of drinking water can only get worse. 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 scarier in future. This underscores the need for the utmost efficiency in water utilisation and its distribution. Through awareness of efficient water supply system and water quality, we can keep our water supply adequate and provide clean & healthy water for our children. It is their fundamental right. Hence there is a good scope for water supply projects coming up in near future and this auger 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 sales tax benefits which they enjoy, they are considered as major threat/competition to your Company.

3. SEGMENT-WISE ACTIVITY:

The Company is considered a pioneer in the field of water industry, it being in this line for last more than 77 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 and 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. Churu-Bissau Water Supply Project from the Public Health Engineering Department (PHED), Jaipur, Govt. of Rajasthan of the value of Rs.2,613 Lacs.
2. Two orders (Package I & Package II) under Krishna Drinking Water Supply Project of Hyderabad Metropolitan Water Supply & Sewerage (HMWS&S) Board, Hyderabad in Joint venture with M/s. Koya & Co. construction Pvt. Ltd. (Members -Bhoorathnam & Co., Taher Ali Industries & Projects Pvt. Ltd. and IHP Co. Ltd.) and in joint venture with M/s. Bhoorathnam & Co., (Members - M/s. Koya & Co. construction Pvt. Ltd., Taher Ali Industries & Projects Pvt. Ltd. and IHP Co. Ltd.) value of our share in Package I - Rs.2,122 Lacs and Package II - Rs.1,432 Lacs, respectively.
3. Ambejogai Water Supply Scheme (Manjara Dam Source) of Maharashtra Jeevan Pradhikaran Works Division, Ambejogai of the value of Rs.1,700 Lacs.
4. Junia-Borada Water Supply Scheme from PHED, Ajmer of the value of Rs.1,227 Lacs.
5. Comprehensive Protective Water Supply Scheme to Bhogapuram (Part A and B) from Panchayat Raj Department, Andhra Pradesh of the value of Rs.970 Lacs.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

6. Water Supply Improvement Scheme to Thiruvellore Municipality from Tamilnadu Water Supply & Drainage (TWAD) Board, Thanjavur of the value of Rs.829 Lacs.
7. Comprehensive Protective Water Supply Scheme to Patancheru from Panchayat Raj Department, Andhra Pradesh of the value of Rs.663 Lacs.
8. Thirumangalam Water Supply Scheme from TWAD Board of the value of Rs.525 Lacs.
9. Lift Irrigation Schemes at Miraj of the value of Rs.442 Lacs.
10. Sagar Water Supply Scheme, Sagar, Madhya Pradesh of the value of Rs.438 Lacs.
11. Purander Lift Irrigation Scheme of Maharashtra Krishna Valley Development Corporation from M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad of the value of Rs.429 Lacs.
12. Habsiguda Sewer Main Slice-III from HMWS&S Board, Andhra Pradesh of the value of Rs.290 Lacs.
13. Narsampet Drinking Water Supply Project (Phase-II) in Warangal from Panchayat Raj Department, Andhra Pradesh of the value of Rs.205 Lacs.

(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.2,472 Lacs.
2. Trunk Sewer Mains for Bangalore Water Supply & Sewerage Board, Bangalore of the value of Rs.2,202 Lacs.
3. Shenkottai Combined Water Supply Scheme, Tamilnadu of the value of Rs.1,561 Lacs.
4. Water Supply Schemes to Sriperumbudur from TWAD Board, Tamilnadu of the value of Rs.1,327 Lacs.
5. Combined Water Supply Scheme to Panagudi from TWAD Board, Tamilnadu of the value of Rs.1,318 Lacs.
6. Nimgaon Water Supply Scheme of Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs.1,066 Lacs.
7. Kanpur Clear Water trunk rising main from water treatment works at Ganga Barrage Kanpur to Different Zonal Clear Water Reservoirs from U. P. Jal Nigam of the value of Rs.1,044 Lacs.
8. Nalgonda Water Supply Scheme in Andhra Pradesh from M/s. Larsen & Toubro Ltd. of the value of Rs.840 Lacs.
9. Sedappti Water Supply Scheme in Tamilnadu from M/s. Essar Constructions Ltd. of the value of Rs.681 Lacs.
10. Combined Water Supply Scheme to Nallampatty in Erode District from TWAD Board of the value of Rs.665 Lacs.
11. Kavali Water Supply Improvement Scheme from PHED, Andhra Pradesh of the value of Rs.655 Lacs.
12. Augmentation to Deolali Water Supply Scheme of Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs.475 Lacs.
13. Supply of RCC Pipe line for M/s. Nila Baurat Engg. Ltd., Bangalore of the value of Rs.378 Lacs.
14. The work of commissioning of Prestressed Concrete pipelines (Rising mains) for pumping stations under Sewerage Project Phase-III for Rajkot Municipal Corporation, Rajkot of the value of Rs.196 Lacs.

(iii) Some of the New Orders secured by your Company during the year are:-

1. From TWAD Board, Thanjavur for Combined Water Supply Scheme to Nagapattinam of the value of Rs.5,198 Lacs.
2. From TWAD Board, Tirunelveli for Combined Water Supply Scheme to Manur of the value of Rs.4,112 Lacs.
3. From PHED, Ajmer for Combined Water Supply Scheme from Junia to Bhinay of the value of Rs.2,546 Lacs.
4. From TWAD Board, Kovilpatti for Combined Water Supply Scheme to Kayathar of the value of Rs.1,681 Lacs.
5. From M/s. Koya & Co. Construction Pvt. Ltd. for Tadipudi Lift Irrigation Scheme of the value of Rs.1,600 Lacs.
6. From Irrigation & Command Area Development (CAD) Department, Yemmiganur, Kurnool District for Soganuru Lift Irrigation Scheme of the value of Rs.1,535 Lacs.
7. From Irrigation & CAD Department, Yemmiganur, Kurnool District for Pulachinta Lift Irrigation Scheme of the value of Rs.1,221 Lacs.
8. From Panchayat Raj Department, Andhra Pradesh for supply of Bar Wrapped Steel Cylinder (BWSC) pipes for Nalgonda Water Supply Scheme (package - I) of the value of Rs.927 Lacs.
9. From Panchayat Raj Department, Andhra Pradesh for supply of BWSC pipes for Nalgonda Water Supply Scheme (package - II) of the value of Rs.887 Lacs.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

10. From M/s. Engineering Projects (India) Ltd., Mumbai for supplying BWSC pipes for Vairav RWSS Surat, GWSSB Project. The value of the order is Rs.827 Lacs.
11. From M/s. Hindustan Construction Co. Ltd. an order worth Rs.582 Lacs for Company's newly introduced Prestressed Concrete Cylinder pipes (PCCP) for New Tirupur Area Development Water Supply Scheme in Tamilnadu.
12. From East Coast Constructions & Industries India Ltd. (ECCIL) for Chitradurga Water Supply Scheme in Karnataka of the value of Rs.469 Lacs.
13. From PHED, Warangal, Andhra Pradesh for Warangal Water Supply Improvement Scheme of the value of Rs.419 Lacs.
14. From HMWS&S Board, Hyderabad for M. S. pipeline to Hafeezbabanagar of the value of Rs.387 Lacs.
15. From PHED, Andhra Pradesh for Suryapet Water Supply and Improvement Scheme of the value of Rs.244 Lacs.
16. From HMWS&S Board, Hyderabad for Water Supply Scheme to Apparel Export Park of the value of Rs.207 Lacs.
17. From PHED, Andhra Pradesh for Bellampally and Mandamarry Water Supply Improvement Scheme of the value of Rs.205 Lacs.
18. From PHED, Churu, Rajasthan for supply & commissioning of PSC pipeline from Bhallau Tibba to RD 6.6 kms towards Taranagar of the value of Rs.178 Lacs.
19. From Superintending Engineer, Rajahmundry, Andhra Pradesh for the work of Tadepalligudem Water Supply Improvement Scheme of the value of Rs.129 Lacs.

New PSC Pipe Plant:

A PSC pipe plant is being set up at Company's existing Kovvur factory plot in Andhra Pradesh for manufacture of 1635 mm dia PSC pipes for Tadipudi Lift Irrigation Scheme. The erection of this plant is completed and trial production is taken up.

(B) Power Projects:

The work for supply, fabrication and erection of Penstock pipes for Almatti Dam Power Project of the value of Rs.554 lacs is completed.

The Company has completed most of the work of fabrication of Penstocks in respect of the order received from M/s. Larsen & Toubro Ltd. worth Rs.335 lacs for Khopoli New Water Conductor System of M/s. Tata Power Corporation Ltd.

(C) Railway Sleepers:

The Company has completed the manufacture of all the PSC sleepers for Central Railway from the total contracted quantity of 96,000 nos. Further the Company has so far supplied 50,000 nos. of PSC Sleepers against the order for 1,73,000 Sleepers received from Railway Board which is worth Rs.1222 lacs.

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

Many State Governments have started considering BWSC pipes in their various water supply schemes. During the financial year 2003-04 the Company has secured work orders worth Rs.3098 lacs for BWSC Pipes prominent among them is one secured for Vairav RWSS Surat, GWSSB Project worth of Rs.827 Lacs. For this the Company has set up a plant for BWSC pipes in our Rajkot factory and this plant has received an ISO 9001/2000 Certificate. Nearly 75% of the ordered quantity of pipes with ISI mark is already supplied.

To meet the growing requirement of BWSC pipes in Andhra Pradesh, the Company has erected a BWSC pipe plant in our existing Hyderabad factory.

(E) Prestressed Concrete Cylinder Pipes (PCCP):

For the first time in India, our R & D Division has developed 'Prestressed Concrete Cylinder Pipes' (PCCP) as per the International Standard Specifications. 1200 mm and 1400 mm dia PCCP pipes of the total length of 6.50 kms are being manufactured at Company's Thanjavur factory and the pipeline installation & commissioning work is in progress at the New Tirupur Area Development Water Supply Scheme in Tamilnadu. This order worth Rs.582 Lacs has been awarded to the Company by M/s. Hindustan Construction Co. Ltd. PCCP pipes in comparison to other conventional pipes are more economical and has minimum operational & maintenance cost.

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. There is huge potential for water supply, sewage disposal, head works, treatment plants, etc. In urban areas more than 40% of the population does not have access to drinking water while in rural area more than 60-65% of the population does not have access to drinking water.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Hon'ble Water Resources Minister, Mr. P. R. Dasmunshi has stated "Water is going to be a core issue by the mid 11th Five Year Plan, which means that we can't have an adhoc policy on water. It must be more than the present National Water Policy (NWP). We are seriously working on this..... The entire month of July, 2004 would be kept aside for meeting with the various State Governments with a view to identifying the handicaps in all pending projects". The Common Minimum Programme (CMP) of the new Government clearly spells out its thrust area "Providing drinking water to all sections in urban & rural areas and augmenting the availability of water sources are top most on the agenda....." In view of this we feel 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. The 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. Severe competition from the manufacturers of alternative pipe materials like Ductile Iron, Fibre Reinforced Plastic, PVC, spirally welded steel pipes is existing and can affect Company's business prospects.

Throughout the year 2003-04, the prices of the Company's main Raw materials, barring Cement, shot up abnormally. Price of H. T. Wire went up by about Rs.10,000/- per Metric Tonne, price of Steel plates went up by Rs.10,000-12,000 per Metric Tonne. This has put pressure on Company's profitability margin. Though during the current year the prices have more or less stabilised, but they have become a major area of concern for your Company.

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 31st March 2004, the Company has achieved an adjusted turnover of Rs.17,495 Lacs as compared to last year's turnover of Rs.14,347 Lacs and the profit-before-tax & before prior year's charge is Rs.5,817 Lacs as against last year's profit before tax of Rs.1,728 Lacs.

Due to the sudden & unexpected increase in the price of the Company's main raw material i.e. Steel etc. the margins will remain under pressure and in turn is likely to affect the profitability of the Company during the current year.

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

There are more than 1200 people working for the Company 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 were by and large peaceful & cordial.

For and on behalf of the Board of Directors,

RAJAS R. DOSHI

Chairman and Managing Director

Dated: 24th June, 2004