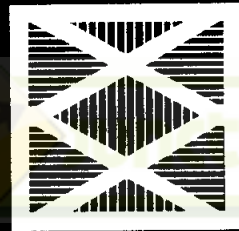


TITANOR COMPONENTS LIMITED



ANNUAL REPORT 2000 - 2001



THE MANAGEMENT TEAM

Report Junction

SEACLOR*Mac*

ELECTROCHLORINATION SYSTEMS FOR WATER DISINFECTION



SEACLOR MAC 2000

SEACLOR*Mac* PACKAGED MODELS

Seaclor Mac 50

Seaclor Mac 100

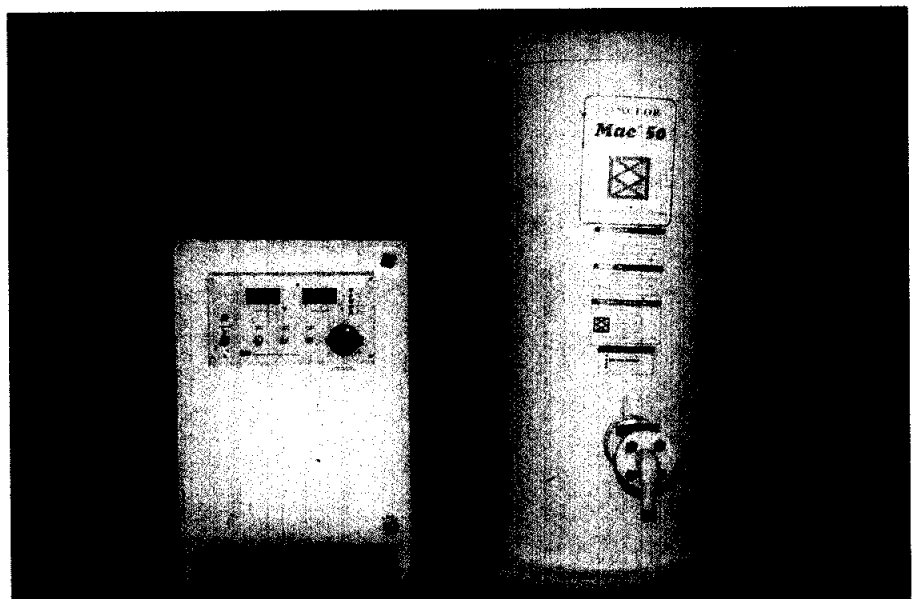
Seaclor Mac 500

Seaclor Mac 1000

Seaclor Mac 2000

SEACLOR*Mac* SYSTEMS A SPECTRUM OF APPLICATIONS

- ☐ Drinking Water Schemes
(Rural & Urban)
- ☐ Swimming Pools & Hotels
- ☐ Hospitals
- ☐ Schools
- ☐ Poultry Farms
- ☐ Food & Beverages
- ☐ Meat & Fish Processing
- ☐ Dairy & Milk Products

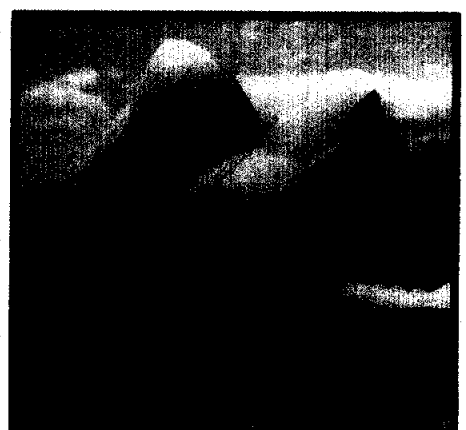


SEACLOR MAC 50

SEACLOR MAC... THE LEADER IN WATER DISINFECTION

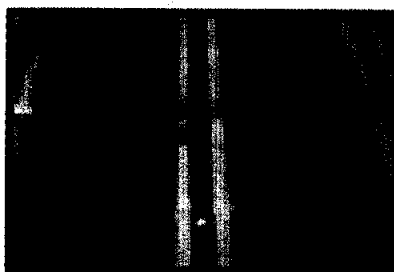
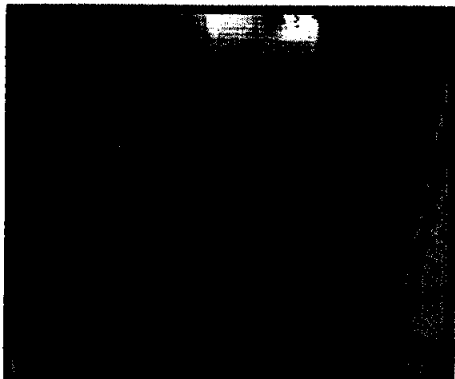
LIDA[®] GRID

ACTIVATED TITANIUM MESH RIBBON FOR CATHODIC PROTECTION OF STEEL IN CONCRETE

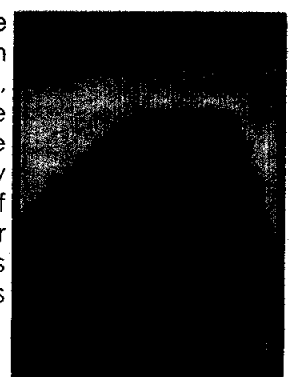


- ☐ Tough base metal: titanium grade I
- ☐ Unique, inert, electrocatalytic mixed metal oxide coating
- ☐ Long anode life
- ☐ Tested and proven with installations around the world
- ☐ Patented

- ☐ STRIP WIDTH AND SPACING CAN BE VARIED TO FINE TUNE CATHODIC PROTECTION CURRENT REQUIREMENTS



it can be installed on rebar cages, before concrete pouring by means of plastic or cementitious spacers



LIDA[®] is a trademark of Orozio De Nora S.A. - Switzerland

THE LEADER

TITANOR COMPONENTS LIMITED**BOARD OF DIRECTORS**

KAMALJIT SINGH	<i>Chairman</i>
FRANCO LADAVAS	
RENATO GAZZANIGA	
MAURO SAPONELLI	
PREMAL N KAPADIA	
R V N P R SARDESSAI	
S C JAIN	<i>Whole-Time Director</i>
KRISHAN KHANNA	<i>Alternate to R. Gazanniga</i>
B P VAIDYA	<i>Alternate to M. Saponelli</i>

AUDIT COMMITTEE	PREMAL N KAPADIA
	R V N P R SARDESSAI
	S C JAIN

COMPANY SECRETARY	BANU DANDONA
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AUDITORS	BHARAT S RAUT & CO.
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REGISTERED OFFICE AND WORKS	PLOT NOS. 184,185 & 189 KUNDAIM INDUSTRIAL ESTATE KUNDAIM, GOA - 403 115.
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WEBSITE	www.titanor.com
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BANKERS	BANK OF BARODA STATE BANK OF INDIA
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SOLICITORS	DUA ASSOCIATES
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TITANOR COMPONENTS LIMITED

NOTICE

Notice is hereby given that the 12th Annual General Meeting of TITANOR COMPONENTS LIMITED will be held on Saturday, October 13, 2001 at 11.00 a.m at the Registered Office of the Company at Plot Nos.184,185 & 189, Kundaim Industrial Estate, Kundaim, Goa 403 115, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Franco Ladavas who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Renato Gazzaniga who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 198, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the shareholders be and is hereby accorded for the re-appointment of Mr.S.C.Jain, as a Whole-time Director for a period of three years with effect from July 16, 2001 on the terms and conditions as per the draft placed before the meeting and the Board of Directors are hereby authorised to revise, amend, alter or otherwise vary the terms and conditions of this appointment in accordance with the provisions of Schedule XIII, as may be required from time to time, and agreed by the Board of Directors and S.C.Jain."

5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution of which a 'Special Notice' as required under Section 225 of the Companies Act, 1956 has been received from a member:

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants be and are hereby appointed as

Auditors of the Company instead of retiring Auditors M/s. Bharat S Raut & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be mutually agreed upon between the said M/s. Deloitte Haskins & Sells and the Board of Directors of the Company."

By Order of the Board

BANU DANDONA
Company Secretary

Date : July 26, 2001

Registered Office :
Plot Nos. 184,185 & 189,
Kundaim Industrial Estate,
Kundaim, Goa 403 115.

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. A PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 Hours before the commencement of the meeting.
- c) The relative Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item Nos. 4 & 5.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 1st October, 2001 to 12th October, 2001 (both days inclusive).
- e) Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- f) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.
- g) The amount of unclaimed dividend for and upto the year ended March 31, 1994 which remained unpaid or unclaimed have been transferred to the General Revenue Account of the Central Government.

TITANOR COMPONENTS LIMITED**ANNEXURE TO NOTICE:**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Mr.S.C.Jain has been a Whole-time Director since July 16, 1997. The Board of Directors at their Meeting held on July 14, 2001 have, subject to the approval of the members, appointed Mr. S.C.Jain as Whole-time Director for a period of three years as per the terms and conditions set out here under. Mr.S.C.Jain is M.Tech in Chem. Engineering with more than 27 years of extensive experience in the area of chlor-alkali, electrochlorination & cathodic protection systems. He has been with the company since its incorporation at senior management level of which he has been the Whole-time Director for the last four years.

I. Duties :

As a whole-time director Mr.S.C.Jain shall be responsible for the overall management of the company. He shall also be the occupier of the factory.

II. Salary :

Rs.86,000/- p.m.

III. Perquisites :

In addition to the salary Mr.S.C.Jain shall be entitled to the following perquisites, rent-free furnished accommodation, medical reimbursement and such other payments in the nature of perquisites and allowances in accordance with the Rules of the company and any other performance related incentives as may be agreed/ determined by the Board of Directors. The total value of perquisites together with salary shall be restricted upto the amount stipulated in Schedule XIII of the Companies Act, 1956.

IV. Other Payments and Provisions :**i) Contribution to Provident Fund and Superannuation Fund**

Contribution towards Provident Fund will be subject to a ceiling of 12% of Salary. Contribution to Superannuation Fund together with Provident Fund shall not exceed 27% of the Salary as laid down in the Income Tax Rules, 1962.

ii) Gratuity

Gratuity as per rules of the company.

iii) Leave and Leave Encashment

a) Leave and Leave Encashment is allowed during the tenure of appointment in the company and leave encashment during the tenure shall be included in the computation of perquisites.

b) Leave Encashment at the end of the tenure will not be included in the computation of perquisites.

iv) Car & Telephone

The Company shall provide a car with driver for business use and telephone facility at his residence. The provision of car for the use on Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the company to Mr.S.C.Jain.

The terms and conditions set out above should be treated as an abstract of Memorandum of interest under Sec. 302 of the Companies Act, 1956.

Your Directors recommend Ordinary Resolution for your approval.

None of the Directors except Mr.S.C.Jain is interested or concerned in the resolution.

Item No.5

The Company has received:

(a) a notice from a member under Section 225 of the Companies Act, 1956, proposing the name of M/s. Deloitte Haskins & Sells, Chartered Accountants to be appointed as Auditors of the Company instead of the retiring Auditors, M/s. Bharat S Raut & Co.

(b) a letter from M/s. Bharat S Raut & Co., retiring Auditors confirming that they do not desire to offer themselves for reappointment as Statutory Auditors of Titanor Components Ltd. at the forthcoming Annual General Meeting.

The special notice given by the member is being circulated in the form of Resolution as mentioned at item '5' of this notice.



TITANOR COMPONENTS LIMITED

DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(RS. IN MILLION)	
	2000-2001	1999-2000
Sales & Other Income	109.36	91.86
Profit/ (Loss) before depreciation, taxation and amortisation	2.69	(13.40)
Amortisation	3.94	3.94
Provision for Depreciation	9.31	7.67
Provision for Taxation	NIL	NIL
Profit/ (Loss) after depreciation, taxation and amortisation	(10.56)	(25.01)
Balance of Profit brought forward from Previous Year	2.00	27.01
Accumulated (Loss)/ Retained Earnings	(8.56)	2.00
Transfer from General Reserves	1.51	NIL
Balance of Profit/(Loss) carried forward to next year	(7.05)	2.00

DIVIDEND

The Board expresses its inability to recommend a dividend for the year due to absence of profits and to conserve the resources of your Company.

OPERATIONS

Your Company has tried to consolidate the situation by taking several steps of cost reduction as a consequence, performance in the year under review is better as compared to the previous year.

The recessionary trend in the economy and particularly in the chlor alkali industry continued, affecting the performance of your Company during the year under review. However, currently the chlor alkali industry is showing signs of improvement and your Company is expected to perform better in the next financial year.

The performance of the new products viz. - Anodes for Cathodic Protection and Electrochlorination Systems is in line with the expectation.

DIRECTORS

In accordance with the Articles of Association of the

Company, Mr.Franco Ladavas & Mr.Renato Gazzaniga will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Mr. R.V.N.P.R. Sardesai has been appointed as Additional Director with effect from April 29, 2001 to hold office till the conclusion of the Annual General Meeting.

During the year Mr. S.C. Jain, Whole-time Director, has been re-appointed for a period of three years w.e.f. 16th July 2001. The re-appointment is made in terms of Schedule XIII of the Companies Act, 1956. The consent of the shareholders is sought for the re-appointment.

Mr.P.N. Kapadia has been appointed as Additional Director with effect from July 14th, 2001 to hold office till the conclusion of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

1. That in the preparation of the accounts for the financial year ended March 31, 2001 the applicable accounting standard have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a fair and true view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year on a 'going concern' basis.

AUDIT COMMITTEE

An Audit Committee has been constituted in terms of Sec. 292A of the Companies Act, 1956 consisting of Mr.S.C.Jain, Mr.P.N. Kapadia and Mr. R.V.N.P.R.Sardesai. Mr. S.C.Jain was elected as the Chairman of the Committee.

AUDITORS

The Auditors M/s.Bharat S Raut & Co., Chartered Accountants will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

TITANOR COMPONENTS LIMITED**DIRECT & INDIRECT TAX CLAIMS/ CONTINGENT LIABILITIES**

There has been no change in the status of the contingent liabilities in the year under review. As stated in Schedule 23 of the accounts, your Company has received demands under Income Tax amounting to Rs.12.96 Million pertaining to previous years, which the Company has already paid under protest.

In the case of Excise, the Company has received demands for its activities at Rampur and Goa, and these demands have either been 'stayed' by appropriate authorities and/or are being contested. No Provision has been made in respect of these demands as the Company has been advised that these demands are not in accordance with the provision of the law.

PERSONNEL

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, are set out in Annexure to the Directors' Report. However, as per the provisions of Sec. 219(1)(B)(iv) of the Companies Act, 1956, the Report and the accounts are being sent to all shareholders excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

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

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure 'A' forming part of this report.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the continued support and co-operation received from Bankers, Foreign Collaborators, Government Authorities and Shareholders. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers during the year under review.

For and On behalf of the Board of Directors

Mumbai
July 14, 2001

P.N.KAPADIA
Director

S.C.JAIN
Whole-time Director

ANNEXURE 'A' TO DIRECTORS' REPORT

INFORMATION IN ACCORDANCE WITH SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Though the manufacturing operations involve consumption of energy, it is not of major significance.

The Company is not covered under the list of industries which should furnish information in Form 'A'.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

Your Company has technical collaboration with M/s.Oronzio De Nora International B.V., The Netherlands for Ion Exchange Membrane Electrolysers for Chlor-Alkali industry, Water Electrolysers and Electrochlorinators for Water treatment and with M/s.Oronzio De Nora S.A., Switzerland for Cathodic Protection (Anti corrosion) Systems. In view of this, the Company did not incur any expenditure on R&D during the year under review.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Your Company has successfully adopted the technology of Seacior-Mac, through a continuous interaction with foreign collaborator. The Company now has five standard models namely Seacior Mac-50, Seacior Mac-100, Seacior Mac-500, Seacior Mac-1000 & Seacior Mac-2000. Your Company has also adopted the technology for the manufacture of Lida ® Anodes in different configurations for Cathodic Protection System. Our foreign collaborators undertake extensive R&D and strive to make continuous improvement in the coating technology for Anodes and Cathodes for Membrane Cell technology. The latest R&D on the coating activity are regularly passed on to us by our foreign collaborator and the Company is kept abreast of the latest technological innovations in this field.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings are detailed in Note 26 and foreign exchange outgo is detailed in Note 27 of the Accounts.



TITANOR COMPONENTS LIMITED

AUDITORS' REPORT

To the Members of
Titanor Components Limited

We have audited the attached balance sheet of Titanor Components Limited ("the Company") at 31 March 2001 and the related profit and loss account of the Company for the year then ended, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure to this report, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. As explained in Note 14, the Company incurred a loss of Rs. 14,305,189 on the sale of assets of the erstwhile Rampur plant and paid additional compensation of Rs. 3,672,006 to the employees of the Rampur plant in the year 1996-97. This total amount of Rs. 17,977,195 was written-off equally over a period of five years commencing from the financial year 1996-97. This accounting treatment is not in accordance with the generally accepted accounting principles in India. Had these amounts been fully charged to the profit and loss account in the financial year 1996-97, the loss for the current year would have been lower by Rs. 3,595,438. It does not have an impact on the accumulated losses at 31 March 2001.
3. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet and profit and loss account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable; and
 - e) on the basis of the written representations received from the directors of the Company at 31 March 2001 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) in our opinion, except for the effect of the matter mentioned in paragraph 2, and to the best of our

information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) in case of the balance sheet, of the state of affairs of the Company at 31 March 2001; and
- (ii) in case of the profit and loss account, of the loss of the Company for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Mumbai
14 July 2001

Sanjay Aggarwal
Partner

Annexure to Auditors' Report for the year ended 31 March 2001

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the members of Titanor Components Limited on the financial statements for the year ended 31 March 2001, we report the following:

1. The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and location of the fixed assets. The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No physical verification of assets was conducted during the year.
2. None of the fixed assets of the Company have been revalued during the year.
3. The inventories of finished goods, consumable stores and spares, components and raw materials have been physically verified by the management at regular intervals during the current year. In our opinion, the frequency of physical verification is reasonable.
4. In our opinion and according to the information and explanations provided to us, the procedures of physical verification of inventory adopted by the Company are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification between physical inventory and book inventory were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of inventory records, the valuation of inventories is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.