

ANNUAL REPORT
2011-12



Indian Hume Pipe

SHEGAON WATER SUPPLY PROJECT



Elevated Storage Reservoir of 9.15 Lakh Liter Capacity



600 mm Dia Prestressed Concrete Cylinder Pipe Line (49 KM)



Water Treatment Plant

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 Mr. P. D. Kelkar Mr. Mayur R. Doshi : Executive Director (From 28-05-2012)
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Company Secretary	Mr. S. M. Mandke
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Executives	Mr. P. R. Bhat : Sr. General Manager Mr. Ajay Asthana : General Manager Mr. G. Pundareekam : General Manager Mr. Shashank J. Shah : General Manager Mr. M. S. Rajadhyaksha : Controller of Accounts & Finance Mr. B. S. Narkhade : Chief Internal Auditor Mr. A. B. Joshi : Chief Personnel Manager
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Auditors	M/s. K. S. Aiyar & Co., Chartered Accountants F-7, Laxmi Mills, Shakti Mills Lane, (Off. Dr. E. Moses Road), Mahalaxmi, Mumbai – 400 011
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Solicitors	M/s. Daphtary Ferreira & Divan M/s. Udwadia, Udeshi & Argus
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Bankers	State Bank of India Bank of Baroda State Bank of Hyderabad HDFC Bank Ltd. Corporation Bank
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Registrar & Transfer Agent	M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078 Tel No. 022-25946970 Fax No. 022-25946969
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Registered Office	Construction House, 2nd Floor, 5, Walchand Hirachand Road, Ballard Estate, Mumbai – 400 001 Tel No.: 022-22618091 / 92, 40748181 Fax No.: 022-22656863, email : info@indianhumepipe.com Website : www.indianhumepipe.com
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Annual General Meeting	Wednesday, 25th July, 2012, at 4.00 P.M. Walchand Hirachand Hall, Indian Merchants' Chamber Building, 4th Floor, Indian Merchants' Chamber Marg, Churchgate, Mumbai – 400 020
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NOTICE

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

DAY	: Wednesday
DATE	: 25th July, 2012
TIME	: 4.00 P. M.
PLACE	: Walchand Hirachand Hall, Indian Merchants' Chamber Building, 4th floor, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2012, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Ajit Gulabchand, 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 appoint a Director in place of Mr. Vijay Kumar Jatia, who retires by rotation and being eligible, offers himself for re-appointment.
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 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. K. S. Aiyar & Co., Chartered Accountants, bearing ICAI Registration No.100186W, 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 Statutory Audit of the Company's accounts including its branches for the Financial Year 2012-13 on a remuneration as may be fixed by the Board of Directors of the Company and that they be paid, in addition, out of pocket and/or travelling expenses they may incur in carrying out their duties as such Auditors."

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Mayur R. Doshi who is appointed as an Additional Director on 28th May, 2012 and holds office up to the date of the ensuing annual general meeting and eligible for appointment and in respect of whom the Company has received notice in writing from a Member under the provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director".

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII as amended up-to-date and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any amendment or re-enactment thereof for the time being in force) and subject to such other approvals / sanctions as may be necessary, the Company hereby accords its consent and approval to the appointment of Mr. Mayur R. Doshi as Executive Director of the Company with effect from 28th May, 2012 to 31st March,

2016 on the remuneration and perquisites and on other terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft Agreement to be entered into between the Company and Mr. Mayur R. Doshi, a copy whereof initialled by a Director of the Company for the purpose of identification is placed before this meeting which draft agreement is hereby specifically approved with liberty and power / authority to the Board of Directors (including Remuneration Committee) to increase, alter or vary the terms of the remuneration and perquisites including monetary value thereof as set out in the Agreement at any time and from time to time and in such manner as the Board of Directors may deem fit and as may be agreed to between the Board and Mr. Mayur R. Doshi so as not to exceed the maximum limit for the payment of remuneration specified in Section 198, 309 read with schedule XIII of the Act or any such re-enactment / amendment thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and are hereby authorized to do all acts, deeds, matters and things as the Board of Directors may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company".

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956 including the rules made thereunder and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of the following remuneration to Mr. Rajas R. Doshi, Chairman & Managing Director for the financial year 2011-12 and for the remainder of his term up to 30th June, 2013 in the event of inadequate profits or loss during the said financial years.

Salary and Perquisites and Allowances together with Retirals:

(Amount in ₹)

Financial Year	Annual Salary (Basic)	Perquisite including House Rent Allowance (per annum)	Provident Fund & Superannuation Fund (per annum)	Total (per annum)
2011-12	60,75,000.00	42,60,871.50	16,40,250.00	1,19,76,121.50
2012-13*	69,75,000.00	52,98,620.00	18,83,250.00	1,41,56,870.00
01.04.2013 to 30.06. 2013*	18,00,000.00	12,58,405.00	4,86,000.00	35,44,405.00

*Estimated



NOTICE

Explanation:

Perquisites and allowances are restricted to 125% of the annual salary. For the purpose of calculating the above ceiling of 125% of the annual salary, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

In addition to the salary and commission payable, Mr. Rajas R. Doshi, Chairman & Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance @60% of the salary, reimbursement of actual medical expenses incurred in India and/or abroad for himself and his family including hospitalisation, payment of insurance premium towards domestic medical insurance policy and reimbursement of expenses for utilities such as gas, electricity, water, furnishing, repairs and other allowances, fees of clubs including admission/entry fees, personal accident insurance and leave travel allowance for self and his family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and/or Board of Directors and the Chairman & Managing Director from time to time. However, such perquisites and allowances will be subject to a maximum of 125% of the annual salary.

- a) The Company shall provide Company maintained car with driver/ reimbursement expenses of driver for use by the Chairman & Managing Director and shall also provide at his residence telephones (including payment for local calls and long distance official calls), reimbursement of Mobile phones expenses & outgoings, telefax and other communication facilities. These provisions shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- b) The Chairman & Managing Director will be entitled for privilege leave on full pay and allowances and/or encashment thereof as per the rules of the Company.
- c) The following perquisites shall not be included in the computation of the ceiling on remuneration specified above :
 - i) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income-Tax Act;
 - ii) Gratuity payable as per the rules of the Company ;
 - iii) Encashment of leave at the end of the tenure.

Commission

Such remuneration by way of Commission, in addition to salary, perquisites and allowances calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Remuneration Committee and/or Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT in case the Company has in any of the aforementioned financial years i.e. for the financial year 2011-12 and for the remainder of his term up to 30th June, 2013 of Mr. Rajas R. Doshi, Chairman & Managing Director, no profits or its profits are inadequate, Mr. Rajas R. Doshi, Chairman & Managing Director be

paid the aforesaid remuneration as "Minimum Remuneration" in the said financial year(s) notwithstanding that the same exceeds/may exceed the ceiling limit laid down in Sections 198, 309 and Schedule XIII to the Act, subject to approval of the Central Government.

RESOLVED FURTHER THAT during the financial years 2012-13 and for the remainder of his term up to 30th June, 2013, if there are adequate profits then the Company will pay the aforesaid remuneration and the profit commission to Mr. Rajas R. Doshi, Chairman & Managing Director of the Company within the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956 as approved by the Shareholders at the Annual General Meeting held on 30th July, 2008 while re-appointing him for a period of 5 years from 1st July, 2008 to 30th June, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company including the Remuneration Committee be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the Central Government while according their approval.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, 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, proper or desirable including execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution.

RESOLVED FURTHER THAT an application in the prescribed form be made to the Central Government and the Secretary of the Company be and is hereby authorised to take necessary action in this regard."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT subject to the approval of the Central Government under Section 309 (5B) and other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby given for waiver of excess managerial remuneration of ₹ 68,99,977.03 out of the total managerial remuneration (excluding profit commission) of ₹ 1,19,76,121.50 paid to Mr. Rajas R. Doshi, Chairman & Managing Director of the Company for the financial year from 1st April, 2011 to 31st March, 2012 which is in excess of the limits prescribed in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and are hereby authorised to do all acts, deeds, matters and things as the Board of Directors may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.

RESOLVED FURTHER THAT an application in the prescribed form be made to the Central Government and the Secretary of the Company be and is hereby authorised to take necessary action in this regard."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT subject to provisions of Sections 198 and 309 of the Companies Act, 1956 and other applicable provisions, if any, the Non Executive Directors of the Company be paid, in addition to the sitting fees for attending the meetings of the Board or Committees thereof, a

NOTICE

commission not exceeding 1% of the net profits of the Company or an amount not exceeding ₹ 24 Lacs in aggregate, whichever is less, per financial year, for a period of 3 years commencing from the financial year 2012-13 to 2014-15.

RESOLVED FURTHER THAT the quantum of commission payable to each Non Executive Director be decided by the Board as it may deem fit."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Section 228 of the Companies Act, 1956 and other provisions if any, consent of the Company be and is hereby accorded to the re-appointment of M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, retiring Branch Auditors of the Company to carry out Branch Audit, Limited Review and Tax Audit of the Company's Factories, Projects and Project Offices in the State of Andhra Pradesh, as Branch Auditors for the financial year 2012-13 and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be decided by the Board of Directors in consultation with the Branch Auditors plus reimbursement of out of pocket expenses as may be incurred by them.

NOTES:-

- (a) **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 THE 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 the Annual General Meeting.**
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special business under item Nos.7 to 12 above, to be transacted at the meeting is annexed hereto.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 13th July, 2012 to Wednesday, 25th July, 2012 (both days inclusive).
- (d) The Dividend for the year ended 31st March, 2012, as recommended by the Board, if sanctioned at the meeting, will be payable to those Members whose names appear in the Register of Members as on 13th July, 2012. 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 as advised by the Securities and Exchange Board of India, the Company will be mandatorily printing on the dividend warrants, the Shareholder(s) Bank Account details as furnished by the respective Depositories to the Company.

In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, the 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 Agent or your Depository Participants directly to avail benefit of this service / facility.

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the Board of Directors to appoint Branch Auditors of the Company under Section 228 of the Companies Act, 1956 for auditing accounts of such other locations of the Company in other State(s), if required to be audited under Section 228 of the Companies Act, 1956 for the financial year 2012-13, on such terms and conditions, as they may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary, desirable and expedient to give effect to this resolution."

By Order of the Board of Directors,

S. M. Mandke
Company Secretary

Registered Office:

Construction House, 2nd floor,
5, Walchand Hirachand Road,
Ballard Estate, Mumbai - 400 001

Date : 28th May, 2012

- (f) As required under the Listing Agreement, a brief write up is given below in respect of five Directors whose re-appointment / appointment is placed before this AGM.

- i) Mr. Ajit Gulabchand (63) is associated with the Company as Director since 1993. He has over 34 years experience in the construction business and is the Chairman & Managing Director of M/s. Hindustan Construction Co. Ltd. He is on the Board of renowned listed Companies such as Bajaj Electricals Ltd., RPG Life Sciences Ltd., Hincan Finance Ltd., Hincan Technoconsult Ltd., Hincan Holdings Ltd., HCC Real Estate Ltd., HCC Infrastructure Co. Ltd., HCC Construction Ltd., Lavasa Corporation Ltd. (Chairman), Western Securities Ltd., Charosa Wineries Ltd and Highbar Technologies Ltd. He is also Chairman of Board of Governance, National Institute of Construction Management And Research and the Chairman of Walchand College of Engineering, Sangli.

He is Member of Shareholders / Investors Grievance Committee of the Company and M/s. Hindustan Construction Co. Ltd. He is Chairman of Audit Committee of M/s. Charosa Wineries Ltd. and Member of M/s. Bajaj Electricals Ltd. He is also Member of Remuneration Committee of M/s. Bajaj Electricals Ltd.

Mr. Ajit Gulabchand holds 19,415 Shares of the Company.

- ii) Mr. N. Balakrishnan (74) is associated with the Company as Director since 1998. He has retired from Life Insurance Corporation of India after serving as an Executive Director. He is Chairman of the Remuneration Committee & Member of the Shareholders / Investors Grievance Committee of the Company.

Mr. N. Balakrishnan does not hold any Shares of the Company.

- iii) Mr. Vijay Kumar Jatia (54) is associated with the Company as Director since 2001. He has over 38 years of experience in the industry. He is Chairman & Managing Director of Modern



NOTICE

India Ltd. He is also a Director on Board of Shree Rani Sati Investment & Finance Ltd. (Chairman), Sarat Leasing & Finance Ltd., F. Pudmjee Investment Co. Ltd. and Modern India Property Developers Ltd. (Subsidiary of Public Company)

He is a Member of the Remuneration Committee and Audit Committee of the Company. He is also a Member of the Shareholders / Investors Grievance Committee of M/s. Modern India Ltd.

Mr. Vijay Kumar Jatia holds 830 Shares of the Company.

- iv) Mr. Mayur R. Doshi (33) is graduate in Electronic Engineering from Mumbai University and holds Masters Degree in Computer Science from University of Southern California, Los Angeles, USA. Before joining the Company in 2007, he was working in Siebel Systems and Oracle Corporation, San Francisco, USA for 2 ½ years. Mr. Mayur R Doshi was appointed as General Manager of the Company w.e.f. 3rd December, 2007. He was promoted as Vice-President w.e.f. 1st November 2011. He has been responsible for Company's business in Maharashtra, Gujarat & Karnataka and heading R & D division. He is instrumental in setting up and implementing ERP modules for the Company.

He is Director on the Board of M/s. IHP Finvest Ltd.

Mr. Mayur R. Doshi holds 86,035 Shares of the Company. Mr. Mayur R. Doshi is son of Mr. Rajas R. Doshi, Chairman & Managing Director and Mrs Jyoti R. Doshi, Director of the Company.

- v) Mr. Rajas R. Doshi, Chairman & Managing Director (60) is a graduate in Civil Engineering from Shivaji University. He joined Hindustan Construction Co. Ltd. (HCC) in 1975 and worked in HCC for 5 years and joined the Company in 1981 as Senior Executive at Wadala factory. Thereafter he served the Company in the capacities of Chief Engineer, General Manager and was appointed Joint Managing Director on 1st July, 1988. He was appointed as Chairman & Managing Director on 14th April, 1994.

He is also on the Boards of following companies :

1. Hindustan Construction Co. Ltd.
2. IHP Finvest Ltd.
3. Modern India Ltd.
4. Raj Jyoti Trading & Investment Pvt. Ltd.
5. Mobile Systems India Pvt. Ltd.
6. Ratanchand Investment Pvt. Ltd.
7. Ratanchand Hirachand Foundation
8. Walchand Hirachand Foundation
9. Smt. Pramila Shantilal Shah Charity Foundation
10. Prestressed Concrete Pipe Manufacturers Association of India

Companies
under
Section
25 of the
Companies
Act, 1956

He is also associated with a Charitable Institution. He is member of Shareholders' / Investors' Grievance Committee of the Company. Further he is Chairman of Remuneration Committee and Shareholders' / Investors' Grievance Committee of Modern India Ltd. and member of Audit Committee. He is also member of Audit Committee and Shareholders' / Investors' Grievance Committee of HCC.

Mr. Rajas R. Doshi holds 2,04,575 Shares of the Company.

Mrs. Jyoti R. Doshi, a Director is wife of Mr. Rajas R. Doshi.

Mr. Mayur R. Doshi, Executive Director is son of Mr. Rajas R. Doshi.

- (g) Transfer to Investor Education & Protection Fund :

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, 2004 and interim dividend for the financial year ended 31st March, 2005 had been transferred by the Company to the Investor Education & Protection Fund (IEPF) 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 when it became due for payment is required to be transferred to the IEPF constituted by the Central Govt.

Accordingly, the amount of final dividend for the financial year 2004-05 which remain unclaimed and unpaid as aforesaid shall be due for transfer to the IEPF on 03-09-2012 and no claim shall lie against the IEPF or the Company in respect of such amounts. We therefore request the members who have not yet encashed their dividend warrants for the financial year 2004-05 and onwards to write to the Company claiming dividends declared by the Company for the said financial years.

- iii) It may be noted that unpaid dividend for the following financial years is due for transfer to IEPF on the following respective due dates :

Financial year	Date of declaration of Dividend	Date of Payment of Dividend	Due date of transfer to IEPF
2004-05	29-07-2005	04-08-2005	03-09-2012
2005-06	31-07-2006	07-08-2006	05-09-2013
2006-07	30-07-2007	07-08-2007	04-09-2014
2007-08	30-07-2008	06-08-2008	04-09-2015
2008-09	27-07-2009	01-08-2009	01-09-2016
2009-10	29-07-2010	01-08-2010	01-09-2017
2010-11	27-07-2011	01-08-2011	01-09-2018

- (h) As per the provisions of the Companies Act, 1956, facility for making nomination is now available. Nomination forms in this respect can be obtained from the Secretarial Department of the Company or Registrar & Share Transfer Agent of the Company, M/s. Link Intime India Pvt. Ltd.

- (i) Members are requested to immediately notify change in their registered address, if any, to the Secretarial Department of the Company or Registrar & Share Transfer Agent of the Company, M/s. Link Intime India Pvt. Ltd., for shares held in physical mode. For shares held by the Members in demat mode they are requested to immediately notify change in their registered address, if any, to their respective Depository Participant.

- (j) Members are requested to bring copy of the Annual Report at the time of attending the Annual General Meeting.

- (k) Members / Proxy-holders are requested to produce Admission Slip forwarded to them, duly completed and signed, at the entrance of the Hall for admission to the Meeting Hall.

NOTICE

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956

Item No.7 & 8 :

The Board of Directors on the recommendation of Remuneration Committee at their meeting held on 28th May, 2012 have appointed Mr. Mayur R Doshi, Vice President as an Additional Director pursuant to the provisions of Section 260 of the Companies Act 1956. He holds office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Mayur R Doshi for the office of Director.

Further the Board on the recommendation of the Remuneration Committee has appointed Mr. Mayur R. Doshi, Director as an Executive Director of the Company with effect from 28th May, 2012 to 31st March, 2016 subject to the approval of the Shareholders at the ensuing Annual General Meeting.

Mr. Mayur R. Doshi (33) is a graduate in Electronics Engineering from Mumbai University and holds Masters Degree in Computer Science from University of Southern California, Los Angeles, USA. Before joining the Company in 2007, he was working in Siebel Systems and Oracle Corporation, San Francisco, USA for 2 ½ years. Mr. Mayur R Doshi was appointed as General Manager of the Company w.e.f.3rd December, 2007. He was promoted as Vice-President w.e.f.1st November 2011. He has been responsible for Company's business in Maharashtra, Gujarat & Karnataka and heading R & D division. He is instrumental in setting up and implementing ERP modules for the Company.

The terms and conditions of the appointment and remuneration are as under:

A. Name and Designation : Mr. Mayur R. Doshi, Executive Director.

B. Period : From 28th May, 2012 to 31st March, 2016

C. Remuneration :

Salary

(i) Rs. 2,00,000/- per month

(in the scale of Rs. 2,00,000 - 30,000 - 2,60,000 - 40,000 - 3,40,000)

(ii) Perquisites & Allowances

In addition to the salary and commission payable, the Executive Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowances @ 60% of the salary, reimbursement of actual medical expenses incurred in India and / or abroad for himself and his family including hospitalization, payment of insurance premium towards domestic medical insurance policy and reimbursement of expenses for utilities such as gas, electricity, water, furnishing, repairs and other allowances, fees of clubs including admission / entry fees, personal accident insurance and leave travel allowance for self and his family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Remuneration Committee and Board of Directors and the Executive Director from time to time. However, such perquisites and allowances will be subject to maximum of 125% of the annual salary.

For the purpose of calculating the above ceiling, perquisites and other allowances shall be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

- (a) The Company shall provide Company maintained car with driver / reimbursement expenses of driver for use by the Executive Director and shall also provide at his residence telephones (including payment for local calls and long distance official calls), reimbursement of Mobile phones expenses & outgoings, telefax and other communication facilities. These provisions shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (b) The Executive Director will be entitled for privilege leave on full pay and allowances and / or encashment thereof as per the rules of the Company.
- (c) The following perquisites shall not be included in the computation of ceiling on remuneration specified above:
 - i) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income-Tax Act;
 - ii) Gratuity payable as per the rules of the Company.
 - iii) Encashment of leave at the end of the tenure.

D. Commission

The Executive Director will be paid a Commission of 1%, in addition to salary, perquisites and allowances calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Remuneration Committee and Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

E. Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above, as per relevant applicable provisions of law including Schedule XIII of the Companies Act, 1956.

The draft Agreement between Mr. Mayur R. Doshi and the Company is available for inspection to the Members at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. up to the date of the 86th Annual General Meeting of the Company.

Your Directors consider Mr. Mayur R. Doshi eminently suitable for appointment as Executive Director of the Company and recommends above resolutions for your approval.

Mr. Mayur R. Doshi is interested in the resolutions. Mr. Mayur R. Doshi is son of Mr. Rajas R Doshi, Chairman & Managing Director and Mrs. Jyoti R. Doshi, Director of the Company and they are concerned and interested in the resolutions at item No.7 & 8.

No other Director is concerned or interested in the said Resolutions.

Item No.9 :

The members had, at the Annual General Meeting of the Company held on 30th July, 2008, approved reappointment of Mr. Rajas R. Doshi as the Managing Director designated as Chairman & Managing Director of the



NOTICE

Company and approved the terms of remuneration, for a period of 5 years with effect from 1st July, 2008 to 30th June, 2013.

The aforesaid resolution and the accompanying explanatory statement approved by the Members, inter-alia, stated that if the Company has no profits or its profits are inadequate in any financial year, during the currency of their tenure, the Company shall pay, minimum remuneration to the Chairman & Managing Director, as per relevant applicable provisions of law including provisions as contained in Schedule XIII to the Companies Act, 1956, ("the Act") including any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed there under.

The present financial performance of the Company reflects the difficult economic and business environment. As a consequence of certain unexpected developments which were beyond the control of management, mainly due to slow down of the economy, the expected cash flows have not materialized for the Company. Further there was uncertainty on the policy front. This has resulted in poor order inflow and drop in turnover growth. There were no business activities of the Company in Tamilnadu due to recent assembly election in that State. Further there were delays in settlement of trade collections and thereby resulted in increased borrowings & high interest cost. Due to spiraling effect of inflation, the costs of materials and labour have gone up. As a consequence, the Company has witnessed decline in turnover and operating margins and increase in interest, material and labour costs which has affected the performance of your Company. For the financial year 2011-12 the Company has earned inadequate profits for the first time.

The Remuneration Committee and the Board of Directors at their meetings held on 31st January, 2012 had approved payment of remuneration considering the rich experience and valuable contribution of the Chairman & Managing Director and it would be reasonable, fit and justified to approve the remuneration payable to Mr. Rajas R. Doshi, Chairman & Managing Director of the Company for the financial year 2011-12 and for the remainder of his term up to 30th June, 2013 as specified in the resolution under Item No.9 as minimum remuneration, which is within the limits approved by the Members at the Annual General Meeting dated 30th July, 2008, subject to necessary compliances with the requirements of the Act.

In accordance with Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Companies Act, where in any financial year during the currency of the tenure of the managerial person, a Company has no profits or its profits are inadequate, it may pay remuneration, upon compliance with the conditions stated thereunder including seeking approval from the Shareholders by way of a Special Resolution for the payment of remuneration for a period not exceeding three years subject to approval of the Central Government.

As the payment of minimum remuneration to Mr. Rajas R. Doshi, Chairman & Managing Director for the financial year 2011-12 and for the remainder of his term up to 30th June, 2013 exceeds/may exceed the ceiling limit laid down in Sections 198,309 read with Schedule XIII to the Act, Shareholders approval vide Special Resolution is sought for the said proposal, subject to approval of the Central Government.

In terms of the requirements as per sub-clause (iv) of the proviso to Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act, the information is furnished below:

I. GENERAL INFORMATION :

- (1) Nature of Industry : Construction and pipes
- (2) Date of Commencement of Commercial Production : Not applicable
- (3) In case of new companies, expected date of Commencement of activities as per project approved by Financial Institutions appearing in the Prospectus : Not applicable
- (4) Financial Performance :
Financial Parameters of the Company for the last five financial years:

Sr. No.	Particulars	Financial Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
1	Paid-up Capital	484.47	484.47	484.47	484.47	484.47
2	Reserves and Surplus	13957.80	16006.88	18297.37	20531.26	21560.56
3	Turnover / Revenue from operations	45180.13	66534.80	67564.54	64852.90	51716.92
4	Net profit as per Sec 198 (read with Section 349) of the Companies Act, 1956)	2372.61	3527.60	5315.93	4429.30	1015.20
5	Amount of Dividend Paid	339.13	411.80	484.47	484.47	484.47*
6	Rate of Dividend Declared	70%	85%	100%	100%	100%*

* Proposed.

- (5) Export performance and net foreign exchange collaborations

The Company has been in the business of manufacturing, laying and jointing of pipelines of various pipe materials 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 drinking

water supply projects, irrigation projects, Hydro Electric Projects, Sanitation and Sewerage Systems. The Company caters to the domestic markets mainly States, Central Government, Municipal Corporations and their agencies. There were no exports during the year 2011-12. The Company has no foreign collaboration.

NOTICE

- (6) Foreign investments or collaborators, if any

The total equity shares held by Non-Resident Indians is 51,295 of ₹ 2/- which constitutes 0.21% of the paid up equity share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details of Mr. Rajas R. Doshi :

Mr. Rajas R. Doshi is B.E.Civil aged 60 years. He has over 3 decades of experience in the construction and pipes business. He joined Hindustan Construction Co. Ltd as Management Trainee in 1975 and worked at their construction sites for 5 years. In the year 1981, he joined The Indian Hume Pipe Co. Ltd. as Sr. Executive at its Wadala factory. Thereafter he held several posts in the Company viz Chief Engineer, General Manager and promoted as Joint Managing Director on 1st July, 1988. He was appointed as Chairman & Managing Director of the Company on 14th April, 1994 and continues as Chairman & Managing Director. His present tenure of re-appointment as Chairman & Managing Director of the Company was approved by the Shareholders at the AGM held on 30th July, 2008 for a period of five years with effect from 1st July, 2008 to 30th June, 2013.

(2) Past Remuneration paid to Mr. Rajas R. Doshi :

The remuneration paid to Chairman & Managing Director in the three financial years i.e. 2008-09, 2009-10 & 2010-11 are as given below:

(₹ in Lacs)

Period		Salary, Perquisites and Allowance	Company's Contribution to funds	Commission	Total per annum
01-04-2008	31-03-2009	65.87	10.33	100.18	176.38
01-04-2009	31-03-2010	79.97	12.55	173.28	265.80
01-04-2010	31-03-2011	90.46	14.18	116.83	221.47

(3) Recognition / Awards

The Company was selected by Forbes Asia Magazine as one of the 200 "Best under a Billion" Companies in Asia in their October, 31st 2005 issue. "Best under a Billion" is an annual listing in Forbes Asia featuring 200 of Asia's best small enterprises with revenue under US\$1 billion a year, as well as latest-year market momentum. One of the important criteria of the selection is Company's past track records of rewarding the shareholders with payment of good dividend.

In recognition of this achievement the Company was given an award by the Forbes Magazine at the award function held on 10th November, 2005 at Singapore received by Mr. Rajas R. Doshi our Chairman & Managing Director.

Further the Company was felicitated for the commendable performance in completion of the project Dr. Y.S.R. Anantapur Drinking Water Supply Scheme by the Government of Andhra Pradesh.

(4) Job Profile and Suitability:

Mr. Rajas R. Doshi (60) is the Chairman & Managing Director of our Company having more than 3 decades of rich experience in construction and pipes industry. He functions under the control, superintendence and direction of the Board of Directors. The Company has immensely benefited under the leadership and stewardship of Mr. Rajas R. Doshi as Joint Managing Director and currently as Chairman & Managing Director of the Company, since April, 1994 and had consistently increased its turnover, profitability and earned adequate profits and paid good and handsome dividends including special interim dividend to the Shareholders of the Company. The Company has achieved greater heights, introduced newer products, expanded / modernised its factories, secured large orders as well as awards and recognitions from the Government departments and its business has expanded manifold across the country. Since the financial year 1950-51 the Company had consistently earned adequate profits. It had also consistently paid good and handsome dividends including special interim dividends to the Shareholders since the financial years 1950-51 as well as given Bonus shares to the Shareholders.

In these tough times, it is imperative that the Company's growth strategy continues under the continued guidance and leadership of Mr. Rajas R. Doshi with whose rich experience and valuable contribution, the Company remains reinforced to strive through the challenging times and bounce back on the growth chart.

(5) Remuneration paid/proposed to Mr. Rajas R. Doshi :

Details of the total remuneration comprising inter-alia, Salary and Perquisites and Allowances together with Retirals and other benefits / perquisites which is paid / proposed during the remaining tenure of Mr. Rajas R. Doshi, Chairman & Managing Director i.e. of the financial year 2011-12 and for the remainder of his term up to 30th June, 2013 have been full set out in the resolution at item No.9.

(6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:

Considering that Mr. Rajas R. Doshi, Chairman & Managing Director of the Company has strived hard to place the Company in a prominent position and in turning the Company to one of the competent engineering and construction player and pioneer in infrastructure development, his role and contribution to the Company which has ensured the long term survival and prosperity of our Company and thus the Remuneration Committee and Board of Directors felt that the remuneration proposed to him is reasonable and justified compared to the industry benchmarks.

In view of the above and considering the size of industry in which the Company operates, the challenging and competitive business environment, the size of the Company, the business acumen and dynamism expected in discharging the role of the Chairman & Managing Director, it is utmost befitting that Mr. Rajas R. Doshi continues as the Chairman & Managing Director of the Company considering his competence and invigorating leadership provided to the Company for over 3 decades which has resulted in sustained growth for the Company. Accordingly the Remuneration Committee and the

