



Hydro S&S Industries Limited

Report

junction.com

**Annual Report
1996-97**

1. The first part of the report is a summary of the results of the survey. This is followed by a detailed description of the survey methodology and the results of the survey. The final part of the report is a conclusion and recommendations.



MD	✓			BKC	✓
CS	✓			DPY	✓
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		✓

HYDRO S&S INDUSTRIES LIMITED

CONTENTS

	Page
Board of Directors	1
Notice to Shareholders	2
Directors' Report	4
Annexure to Directors' Report	7
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules to Accounts	14
Notes on Accounts	22
Cash Flow Statement	32



HYDRO S&S INDUSTRIES LIMITED

BOARD OF DIRECTORS

V. SRINIVASAN, *Chairman*

MURALI VENKATRAMAN

W. ADAMS

S. RAMASWAMY

K.D. PARAKH

R.K. CHARI

BABULAL M. VARMA

S.K. MOHANDASS

NARAYAN SETHURAMON

JAN HEBER

S. MUTHUSAMI
(*Nominee, GIC of India*)

PER ARNE AUESTAD
Alternate Director

WHOLE-TIME DIRECTOR

K. SRIRAM

GENERAL MANAGER
(FINANCE) CUM-SECRETARY
M.R. RAMACHANDRAN

AUDITORS

P. Srinivasan & Co.
Chartered Accountants,
21, North Crescent Road,
Chennai - 600 017.

LEGAL ADVISORS

T. Raghavan
25, Mowbrays Road,
Chennai - 600 018.

T.V. Padmanabhan,
7, Coats Road, T. Nagar
Chennai - 600 017.

BANKERS

Canara Bank,
Chennai - 600 002.

The Federal Bank Ltd.,
Chennai - 600 002.

The Karnataka Bank Ltd.,
Chennai - 600 002.

The Benares State Bank Ltd.,
Chennai - 600 018.

REGISTERED OFFICE

Dhun Building, III Floor,
827, Anna Salai,
Chennai - 600 002.
Phone : 8520292 & 8521736

WORKS

15C, SIPCOT Industrial Complex,
Pudukottai - 622 002.

RS No. 38/1 Sedarapet Village
Villiyannur Commune
Pondicherry - 605 111

HYDRO S&S INDUSTRIES LIMITED**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Monday, the 1st September, 1997 at 10.00 A.M at The Music Academy, Mini Hall, No. 306, TTK Road, Chennai 600 014 to transact the following Business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet of the Company as at 31st March, 1997 and the Profit and Loss Account 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. W. Adams, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. R.K. Chari, who retires by rotation

and being eligible, offers himself for reappointment ,

5. To appoint a Director in place of Mr. S.K. Mohandass, who retires by rotation and has expressed his desire not to seek re-election,
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.

By Order of the Board
for HYDRO S&S INDUSTRIES LIMITED

M.R. RAMACHANDRAN
*General Manager (Finance)-cum-
Company Secretary*

Place : Chennai
Date : 23.05.1997

HYDRO S&S INDUSTRIES LIMITED

NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses, if any, is annexed.
2. A Member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a Member.
3. The proxy forms should be deposited with the Registered Office of the Company not later than 48 hours before commencement of the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 14th August, 1997 to Monday, the 1st September, 1997 (both days inclusive).
5. Members are requested to kindly notify the Company immediately of any change in the address.
6. Dividend that may be declared by the Company in the Annual General Meeting will be made payable on or before 12th October, 1997 to all those eligible shareholders, whose names appear on the Register of Members on 1st September, 1997 or their mandatees.
7. Members who are holding shares in identical order of names in more than one account are requested to intimate to the

Company, the ledger folio of such accounts together with the Share Certificate(s) number(s) to enable the Company to consolidate all the holdings into one account. The Share Certificate(s) will be returned to the members after due endorsements/consolidation in due course.

8. Members/Bodies Corporate/Proxies should bring the attendance slip duly filled-in for attending the Meeting.
9. Members are requested to bring their copies of the Annual Report to the meeting.

10. Unpaid/Unclaimed Dividend:

As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules 1988, the Unpaid/Unclaimed Dividend for the financial year ended 31st March, 1993 has been transferred to General Revenue Account of the Central Government within the prescribed time as per details given below:

Dividend	1992-93
No. of Equity Shares	27570
No. of Holders	90
Amount	Rs. 19,656/-
Date of Transfer	31.03.1997

11. The dividend, if declared, will be exempt from income tax in the hands of the Members in terms of the relevant provisions of the Finance Act, 1997.

HYDRO S&S INDUSTRIES LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997 and the Auditors' Report thereon.

	Year Ended 31.03.1997	Year Ended 31.03.1996
Rs.	Rs.	Rs.
D) COMPANY PERFORMANCE		
Financial Highlights		
Sales Turnover :		
Gross	29,71,34,163	22,20,54,722
Net of Excise Duty	23,57,69,681	17,86,31,564
Profit before Interest and Depreciation	3,46,63,899	2,62,69,366
Interest	1,62,29,270	92,97,053
Profit before Depreciation	1,84,34,629	1,69,72,313
Depreciation	69,64,289	39,56,624
Profit after Depreciation	1,14,70,340	1,30,15,689
Adjustments relating to earlier years	642	10,599
Resultant Profit	1,14,69,698	1,30,05,090
Less: Provision for tax	5,00,000	—
	1,09,69,698	1,30,05,090
Surplus brought forward	24,98,091	3,77,555
	1,34,67,789	1,33,82,645
Appropriations		
(i) Proposed Dividend		
- On Preference Shares	12,00,000	4,50,411
- On Equity Shares	28,74,670	69,34,143
(ii) Tax on Distributable Profits	4,07,467	—
(iii) Transferred to Capital		
Redemption Reserve	10,00,000	10,00,000
(iv) Transferred to General Reserve	25,00,000	25,00,000
	79,82,137	1,08,84,554
Surplus carried forward	54,85,652	24,98,091

HYDRO S&S INDUSTRIES LIMITED

2) DIVIDEND

Your Directors recommend for your consideration :

- a) a dividend of 16% amounting to Rs. 12,00,000/- on the Preference Share Capital of the Company for the year 1996-97.
- b) a dividend of 6% amounting to Rs. 28,74,670/- on the Equity Share Capital of the Company for the year 1996-97.

After careful consideration, the Directors have regretfully decided to reduce the dividend to 6% with a view to conserve the resources to meet the working capital requirements. They are hopeful that it will be possible to review this matter in the next year.

3) OPERATIONS

During the year under review, the expansion of the Pudukottai Plant was completed and commercial production commenced in March 1997, increasing the total installed capacity from 6000 MTs to 8500 MTs. The demand for the Company's products continued to grow in the year under review. Unfortunately, the severe liquidity crunch prevailing had an adverse impact on the working capital position of the Company.

4) FUTURE PROSPECTS

The Company's future prospects are viewed with optimism. With the expanding market size, increasing application of the Company's products and the growing purchasing power of the customers, the Company's operations are showing a satisfactory improvement. With the additional capacity, your Company hopes to show further improvement in operations in the current year.

5) SHARE CAPITAL

During the year under review, the Company made a Rights issue and 529737 equity shares were allotted to the subscribers at Rs. 40/- per share.

The Company also obtained approval from the Shareholders under Section 81 (1-A) of the Companies Act, 1956 for the issue of 1373130 equity shares at a premium calculated in accordance with the Guidelines of The Securities and Exchange Board of India (SEBI) to M/s. Hydro Polymers Limited to enable them to acquire 51% of the equity share capital of the Company. The issue price computed in accordance with the SEBI guidelines works out to Rs. 31/- per share.

The increase in shareholding by M/s. Hydro Polymers Limited is an indication of their commitment to the Company and confidence in its future. Our Company will now be more closely involved in the Norsk Hydro group and is likely to benefit from its activities in many parts of the world.

6) FIXED DEPOSITS

All deposits that matured during the year under report were repaid/renewed, except four unclaimed deposits amounting to Rs. 21,000/- which were since repaid/renewed.

7) DIRECTORS

In accordance with the Articles of Association of the Company, M/s. W. Adams, R.K. Chari and S.K. Mohandass retire by rotation at this Annual General Meeting.

M/s. W. Adams and R.K. Chari being eligible, offer themselves for reappointment. Mr. S.K. Mohandass has advised that he would not be seeking reappointment.

HYDRO S&S INDUSTRIES LIMITED

The Board of Directors wish to place on record their deep appreciation of the valuable contribution rendered by Mr. S.K. Mohandass during his tenure of office as Director of the Company.

8) PERSONNEL

The particulars of Employees as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 is set out in a separate statement annexed herewith.

9) AUDITORS

M/s. P. Srinivasan and Company, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a Certificate from the Auditors to the effect that their reappointment, if made, will be within the prescribed limits under Section 224(1) of the Companies Act, 1956.

10) Information under Section 217(1)(E) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) rules, 1988, and forming part of the directors' report for the year ended 31st March, 1997**(i) Conservation of Energy**

Energy Conservation measures taken:
Energy audit is being continued at both the Plants as a continuous exercise to achieve higher efficiency of the production process and higher savings in rupee terms.

Systems are in force to closely monitor energy usage.

(ii) Technology Absorption

The Company continues to utilise the

Research and Development facilities available in-house as well as externally for constant quality and performance improvement of the manufactured products.

The Company has also engaged the services of highly experienced expatriate technicians with a view to absorb the latest technology available elsewhere.

(iii) Foreign Exchange earnings and outgo

Foreign exchange earnings - —
Foreign exchange outgo - Rs. 5,98,88,450/-

11) PROJECTIONS Vs. PERFORMANCE

Following are the details of the Projections made in the Letter of Offer dated 06.09.96 for the year 1996-97 and the actual working of the Company for the year.

	<i>Rs.in Lakhs</i>	
	<i>Projections</i>	<i>Actuals</i>
Total Income	3463.03	2992.62
Profit before Tax	166.07	114.70
Earnings per Share (Rs./Share)	2.96	1.97
Proposed Dividend	15%	6%

12) ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the support and co-operation received during the year from the Partners, M/s. Norsk Hydro a.s., the members of participating financial institutions, bankers, and the employees.

For and on behalf of the Board
V. SRINIVASAN
Chairman

Chennai
23rd May, 1997