

# ANNUAL REPORT

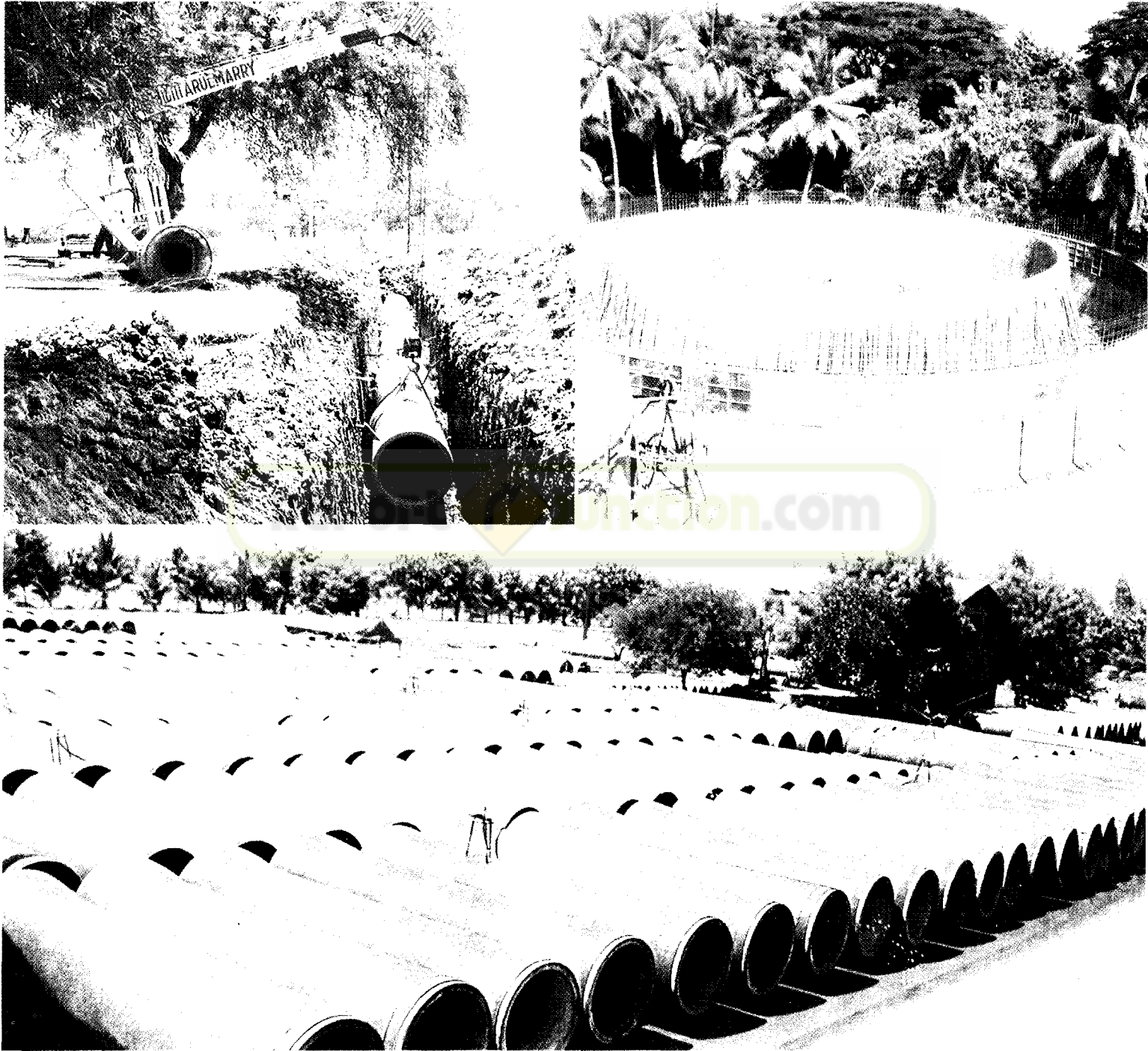
2004 - 2005

Report  junction.com



The Indian Hume Pipe Co. Ltd.

## IHP PROJECT



Various activities in progress for the Turnkey Project of Combined Water Supply Scheme to Nagapattinam Municipality with bulk provision for 890 Rural Habitations in Nagapattinam, Kezhaiyur, Thirumarugal, Thalainayar & Kilvelur Panchayat Unions in Nagapattinam District, Tamilnadu State involving laying of 642.48 Kms length of various pipes including PSC, PVC and A.C. pipes and construction of 2 Collector Wells, 2 Pump Houses, 99 Sumps of various capacities and 102 Pump Rooms etc. and other civil works valued at Rs.59.18 Crores.

**Note:** Shown on the main cover is 900 mm dia Steel pipes on pedestals for Combined Water Supply Project Junia to Bhinay in Rajasthan State.

## 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,  
 HDFC 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.  
 Tel No.: 55555454  
 Fax No.: 55555353

## Registered Office

Construction House, 2nd floor,  
 5, Walchand Hirachand Road,  
 Ballard Estate, Mumbai 400 001.  
 Tel No.: 22618091/22618092  
 Fax No.: 22656863, email : info@indianhumepipe.com  
 Website : www.indianhumepipe.com

## Annual General Meeting

**On Friday, the 29th July, 2005 at 4.00 P.M.**  
 At Walchand Hirachand Hall, Indian Merchants Chamber Building, 4th floor,  
 Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020.



# NOTICE

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

DAY : FRIDAY  
 DATE : 29TH JULY, 2005  
 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, 2005, 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 29,06,830 Equity Shares of the Company for the year ended 31st March, 2005.
3. To appoint a Director in place of Mr. Rameshwar D. Sarda, who retires by rotation and being eligible, offers himself 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 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 2005-06 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 a Special Resolution:  
 "RESOLVED that pursuant to the provision of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 4,50,00,000 divided into 45,00,000 Equity shares of Rs.10/- each to Rs.10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs.10/- each and that Clause V of the Memorandum of Association of the Company be altered accordingly."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
 "RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 Article 6 of the Articles of Association of the Company be substituted by the following Article:  
 '6. The present Authorised Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores ) consisting of 1,00,00,000 Equity Shares of Rs.10/- each'."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-  
 "RESOLVED that  
 (a) subject to such consents and approvals as may be required and such conditions and modifications, as may be considered necessary and agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), a sum not exceeding Rs. 96,89,400/- standing to the credit of Capital Redemption Reserve and a sum not exceeding Rs. 96,89,470/- as may be determined by the Board, out of the amount of Rs. 63,24,70,928.90p. standing to the credit of General Reserve of the Company as at 31st March, 2005 be and the same is hereby capitalised and transferred from Capital Redemption Reserve Account & General Reserve Account, respectively to the Share Capital Account and that the same shall be utilised and applied for allotment of new Equity Shares of Rs.10/- each as fully paid Bonus Shares to the persons who, on a date to be hereafter fixed by the Board, shall be the holder of the existing Equity Shares of Rs.10 each of the Company on the said date and that such New Equity Shares out of the Company's unissued Equity Shares, credited as fully paid, be accordingly allotted as Bonus Shares to such persons respectively as aforesaid in the proportion of two such new Equity Shares for every three existing Equity Shares held by such persons respectively on the said date, upon the footing that they become entitled thereto for all purposes as capital;  
 (b) no fractional certificates shall be issued in respect of any fractional entitlement, but that the New Equity Shares in respect of such fractions shall be consolidated and allotted to any person or persons, appointed by the Board on the express understanding that such person or persons shall sell New Equity Shares so allotted at such price or prices to such person or persons as they may think fit, as soon as practicable and pay to the Company the net sale proceeds (after deducting all expenses, if any, incidental to the sale) which proceeds shall be distributed by the Company pro rata amongst the members entitled thereto;

# NOTICE

- (c) the New Equity Shares of Rs. 10/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends to be declared for the financial year in which the Bonus Shares are allotted;
- (d) no Letter of Allotment shall be issued to the allottees of the Bonus Shares and the Shares Certificates in respect of the New Equity Shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except as provided in (e) below;
- (e) the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in the dematerialised form and the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in physical form but opt for issue of Bonus Shares in Dematerialised form;
- (f) the allotment and sale of the fully paid New Equity Shares as Bonus Shares and the payment for fractional entitlements to the extent that they relate to non-resident members of the Company, wherever applicable shall be subject to the approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999.
- (g) for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and they are hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the New Bonus Equity Shares."

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, 2005

## 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, 25th July, 2005 to Friday, 29th July, 2005 (both days inclusive).
- (d) The Final Dividend for the year ended 31st March, 2005, if sanctioned at the meeting, will be payable to those Members whose names appear in the Company's Register of Members as on 25th July, 2005. 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 of 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. Rameshwar D. Sarda, born on 30th September, 1953 is holding qualification of Bachelor of Arts. He is associated with the Company as Director since 1996. He has wide experience in various business activities like Real Estate, Hospitality, Travel & Publication of News Papers etc. He is Director on the Board of (1) M/s. Shrirang Prakashan Pvt. Ltd., (2) M/s. Nandkishore Fine Arts Pvt. Ltd. and (3) M/s. Sarda Constructions Pvt. Ltd. He is a Member of the Audit Committee of the Company.
  - ii) Mr. N. Balakrishnan, born on 13th March, 1938 is holding qualifications of M.A., LLB., D.L.L. He is associated with the Company as Director since 1998. He has retired from Life Insurance Corporation of India (LIC) after serving as an Executive Director. Presently, he is a Director of M/s. Vijayeswari Textiles Limited, Coimbatore. He is Chairman & Member of the Remuneration Committee and also a member of the Shareholder's/ Investors Grievance Committee of the Company. He is also a Member of the Audit Committee of M/s. Vijayeswari Textiles Limited, Coimbatore.

## NOTICE

- (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, 1997 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 1997-98 onwards to write immediately to the Company claiming dividends declared by the Company for the said financial years.
- (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 in this respect 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 NOS.6 TO 8:

In order to bring the paid up capital of the Company more in line with the capital employed in the business, the Board of Directors of the Company at its meeting held on 24th June, 2005, recommended an issue of Bonus Shares in the proportion of two Equity Shares for every three existing Equity Shares held by the members on a date to be fixed by the Board, by capitalising fully the Capital Redemption Reserve of Rs. 96,89,400/- and partly to the extent of Rs. 96,89,470/- as may be determined by the Board, out of the General Reserve of the Company. The proposed Bonus issue is in compliance with the Guidelines issued by the Securities & Exchange Board of India (SEBI) in this behalf.

As per the provisions of the Articles of Association of the Company, it is necessary for the members to approve the issue of Bonus Shares.

In view of the proposal contained in Item No.8 of the Notice, it is necessary to authorise the Board of Directors of the Company to complete all the regulatory formalities that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed or any other regulatory authority in connection with the issue of Bonus Shares.

In order to facilitate the capitalisation of Reserves as set out in the Resolution at Item No.8, the Authorised Share Capital of the Company is being increased from Rs.4,50,00,000/- divided into 45,00,000 Equity Shares of Rs.10/- each to Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each as indicated in the Resolutions at Item Nos.6 and 7 of the Notice. Consequently Clause V of the Memorandum of Association and Article 6 of the Articles of Association of the Company are proposed to be altered.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto 28th July, 2005.

Accordingly, the Resolutions at Item Nos.6 to 8 seek the approval of the members to increase the Authorised Share Capital, alteration to the Memorandum and the Articles of Association of the Company and the issue of Bonus Shares on the terms and conditions set out in Resolution No.8. The Board recommends the Resolutions set forth in Item Nos.6 to 8 above for approval of the Shareholders.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company.

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, 2005

# 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, Penstock 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, Hydro electric project, sanitation and sewerage system or solid waster 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 scarcer 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 many 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 78 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. Combined Water Supply Scheme to Andimadam for Tamilnadu Water Supply & Drainage Board (TWAD), Trichy of the value of Rs.2,472 Lacs.
2. Shenkottai Combined Water Supply Scheme for TWAD Board, Tirunelveli of the value of Rs.1,561 Lacs.
3. Combined Water Supply Scheme to Panagudi for TWAD Board, Tirunelveli of the value of Rs.1,318 Lacs.
4. Nimgaon Water Supply Scheme for Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs.1,066 Lacs.
5. Kanpur Clear Water trunk rising main from water treatment works at Ganga Barrage Kanpur to Different Zonal Clear Water Reservoirs for U. P. Jal Nigam of the value of Rs.1,044 Lacs.
6. Supply of Bar Wrapped Steel Cylinder (BWSC) pipes for Nalgonda Water Supply Scheme (package - I) for Panchayat Raj Department, Andhra Pradesh of the value of Rs.927 Lacs.
7. Supplying BWSC pipes for Vairav RWSS Surat, GWSSB Project from M/s. Engineering Projects (India) Ltd., Mumbai of the value of Rs.827 Lacs.

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

8. Combined Water Supply Scheme to Nallampatty in Erode District for TWAD Board, Coimbatore of the value of Rs.665 Lacs.
9. Supply of Company's newly introduced Prestressed Concrete Cylinder pipes (PCCP) for New Tirupur Area Development Water Supply Scheme in Tamilnadu for M/s. Hindustan Construction Co. Ltd. of the value of Rs.582 Lacs.
10. Augmentation to Deolali Water Supply Scheme for Maharashtra Jeevan Pradhikaran Works Division, Ahmednagar of the value of Rs.475 Lacs.
11. Supply of BWSC pipes for Warangal Water Supply Improvement Scheme for PHED, Warangal, Andhra Pradesh of the value of Rs.419 Lacs.
12. Commissioning of M. S. pipeline to Hafeezbabanagar for Hyderabad Metropolitans Water Supply & Sewerage (HMWS&S) Board, Hyderabad of the value of Rs.387 Lacs.
13. Water Supply Scheme to Apparel Export Park for HMWS&S Board, Hyderabad of the value of Rs.207 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.
15. Supply & commissioning of PSC pipeline from Bhallau Tibba to RD 6.6 kms towards Taranagar from PHED, Churu, Rajasthan of the value of Rs.178 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 Nagapattinam from TWAD Board, Thanjavur of the value of Rs.5,198 Lacs.
2. Combined Water Supply Scheme to Manur from TWAD Board, Tirunelveli of the value of Rs.4,112 Lacs.
3. Combined Water Supply Scheme from Junia to Bhinay of the value of Rs.2,546 Lacs in Rajasthan.
4. Trunk Sewer Mains for Bangalore Water Supply & Sewerage Board, Bangalore of the value of Rs.2,202 Lacs.
5. Combined Water Supply Scheme to Kayathar from TWAD Board, Kovilpatti of the value of Rs.1,681 Lacs.
6. Tadipudi Lift Irrigation Scheme work from M/s. Koya & Co. Construction Pvt. Ltd. of the value of Rs.1,600 Lacs.
7. Soganuru Lift Irrigation Scheme work from Irrigation & Command Area Development (CAD) Department, Yemmiganur, Kurnool District of the value of Rs.1,535 Lacs.
8. Water Supply Schemes to Sriperumbudur from TWAD Board, Tamilnadu of the value of about Rs.1,327 Lacs.
9. Purander Lift Irrigation Scheme of Maharashtra Krishna Valley Development Corporation from M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad received during the year of the value of Rs.1,275 Lacs.
10. Pulachinta Lift Irrigation Scheme work from Irrigation & CAD Department, Yemmiganur, Kurnool District of the value of Rs.1,221 Lacs.
11. Supply of BWSC pipes for Nalgonda Water Supply Scheme (package - II) from Panchayat Raj Department, Andhra Pradesh of the value of Rs.887 Lacs.
12. Nalgonda Water Supply Scheme in Andhra Pradesh from M/s. Larsen & Toubro Ltd. of the value of Rs.840 Lacs.
13. Sedappti Water Supply Scheme in Tamilnadu from M/s. Essar Constructions Ltd. of the value of Rs.681 Lacs.
14. Kavali Water Supply Improvement Scheme from PHED, Andhra Pradesh of the value of Rs.655 Lacs.
15. Chitradurga Water Supply Scheme in Karnataka from East Coast Constructions & Industries India Ltd. (ECCIL) of the value of Rs.469 Lacs.
16. Supply of RCC Pipe line for M/s. Nila Baurat Engg. Ltd., Bangalore of the value of Rs.378 Lacs.
17. Suryapet Water Supply and Improvement Scheme from PHED, Andhra Pradesh of the value of Rs.244 Lacs.
18. Bellampally and Mandamarry Water Supply Improvement Scheme from PHED, Andhra Pradesh of the value of Rs.205 Lacs.
19. Tadepalligudem Water Supply Improvement Scheme from Superintending Engineer, Rajahmundry, Andhra Pradesh of the value of Rs.129 Lacs.

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

1. From Irrigation & CAD Department, Nizamabad in Joint Venture with M/s. Koya & Co. Construction Pvt. Ltd., Bhoorathnam Construction, Taher Ali Industries and Kirloskar Brothers Ltd. for Guptha Lift Irrigation Scheme of the value of Rs. 2,624 Lacs.
2. From HMWS & S Board, Hyderabad in Joint Venture with M/s. Tapi Prestressed Products Ltd. for supplying PSC/MS Trunk Main of the value of Rs.1,551 Lacs.
3. From Irrigation & CAD Department, Dowlaiswaram in Joint Venture with M/s. Nagarjuna Construction Company Ltd., Mather & Platt India Ltd. and SMC Infrastructure Pvt. Ltd. for Tadipudi Lift Irrigation Scheme of the value of Rs.1,276 Lacs.
4. From M/s. East Coast Constructions & Industries Ltd., Bangalore for Augmentation Water Supply Scheme to Doddaballapur of the value of Rs.781 Lacs.
5. From HMWS & S Board, Hyderabad for Bar Wrapped Steel Cylinder (BWSC) pipeline for Saheb Nagar Water Supply Scheme of the value of Rs.536 Lacs.
6. From HMWS & S Board, Hyderabad RCC pipes for Uppal Sewer Main Work of the value of Rs.494 Lacs.
7. From M/s. Sathavahana Ispat Ltd., Hyderabad for Water Supply pipeline from Tungabhadra River to Kudithini in Bellary District, Karnataka of the value of Rs.450 Lacs.
8. From HMWS & S Board, Hyderabad for supply of RCC pipes for Duplicate A Main (Sewer) Work of the value of Rs.378 Lacs.
9. From Sri Sathya Sai Central Trust, Prashanthi Nilayam, Anantapur, Andhra Pradesh for Purushottapatanam-Gokavaram-Korukonda Water Supply pipeline of the value of Rs.292 Lacs.
10. From Irrigation Department for supplying & laying of PSC pipes for Saiganga Lift Irrigation Scheme from Ahmednagar of the value of Rs.270 Lacs.
11. From TWAD Board for Water Supply Improvement Scheme to Ambasamudram Municipality, Tirunelveli District of the value of Rs.166 Lacs.

## (B) Power Projects:

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. is completed and the project is commissioned.

During the year the Company has completed the fabrication work of Heat Exchangers, Polymerizer & Separators for M/s. Alfa Laval Ltd. and fabrication work of Chimney and Vessels for M/s. Reliance Industries through M/s. Thermax Babcock & Willcox Ltd., Pune and Thermax Ltd. (WWS), Pune of the value of Rs.72 Lacs.

There is a pending order of Rs.222 Lacs for fabrication of Calandria and Digestors from M/s. Alfa Laval Ltd., Pune and fabrication work for Chimneys and Vessels for M/s. Thermax Babcock & Willcox Ltd., Pune and Thermax Ltd. (WWS), Pune.

## (C) Railway Sleepers:

The Company has successfully completed the order of manufacture of 1,73,000 Nos. of PSC sleepers for Central Railway. The Company has received order for enhanced quantity of 33,000 PSC Sleepers worth of Rs.235 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 2004-05 the Company has completed work for Nalgonda Water Supply Scheme (package-I) for Panchayat Raj Department, Andhra Pradesh worth Rs.927 Lacs, Vairav RWSS Surat, GWSSB Project worth Rs.827 Lacs and Water supply scheme to Apparel Export Park for HMWS&S Board, Hyderabad worth of Rs.207 Lacs. Pending orders under execution are worth about Rs.1,137 Lacs and they are progressing well.

During the year, the Company has received an order from HMWS & S Board, Hyderabad for BWSC pipeline for Saheb Nagar Water Supply Scheme of the value of Rs.536 Lacs.

## (E) Prestressed Concrete Cylinder Pipes (PCCP):

Company's R & D Division has developed 'Prestressed Concrete Cylinder Pipes' (PCCP) as per the Indian and International Standard Specifications. During the year Company has completed the manufacturing/laying/jointing/testing of 1200 mm and 1400 mm dia PCCP pipes for M/s. New Tirupur Area Development Corporation Ltd., Tamilnadu of the value of Rs.582 Lacs and the line is successfully commissioned. The pipeline manufacturing, installation & commissioning work is done by Company's factory at Thanjavur, Tamilnadu.

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## 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.

## 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 2004-05, the prices of the Company's main Raw materials, barring Cement, shot up abnormally. Price of H. T. Wire went up by about Rs.7,500/- 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 2005, the Company has achieved an adjusted turnover of Rs. 21,358 Lacs as compared to last year's turnover of Rs.17,495 Lacs and the profit before tax & before prior year's charge is Rs. 3,098 Lacs as against last year's profit of Rs.5,817 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 1331 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, 2005