



Annual Report 2000-2001

HYDRO S&S



Safety Week Oath at the Pondicherry Works



Hydro S&S Industries Limited

<i>Board of Directors</i>	V. SRINIVASAN	<i>Chairman</i>
	JAN HEBER	
	K.D. PARAKH	
	MURALI VENKATRAMAN	
	BABULAL M. VARMA	
	A. ASTHANA	<i>Nominee - GIC of India</i>
	NARAYAN SETHURAMON	<i>Director - Corporate Affairs</i>
	S.K. SUBRAMANYAN	<i>Director - (Finance) & Company Secretary</i>
<i>Auditors</i>	P. Srinivasan & Co. Chartered Accountants Chennai: 600 017	
<i>Bankers</i>	Canara Bank, Chennai - 600 002. State Bank of India, Chennai - 600 001 The Karnataka Bank Limited, Chennai - 600 002	
<i>Registered Office</i>	Dhun Building, III Floor, 827, Anna Salai, Chennai : 600 002	
<i>Works</i>	15C, Sipcot Industrial Complex Pudukkottai : 622 002 RS No. 38/1, Sedarapet Village Villiyannur Commune Pondicherry : 605 111 15/15, Vazhudavur Road Kurumbapet Pondicherry : 605 009	

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Hydro S&S Industries Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Friday, the 7th September, 2001 at 10.00 a.m. at The Mini Hall, The Music Academy, No. 306, T T K Road, Chennai - 600 014 to transact the following Business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2001,
- 2) To declare Dividend
- 3) To appoint a Director in place of Mr. Babulal M. Varma, Director who retires by rotation and being eligible, offers himself for re-appointment
- 4) To appoint a Director in place of Mr. Jan Heber, Director who retires by rotation, but has expressed a desire not to get re-elected.

"RESOLVED that the vacancy so caused be not filled up for the present."

- 5) To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass with or without modification, the following Resolutions as Ordinary Resolutions:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the re-appointment of Mr. Narayan Sethuramon as Whole-time Director (Director - Corporate Affairs) w.e.f. 1st July, 2001 for a period of three years on such terms and conditions as to remuneration by way of Salary/Commission and perquisites as set out in the Explanatory statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act, provided further that in the event where in any financial year during the currency of tenure of Mr. Narayan Sethuramon, the company has no profits or its profits are inadequate, it may pay a remuneration to Mr. Narayan Sethuramon, the total of which shall not exceed the ceiling limit as provided in Section II of Part II of Schedule XIII of the Companies Act or such amounts as may be specified by any amendment to the Act .

"RESOLVED FURTHER THAT in the event of relaxation by the Government on ceilings on Managerial remuneration, the Board of Directors be and are hereby authorised to increase the remuneration and/or perquisites of Mr. Narayan Sethuramon if they in their absolute discretion think fit within such guidelines or ceilings wherever applicable and for which consent of the company as required under provisions of the Companies Act, 1956 be and is hereby granted.

"RESOLVED FURTHER THAT so long as Mr. Narayan Sethuramon functions as Whole-time Director, he will not be liable for retirement by rotation."

- 7) To consider and if thought fit, to pass with or without modification, the following Resolutions as Ordinary Resolutions:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the appointment of Mr. S.K. Subramanyan as Whole-time Director (Director - Finance & Company Secretary) w.e.f. 1st October, 2000 for a period of two years on such terms and conditions as to remuneration by way of Salary/Commission and perquisites as set out in the Explanatory statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act, provided further that in the event where in any financial year during the currency of tenure of Mr. S.K. Subramanyan, the company has no profits or its profits are inadequate, it may pay a remuneration to Mr. S.K. Subramanyan, the total of which shall not exceed the ceiling limit as provided in Section II of Part II of Schedule XIII of the Companies Act or such amounts as may be specified by any amendment to the Act .

"RESOLVED FURTHER THAT in the event of relaxation by the Government on ceilings on Managerial remuneration, the Board of Directors be and are hereby authorised to increase the remuneration and/or perquisites of Mr. S.K. Subramanyan if they in their absolute discretion think fit within such guidelines or ceilings wherever applicable and for which consent of the company as required under provisions of the Companies Act, 1956 be and is hereby granted.

"RESOLVED FURTHER THAT so long as Mr. S.K. Subramanyan functions as Whole-time Director, he will not be liable for retirement by rotation."



- 8) To consider and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution:

"RESOLVED that Mr.Aage Frohde be and is hereby appointed as a Director of the Company liable for retirement by rotation.

- 9) To consider and if thought fit, to pass with or without modification, the following Resolutions as Special Resolutions:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and hereby altered in the following manner:

"Insert the following Heading and Article as Article 9B after Article 9A.

9B DEMATERIALISATION OF SECURITIES

For the purpose of this Article:

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository;

"SEBI" means the Securities and Exchange Board of India;

"Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof.

"Depository" shall mean a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996

Options for investors

- (i). Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the

Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form.

- (ii) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

- (iii) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company.. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents

- (iv) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

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Transfer of Securities

- (v) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with by a depository

- (vi) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive Numbers of Securities held in a Depository

- (vii) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.

Register and Index of Beneficial Owners

- (viii) The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and hereby altered in the following manner:

After the existing Article 22(b)(ii), the following may be inserted as new Article 22(c):

Nomination of Shares

22(c) "Nothing contained in these Articles, every holder(s) of shares in or holder(s) of debentures of the Company holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the company or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time."

By Order of the Board
for Hydro S & S Industries Limited

S.K. SUBRAMANYAN
Director (Finance) & Company Secretary

Chennai
19th July, 2001

NOTES:

- a) A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- b) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- c) Share Transfer Books and Register of Members of the Company shall remain closed from Monday, the 20th August, 2001 to Friday, the 7th September, 2001 (both days inclusive) in connection with the Annual General Meeting.
- d) The dividend for the year ended 31st March, 2001 as recommended by the Board, if sanctioned at the meeting, will be paid on 6th October, 2001 to those members whose names appear in the Company's Register of Members on 7th September, 2001.
- e) Information u/s 205 A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978 as amended is given below:
- i) The amount of unclaimed dividend for and upto the Dividend for 1995, paid on 4th September, 1995 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said



periods may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, Shastri Bhavan, Chennai - 600 006.

- ii) Members who have not encashed the dividend warrant(s) so far for 1996 or any subsequent dividend payment(s) are requested to make their claims to the Company. Under Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of payment shall be transferred to the Investor Education and Protection Fund. Thereafter no claim shall lie against the Company or the said Fund in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the date of payment.
- (f) Members are requested to inform the Company of any change in their addresses immediately so as to enable the Company to despatch dividend warrants and any future communications at their correct addresses.
- (g) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department to enable the Company to consolidate their holdings in one folio.
- (h) Members can now avail the facility of nomination in respect of shares held by them pursuant to the amendment to the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department from the Company. Members desiring to avail this facility, may send their nomination Form duly filled-in, to the Company by quoting their respective Folio Numbers.
- (i) Members are requested to inform their Bank Account Numbers and Bank branch details to the Company to enable it to include these details in the dividend warrants and thus minimise the chances of loss of dividend warrants. The above information may be given to the Company before Monday, the 20th August, 2001.

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

Item No. 3

Reappointment of Mr. Babulal M. Varma

(As required by Clause 49(vi) of the Listing Agreement of the Stock Exchanges)

Mr. Babulal M. Varma is a well known Industrialist of Kolkata.

He has been associated with the Company in its Board as a Director since inception, offering his valuable suggestions and services towards the growth of the company.

Item No. 6

Mr. Narayan Sethuramon was appointed as Whole-time Director (Director - Corporate Affairs) with effect from 01.07.98 by the Board to handle matters relating to finance, legal affairs, investments, cost management.

Mr. Narayan Sethuramon has been actively involved with the Company as a Director since 1992. He is an engineer with a post graduate degree in management from Purdue University, USA. He has also worked briefly with Norsk Hydro at their headquarters in Oslo.

The terms and conditions on which Mr. Narayan Sethuramon has been appointed as Director (Corporate Affairs) of the Company contains the following remuneration which is within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

- i. Salary:
Rs. 22,320/- (Rupees Twenty Two Thousand Three Hundred and Twenty only) per month.
- ii. Commission
One percent of the net profits of the Company determined in accordance with Section 198 and Section 309 of the Companies Act, 1956.
- iii. Perquisites

PART A

Personal Accident Insurance & Mediclaim Insurance

Of an amount, as per the Company's scheme in force from time to time

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PART B

Contribution

Contribution to Provident Fund in accordance with rules and regulations in force from time to time.

PART C

Car and Telephone

Free use of Car for the Company's business and free telephone facility at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company

The Board is of the view that his re-appointment as a Whole-time Director (Director - Corporate Affairs) would be in the best interest of the Company.

Your Directors accordingly commend the resolution proposing his re-appointment for your approval.

None of the Directors except M/s. V. Srinivasan and Murali Venkatraman are interested in the resolutions under this item.

Item No. 7

Mr. S.K. Subramanyan was co-opted as an Additional Director under Section 260 of the Companies Act, 1956 w.e.f. 1st October, 2000. He was also designated as Whole-time Director (Director - Finance & Company Secretary) for a period of two years subject to the approval of his appointment by the Members of the company.

Mr. S.K. Subramanyan is a qualified Chartered Accountant and Company Secretary and has been serving the company for the last three years. He has over 18 years experience in the field of Finance and Company Law.

Mr. S.K. Subramanyan, apart from being Director (Finance) & Company Secretary will also be the "Manager" under the Companies Act, 1956.

The terms and conditions on which Mr. S.K. Subramanyan has been appointed as Director (Finance) & Company Secretary of the Company contains the following remuneration which shall be within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

i) SALARY:

Rs. 22,000/- (Rupees Twenty Two Thousand only) per month

PART A:

ii) HOUSING:

House Rent Allowance of Rs. 11,000/- per month

iii) ALLOWANCES

a) An allowance of Rs. 3,000/- per month towards professional pursuits

b) An allowance of Rs. 100/- per month towards Children Education

c) A Special allowance of Rs. 7,000/- per month

iv) MEDICAL REIMBURSEMENT:

Reimbursement of medical expenses incurred for self and family, as per Company's scheme in force.

v) LEAVE TRAVEL CONCESSION:

Reimbursement for self and family for travel anywhere in India as per Company's scheme in force.

vi) ATTIREMENT EXPENSES:

Reimbursement of expenses incurred towards Attire as per Company's scheme in force.

vii) PERSONAL ACCIDENT INSURANCE & MEDICLAIM INSURANCE

Of an amount, as per the Company's scheme in force from time to time

viii) HARD FURNISHING:

Hard furnishing as per Company's scheme in force from time to time.

PART B:

ix) CONTRIBUTION:

Contribution to Provident Fund, Superannuation Fund, Provision for Leave Encashment and any other Annuity Fund to be in accordance with rules and regulations in force from time to time.

Contribution to Provident Fund, Superannuation Fund and provision towards Leave Encashment and any other Annuity Fund shall 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.

x) GRATUITY

As per rules of the Company.

**PART C:****xi) CAR AND TELEPHONE:**

Shall be entitled to reimbursement of petrol and maintenance expenditure of the car provided to him on an actual basis. A reimbursement of Rs. 3,500/- per month towards driver's salary. Use of car for private purposes shall be billed by the company.

Shall be entitled to reimbursement of telephone expenditure incurred at the residence. Personal long distance calls shall be billed by the company.

Your Directors accordingly commend the resolution proposing his appointment for your approval.

None of the Directors are deemed interested in the Resolution.

Item No. 8

The company has received notice under section 257 of the Companies Act, 1956, from two members proposing the candidature of Mr. Aage Frohde for the office of Director.

Mr. Frohde is a Graduate from the Norwegian School of Economics and Administration.

He has worked with the Royal Norwegian Ministry of Finance & Customs, designing Oil taxation systems, Macro-economic planning and state budget. Since 1983, he has been with Norsk Hydro ASA, in various Senior Management positions. Between 1997 - 99 he was in New Delhi as head of the India Representative office. Since 2000, he oversees the Asian activities of the petrochemical division.

Your Directors accordingly commend the resolution proposing his appointment for your approval.

None of the Directors are deemed interested in the resolution.

Item No. 9

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of

shares and other securities have been amended to facilitate the implementation of the new system. The Depository system of holding securities in the electronic form is far safer and more convenient method for holding and trading in the securities of a company.

It is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 9 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

The Directors commend the resolution for approval by the Members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection at the Registered Office of the Company during office hours on all working days upto the date of ensuing Annual General Meeting.

None of the Directors of the Company are deemed interested in this resolution.

Item No. 10

The Companies (Amendment) Act, 1999 has introduced new Sections 109A and 109B providing for the nomination facility to shareholders and debentureholders in respect of the shares and debentures of the company held by them. Consequent upon the introduction of this nomination facility, it is proposed to insert Article 22 (c) in the Articles of Association of the Company in line with the applicable provisions of the Companies Act, 1956, as mentioned in this item of the Notice.

The Board commends this resolution for your approval.

By Order of the Board
for Hydro S & S Industries Limited

S.K. SUBRAMANYAN
Director (Finance) & Company Secretary

Chennai
19th July, 2001

Hydro S&S Industries Limited**DIRECTORS' REPORT**

Your Directors have pleasure in submitting their report and the audited accounts for the year ended March 31, 2001.

Financial Highlights

The results for the year and those of the previous year are summarised as below:

	Year Ended March 31, 2001	In Rupees Thousands Year Ended March 31, 2000
Sales Turnover		
Gross	472,299	443,820
Net of Excise Duty	410,129	364,109
Profit before Interest & Depreciation	46,010	41,414
Interest	15,076	12,129
Profit before Depreciation	30,934	29,285
Depreciation	10,386	8,668
Profit before tax	20,548	20,617
Taxation	2,100	-
Prior Year adjustment	-	285
Profit after Tax	18,448	20,902
Balance brought forward	8,289	5,220
Profit available for Appropriation	26,737	26,122
Appropriations:		
Transfers:		
To General Reserve	10,000	10,000
Proposed Dividend		
On Preference Capital @ 16%	1,050	1,200
On Equity Capital @ 9%	5,873	5,221
Tax on Distributed Profits	706	1,412
	17,629	17,833
Balance carried forward	9,108	8,289
	26,737	26,122