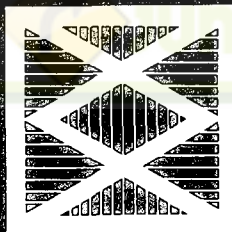


TITANOR COMPONENTS LIMITED

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ANNUAL REPORT 1996-97

DE NORA S.p.A. SALE AND SERVICE ORGANIZATION

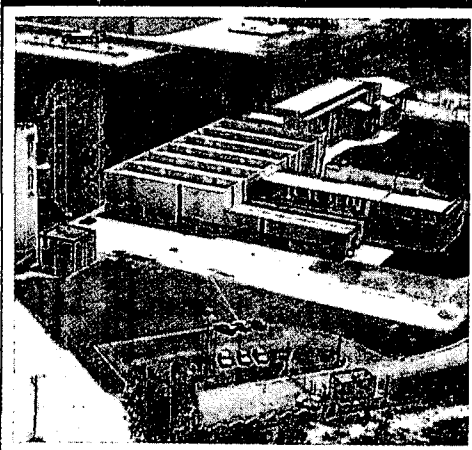
DE NORA FRANCE S.A.R.L.

DE NORA DEUTSCHLAND
G.m.b.H.



E-TEK, INC.

HERAEUS DE NORA, INC.



DE NORA DO BRASIL LTDA

AMERICA

DE NORA DO BRASIL LTDA
Av. Jerome Case, 1959
CEP 18087-370 SOROCABA SP
BRAZIL

HERAEUS DE NORA, INC.
2655 Route 22 West Union
New Jersey 07083, U.S.A.

E-TEK, Inc.
6 Mercer Road, Natick, MA 01760, U.S.A.

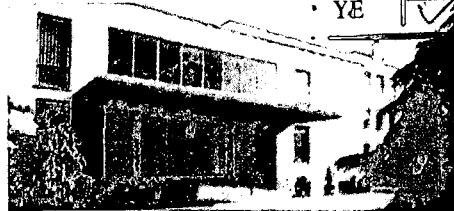
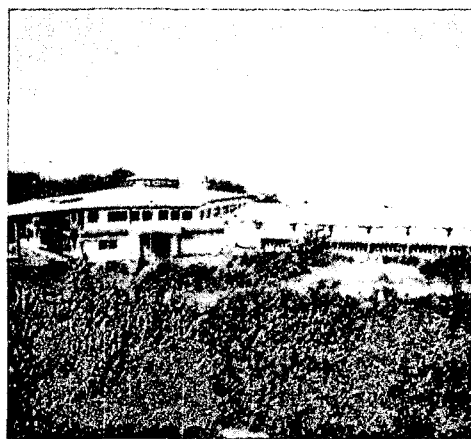
EUROPE

DE NORA FRANCE S.A.R.L.
15, Parc d'Activites de la Festre, Route de Grasse
06530 SAINT CEZAIRE-SUR-SIAGNE, FRANCE
DE NORA DEUTSCHLAND G.m.b.H.
Gwinnerstrasse 27-33
D-60388 Frankfurt am Main, GERMANY

DE NORA S.P.A. - ITALY
DNP SERVICES S.P.A. ITALY

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

TITANOR COMPONENTS LTD., GOA, INDIA



PERMELEC ELECTRODE LTD.

JIANGYIN DE NORA TIAN
LI ELECTROCHEMICAL
TECHNOLOGY CO. LTD.



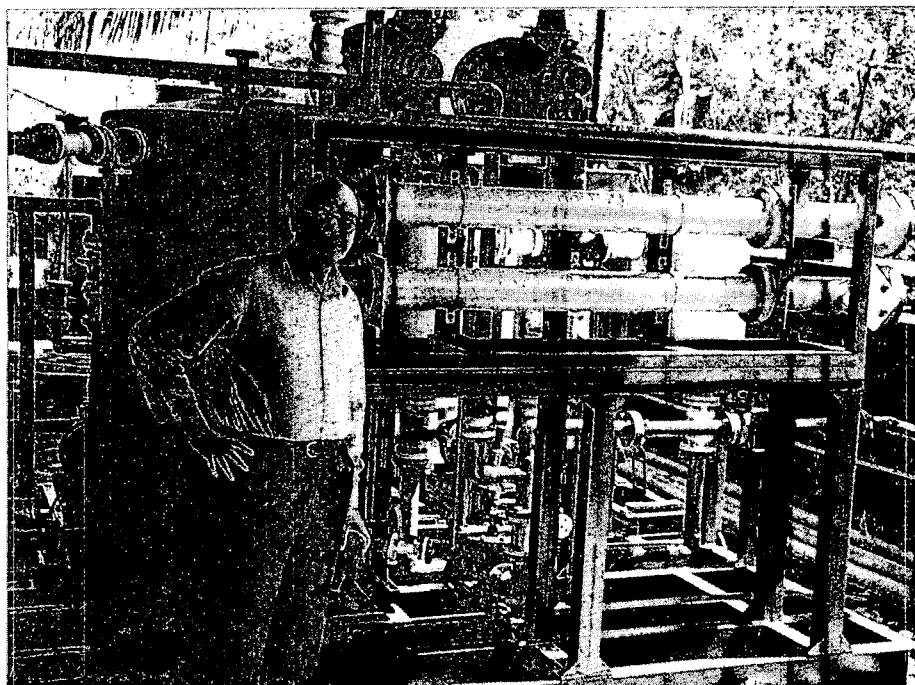
TITANOR SINGAPORE PTE. LTD.

DE NORAS.p.A
Via Bistolfi, 35
20134 Milano, ITALY
DNP SERVICES S.p.A.
Via Bistolfi, 35 20134 MILANO
ITALY

ASIA

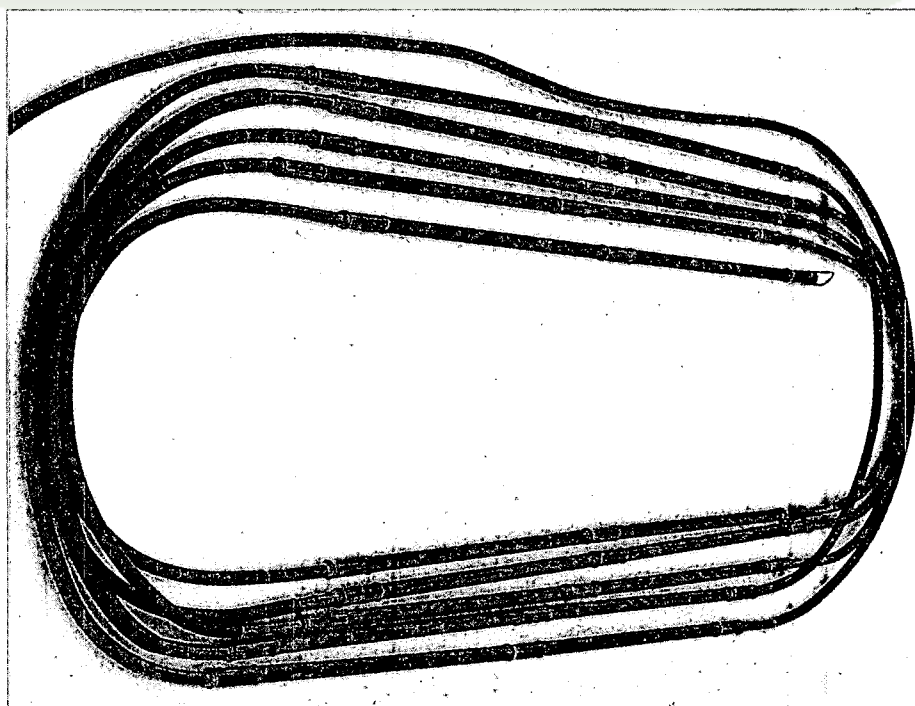
TITANOR COMPONENTS LTD.
Plot No. 184, 185 & 189
Kundaim Industrial Estate
Kundaim, 403 115 Goa, INDIA
TITANOR SINGAPORE PTE. LTD.
17, Tuas Street, SINGAPORE 638 454

JIANGYIN DE NORA TIAN LI
ELECTROCHEMICAL TECHNOLOGY CO. LTD.
Li Gang Town, Jiangyin City, Jiangsu Province, P.R.C.
PERMELEC ELECTRODE LTD.
2023-15 Endo - Fujisawa City -
252 Kanagawa Pref, JAPAN

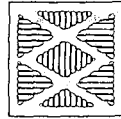


Seacolor (R) 2.5 Kg/hour for BHEL, Ranipet (TN)

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Lida (R) String 1.6/100 off 10 anodes with a total current output of 50 amps in soil for Reliance Hazira Project



BOARD OF DIRECTORS

GEORGE J. PHOCAS

Chairman

KAMALJIT SINGH

Deputy Chairman

FRANCESCO MAZZUCCHI

NED RUSSO

FRANCO LADAVAS

KRISHAN KHANNA

PREMAL KAPADIA

B. P. VAIDYA

GAUDENZIO FERRI

Managing Director

COMPANY SECRETARY

NOEL DA SILVA

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AUDITORS

BHARAT S. RAUT & CO.

**REGISTERED OFFICE
AND WORKS**

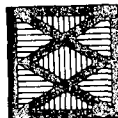
PLOT NOS. 184, 185 & 189
KUNDAIM INDUSTRIAL ESTATE
KUNDAIM, GOA 403 115

BANKERS

BANK OF BARODA
ABN-AMRO BANK N.V.

SOLICITORS

DUA ASSOCIATES



NOTICE

Notice is hereby given that the Eighth Annual General Meeting of TITANOR COMPONENTS LIMITED will be held on Wednesday, September 17, 1997 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, 1997 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 declare a Dividend.
3. To appoint a Director in place of Mr. Kamaljit Singh who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Francesco Mazzucchi who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Ned Russo who retires by rotation and being eligible offers himself for reappointment.
6. 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.

"RESOLVED THAT M/s.Kapadia Parera Makhijani & Girish, 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 the next Annual General Meeting on such remuneration as may be mutually agreed upon between the said M/s.Kapadia Parera Makhijani & Girish and the Board of Directors of the Company with a provision for interim billing, if required."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 314, and other applicable provisions of the Companies Act, 1956 the company hereby approves the appointment of Mr. S. C. Jain as a Whole-time Director of the company for a period of one year with effect from July 16, 1997 on the terms and conditions set out in the draft agreement placed before this meeting and the Board of Directors are hereby authorised to effect such modification(s) of the terms and conditions as may be approved by Central Government and agreed by the Board of Directors and Mr. S. C. Jain."

By Order of the Board

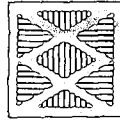
NOEL DA SILVA
Company Secretary/
Dy. General Manager-Legal

15th July, 1997

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

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE 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 atleast 48 hours before the commencement of the meeting.
- c) The relative Explanatory Statements as required by Section 173(2) of the Companies Act, 1956 are annexed hereto in respect of item No.6 & 7.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from 12th September, 1997 to 17th September, 1997 (both days inclusive) for the purpose of payment of dividend for the financial year ended 31st March, 1997.
- e) The dividend when declared will be paid on or after 17.9.1997 to those shareholders whose names appear in the Register of Members as on 17.9.1997.
- f) 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.
- g) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.



ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

ITEM NO. 6

The Company has received

- a) a notice from M/s. Bharat S. Raut & Co. retiring Auditors expressing their unwillingness to be reappointed as Auditors of the company.
- b) a notice from a member under Section 225 of the Companies Act, 1956, proposing the name of M/s. Kapadia Parera Makhijani & Girish, Chartered Accountants to be appointed as Auditors of the Company instead of the retiring Auditors, M/s. Bharat S. Raut & Co.

The special notice given by the member is being circulated in the form of a Resolution as mentioned at item No. 6 of this notice.

Your Directors recommend the Ordinary Resolution for your approval.

None of the Directors is interested or concerned in the resolution.

ITEM NO. 7

Mr. S. C. Jain, is M.Tech in Chem. Engineering with more than 23 years of extensive experience in the area of chlor-alkali, electrochlorination & cathodic protection systems. He is working with the company for more than seven years in senior management level. In view of above, the Directors deem fit to appoint Mr.S.C.Jain as a Whole-time Director subject to the consent of shareholders and the approval of Central Government and nominate him as occupier of the factory.

It is therefore, proposed to appoint Mr. S. C. Jain as Whole Time Director of the company w.e.f. July 16, 1997 for a period of one year on the following terms and conditions.

1. Duties :

As a Whole-time Director of the Company, Mr.S.C.Jain shall have ultimate control over the affairs of the factory and be its Occupier. He shall also perform other duties and exercise such powers as have been or may from time to time be entrusted or conferred upon him by the Board.

2. Salary :

Rs.23500/- per month.

3. Perquisites :

In addition to the salary, Mr. S. C. Jain shall be entitled for following perquisites :

- i) House Rent Allowance - 60% of the salary

- ii) Expenditure incurred on Gas, Electricity and Furnishing shall be valued as per Income Tax Rules, 1962

- iii) Medical Reimbursement and Leave Travel Concession for self and family, Personal Accident Insurance, Educational Allowance and other allowances in accordance with the rules of the company and such perquisites being restricted to an amount equal to the annual salary.

4. Other Payments and Provisions :

i) Contribution to Provident Fund and Superannuation Fund

Contribution towards Provident Fund will be subject to a ceiling of 10% of the salary. Contribution to Superannuation Fund together with Provident Fund shall not exceed 25% of the salary as laid down in the Income-Tax Rules, 1962. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.

ii) Gratuity

Gratuity as per rules of the company.

iii) Leave and Leave Encashment

In accordance with rules of the company.

iv) Car & Telephone

Use of Car and Telephone at the residence for the business of the company will not be treated as perquisite.

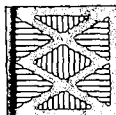
v) Entertainment Expenses

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

The appointment of Mr. Jain requires the approval of the Members of the Company in the General Meeting under Section 309 of the Act and of the Central Government under Section 269 and other applicable provisions of the Act. As required the company will be making an application to the Central Government for its approval.

Your Directors recommend the Ordinary Resolution for your approval.

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



DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the 8th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

(RS. IN MILLION)

	1996-97	1995-96	% Change
Sales & Other Income	134.16	129.63	3.49
Profit before Depreciation, Taxation and Amortisation	25.77	16.97	51.86
Rampur Amortisation	3.60	—	—
Provision for Depreciation	8.74	8.67	—
Provision for Taxation	—	—	—
Profit after Depreciation, Taxation and Amortisation	13.43	8.30	61.80
Balance of Profit brought forward from Previous Year	28.93	27.47	—
Proposed Dividend	7.49	6.84	9.50
Transfer to General Reserves	0.67	—	—
Tax on Dividend	0.75	—	—
Balance of Profit carried forward to next year	33.45	28.93	—
Dividend as % of Profit after Tax	55.77%	82.41%	—

DIVIDEND

Your Directors are pleased to recommend a dividend of 15% for the year ended 31st March, 1997. This will absorb Rs.8.24 million of distributable profit, inclusive of tax on dividend.

OPERATIONS

Your company's performance during the year under review, has shown an improvement. Your company has sold its Rampur factory in November 1996. All its manufacturing operations are now centralised in its recently built Kundaim factory in Goa. The extraordinary costs towards compensation to employees and write off of assets at Rampur are being amortised over a period of five years.

EXPORTS

For the first time, your company has been successful in securing and executing export orders amounting to Rs.6.8 million. Your Directors are optimistic about the continued growth in exports.

FUTURE OUTLOOK

Your Directors are pleased to note that your company's Electrochlorinator product Seaclor Mac ® has received acclaim from concerned authorities in the State of Gujarat, Maharashtra, Tamilnadu, Goa and Pondicherry. Similar acceptance is expected from other states in due course. Your Company's Cathodic Protection Systems are now in use in Indian Oil Corporation, Reliance Industries, National Fertilisers, Tamilnadu Petroproducts and other companies. Effective from February 1997, your company has been entrusted with additional responsibility of handling Cathodic Protection business in Far-East and Australia by the De Nora Group.

The abovementioned improvements have and will help overcome impact of stagnation in chlor-alkali industry.

INCOME-TAX CLAIMS

As stated in Note 24(f) & (g) of the Accounts, your company has received demands under Income Tax Act amounting to Rs.20.05 million pertaining to previous years.

Your company has been advised that the relevant assessments are based on erroneous application/interpretation of the Income Tax Act and accordingly no

provision has been made for the subject tax demands and appeals under relevant authorities are pending.

FIXED DEPOSITS

There were 6 deposits amounting to Rs.0.04 million which had matured but were not claimed by depositors as on 31.3.1997. But of these, 2 deposits aggregating to Rs.0.03 million have since been claimed and paid as on date of this report.

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.

AUDITORS

Bharat S. Raut & Co., Auditors of the Company will retire at the forthcoming Annual General Meeting. They have sent a notice expressing their unwillingness to be reappointed as Auditors of your company.

Your company has also received a notice from a member u/s 225 of the Companies Act, 1956 proposing the name of Kapadia Parera Makhijani & Girish, Chartered Accountants to be appointed as Auditors in place of Retiring Auditors in the forthcoming Annual General Meeting.

The special notice given by the member is being circulated to all the members in the form of a resolution alongwith Explanatory Statement in the Notice for Next Annual General Meeting.

The notes to the accounts referred to in Auditors' Report are self explanatory and therefore, do not call for any further comments.

QUALITY ASSURANCE

Your company is in the process of preparing documentation for ISO 9002 Certification and is hopeful of achieving this Certification during the current financial year.

PREFERENTIAL ALLOTMENT TO FOREIGN COLLABORATOR

Our foreign collaborator, Oronzio De Nora International B.V., have increased their equity stake from 40% to 51% by acquiring 1024300 equity shares of Rs.10/- each at a total consideration of Rs.57.61 million. The shares have been issued on preferential basis at a premium of Rs.46.25 per share. Consequently, your company's paid-up capital has increased to Rs.55.87 million. The new equity shares issued will be eligible to receive pro-rata dividend.

Your Directors wish to place on record their gratitude for the continued guidance and co-operation received from foreign collaborator, Oronzio De Nora International B.V.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr.Kamaljit Singh, Mr.Francesco Mazzucchi and Mr.Ned Russo will retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

PERSONNEL

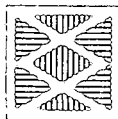
The employer-employee relations throughout the year were very cordial. Information pursuant to Section 217(2A) of the Companies Act 1956, read with The Companies (Particulars of Employees) Rules, 1975, are set out in Annexure 'B' forming part of this report.

On behalf of the Board of Directors

KAMALJIT SINGH
Deputy Chairman

GAUDENZIO FERRI
Managing Director

15th July 1997, Mumbai



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

The Company is not a major user of energy. The energy saving measures initiated by the Company in the previous years continues to yield good results.

Form 'A' is not applicable to the Company.

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

The Company has technical collaboration with Oronzio De Nora International B.V., for Ion Exchange Membrane Electrolysers for Chlor-Alkali Industry, Water Electrolysers

and Electrochlorinators for Water treatment and with Oronzio De Nora S.A., 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

The Company maintains continuous interaction with foreign collaborators, which has benefited the Company by absorbing successfully state-of-the-art technology for the manufacture of anodes and cathodes for the membrane cell and technology for cell assembly over the last seven years and keeps the Company abreast of the latest technological innovations in this field.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings are detailed in Note 27 and foreign exchange outgo is detailed in Note 26(j) and 28 of the Accounts.

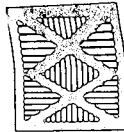
ANNEXURE 'B' TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Sr. No.	Name	Designation	Qualification	Experience (Years)	Date of Commencement of Employment	Remuneration Received Rs.	Age (years)	Last Employment
1	Mr. Gaudenzio Ferri	Managing Director	Doctorate in Chemical Engineering	30	01.04.95	1552389	55	General Manager De Nora S.p.A.
2	Mr. A. Bahl	Sr. Ex. Vice President Operations	B.Sc., Engg. (Mech), MMS	27	01.04.90	534227	50	Dy. Gen. Manager-(Mfg.) K. G. Khosla Compressors Ltd.
3	Mr. S. C. Jain	Sr. Ex. Vice President Marketing & Business Development	M.Tech	23	01.12.89	489448	46	Dy. GM-Services & Business Development Wimco Ltd.
4	Mr. R. Renganathan	Ex. Vice President - Finance	B.Com., ACA, ACS	15	01.05.90	428731	39	Manager-Finance & Administration Immark Brands Pvt. Ltd.
5	Mr. M. S. Bhandarkar	Sr.Gen.Manager (Tech)	B.E (Electrical)	28	01.12.89	413562	57	Chief Manager (Mfg. Projects) Wimco Ltd.
6	Mr. David Francis	Gen. Manager-Marketing	B.Tech (Chem. Engg.)	16	01.12.89	436268	37	Manager-Technical Assistance Wimco Ltd.
7	Mr. N. Ahuja	Gen. Manager-HRD & Admn.	B.A (Eco), MBA (PM&IR)	21	01.12.89	417115	43	Personnel Manager Wimco Ltd.
8	Mr. K. M. A. Rahim	Dy. Gen. Manager-Cathodic Protection Systems	B.Sc., B.Ed (Physical Sc. & Maths)	24	01.06.95	322224	46	Manager-LIDA(R) Products, De Nora Permelec Pte. Ltd., Singapore

NOTES :

- Gross Remuneration includes wherever applicable Salary; Allowances; Actual expenses on rent for accommodation, Gas, Electricity and Water; Leave Travel Assistance, Contribution to Provident Fund; Medical expenses and monetary value of other perquisites calculated in accordance with provisions of Income Tax Act, 1961 and rules made thereunder.
- None of the employees mentioned above is a relative of any Director of the Company.
- The nature of employment in all cases is contractual.



AUDITORS' REPORT

To the Members

Titanor Components Limited

We have audited the accompanying Balance Sheet of Titanor Components Limited at 31 March 1997 and the related profit and loss account for the year then ended. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

The amortisation of the loss of Rs. 14,305,189 incurred on the sale of assets at the Rampur plant and the additional compensation of Rs. 3,672,006 paid to the employees is being written off over a period of five years (refer Note 20). In our view, this treatment is not in accordance with generally accepted accounting practices in India. Had these amounts been charged to the current year's profit and loss account, the profit for the year would have changed to a loss of Rs. 956,351 and the net assets would have reduced by Rs. 14,381,756.

In our opinion, except for the effect of the matter mentioned in the preceding paragraph, the accompanying financial statements referred to above

give a true and fair view of the state of affairs of Titanor Components Limited at 31 March 1997 and of its profit for the year then ended.

The Balance Sheet and the related profit and loss account are in agreement with the books of account and are presented in the manner required by the Companies Act, 1956. Further, in our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of such books.

We have also examined the matters specified in paragraphs 4 and 5 of the Manufacturing And Other Companies (Auditor's Report) Order, 1988 as they relate to the Company. Our report thereon is annexed.

We have also examined the attached cash flow statement of the Company in accordance with the requirements of the listing agreements with the Delhi and Mumbai Stock Exchanges.

For Bharat S. Raut & Co.
Chartered Accountants

Mumbai
15 July 1997

SAMMY MEDORA
Partner

Annexure to Auditors' Report - 31 March 1997

The Annexure referred to in the report of the Auditors to the members of Titanor Components Limited on the accounts for the year ended 31 March 1997. We report that:

Fixed assets

1. The fixed asset register maintained by the Company is in agreement with the financial records and gives all necessary details to identify the assets of the Company. Physical verification of fixed assets has been conducted by the Company in accordance to its policy of physically verifying the assets over a period of three years.
2. The fixed assets of the Company have not been revalued during the year.

Inventories

3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by management during the year, except for certain stocks lying with third parties which are not significant.
4. In our opinion, the procedures of physical verification of stocks adopted by the Company are

reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on verification between physical and book stocks were not material and have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks is fair and proper, in accordance with normally accepted accounting principles, and is on the same basis as the preceding year.
7. As explained to us, stocks are reviewed by the management with a view to determine unserviceable or damaged stores, raw materials and finished goods, and adequate provision has been made in the accounts for the loss arising on the items so determined.
8. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap where applicable and significant. The Company has no realisable by-products.
9. In respect of the Company's trading activity, there were no stocks at 31 March 1997.