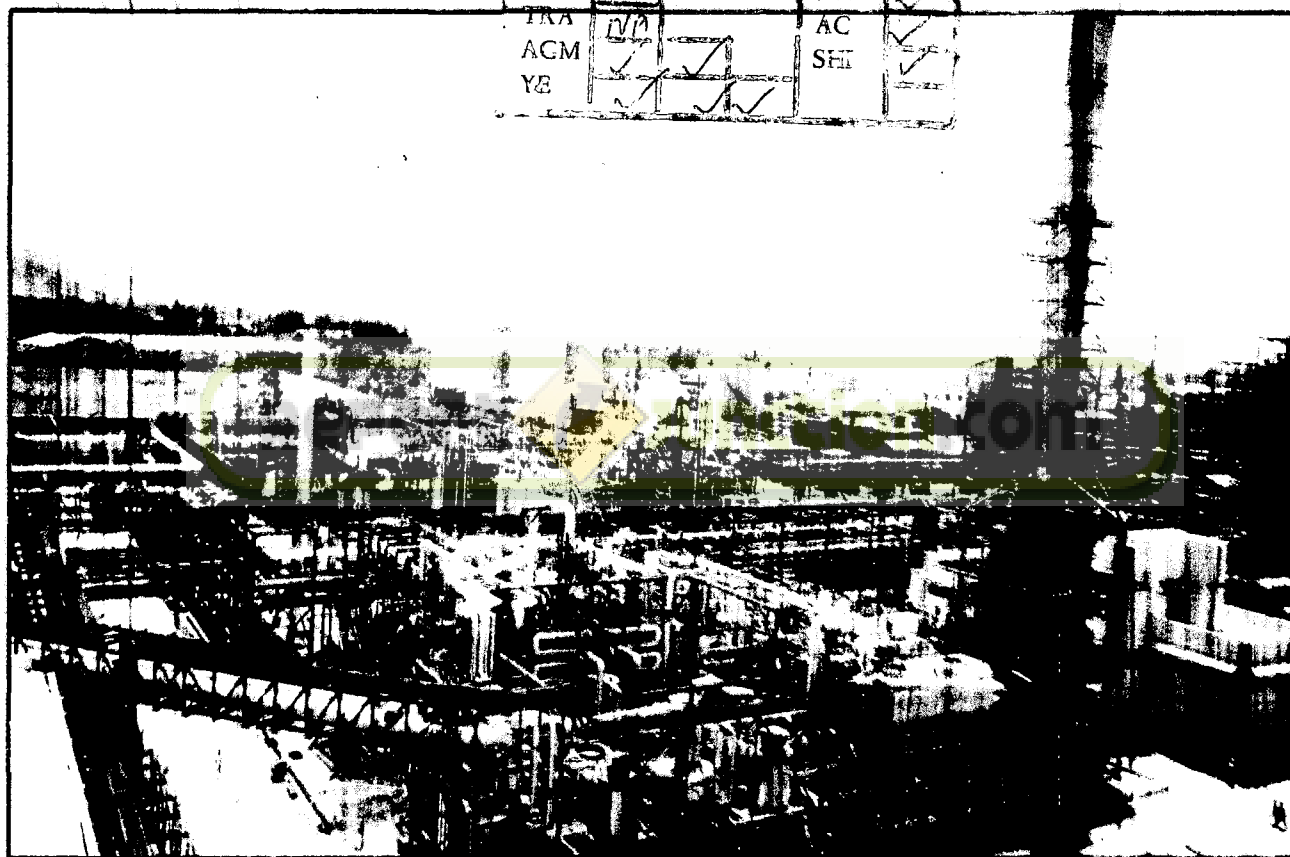


THIRUMALAI CHEMICALS LIMITED

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"/>
ACM	<input checked="" type="checkbox"/>		SET	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			





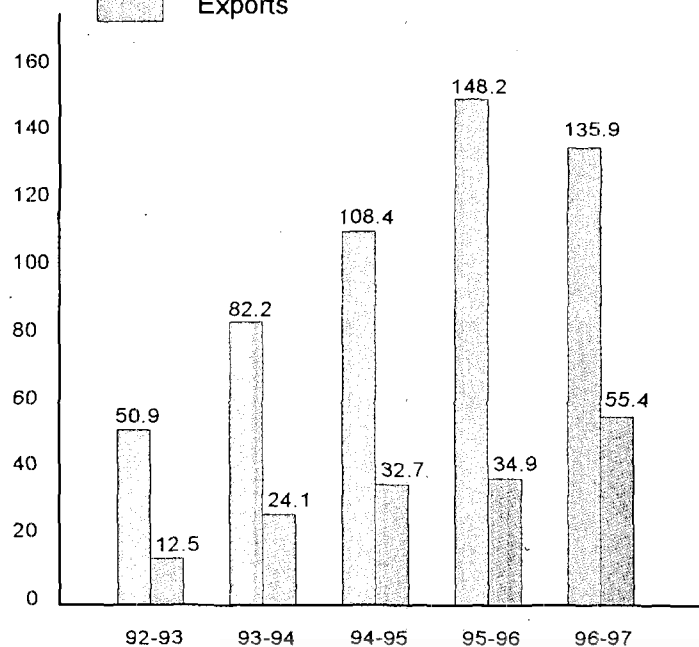
A view of the new Phthalic Anhydride Plant.

**24th Annual
Report
1996-97**

TOTAL SALES / EXPORTS



(Rs. in Crores)

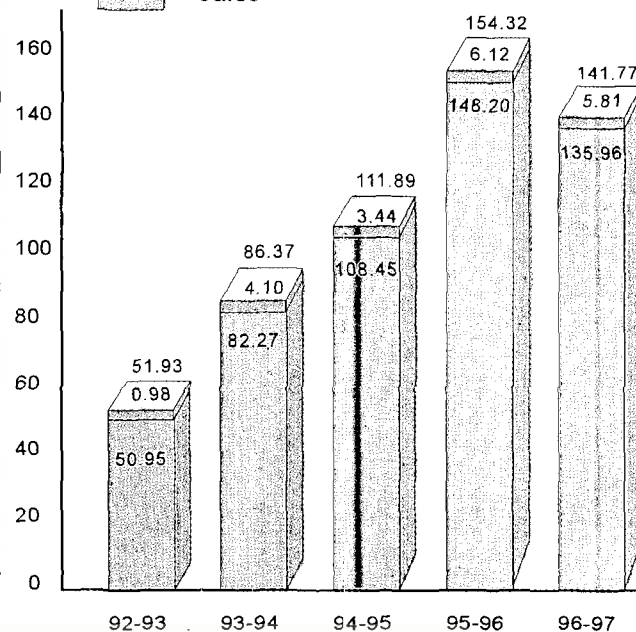
 Total Sales
 Exports



SALES / OTHER INCOME / TOTAL INCOME



(Rs. in Crores)

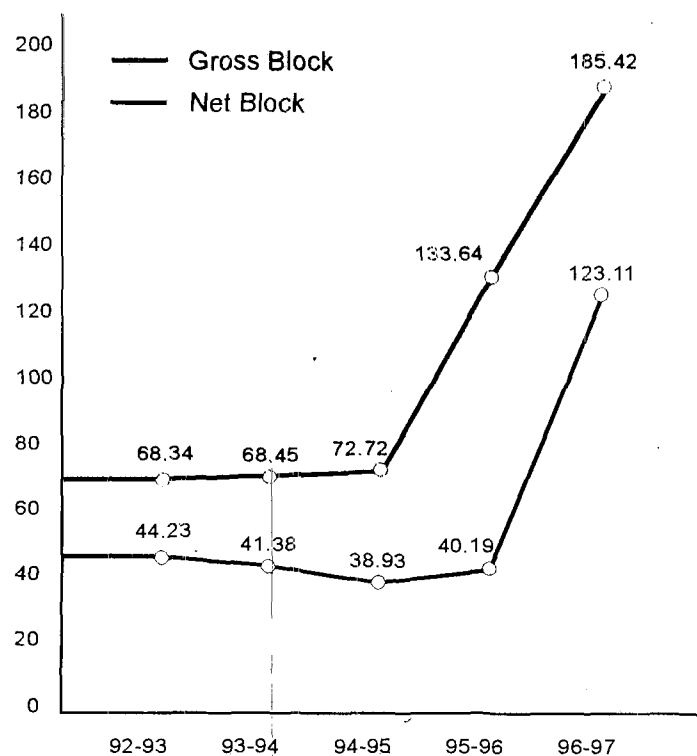
 Other Income
 Sales



ASSETS

(Rs. in Crores)

 Gross Block
 Net Block



BOARD OF DIRECTORS :

SHRI N. S. IYENGAR (Chairman)
 SHRI R. PARTHASARATHY (Vice Chairman & Managing Director)
 SHRI S. SRIDHAR (Managing Director)
 SHRI S. SANTHANAM
 SHRI M. G. RAJARAM
 SHRI CYRIL S. SHROFF
 SHRI N. LAKSHMANAN (NOMINEE OF LIC)
 SHRI A. V. ESWARAN
 SHRI R. SUNDARA RAJAN

COMPANY SECRETARY :

SHRI S. MADHAVAN

BANKERS :

ABN AMRO BANK
 BANK OF BARODA
 BANK OF INDIA
 BANQUE INDO SUEZ
 ICICI BANKING CORPORATION LIMITED
 INDIAN BANK
 STANDARD CHARTERED BANK
 STATE BANK OF INDIA

AUDITORS :

R. B. PATEL & CO.
 Chartered Accountants
 Podar Chambers, Parsi Bazar Street,
 Mumbai 400 001.

REGISTERED OFFICE AND SHARE DEPARTMENT :

Baldota Bhavan,
 117, Maharshi Karve Road,
 Mumbai 400 020.
 Tel. : 203 0445 / 208 7790
 Fax : 205 1145

ADMINISTRATIVE OFFICE :

8th Floor, 'B' Wing, Mittal Towers,
 Nariman Point, Mumbai 400 021.
 Tel. : 204 2163 / 285 4047 / 282 3330 / 282 3979 / 283 3476
 Telex : 118-3907 PAN IN
 Fax : 204 2162

FACTORY :

Ranipet, North Arcot District, Tamilnadu.
 Tel. : 44441 / 44442 / 44045
 Telex : 402 224 TCL IN / 402 201 PTAN IN
 Fax : 041728 - 44308

24TH ANNUAL GENERAL MEETING

DATE :

Monday, August 18, 1997

VENUE :

Walchand Hirachand Hall,
 Indian Merchant Chamber Marg,
 Churchgate, Mumbai 400 020.

DIVIDEND :

40% (including interim dividend of 20%)

Members are requested to bring their copy of Annual Report with them to the Annual General Meeting.

24th Annual Report

NOTICE

NOTICE is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THIRUMALAI CHEMICALS LIMITED** will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Monday, 18th August, 1997 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. M.G. Rajaram, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. A.V. Eswaran, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors for the Current Year and fix their remuneration and in this connection, to consider, and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL resolution.

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. R.B. Patel & Company, Chartered Accountants, Mumbai, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration as may be agreed upon between the Board of Directors and the said M/s. R.B. Patel & Company".

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT consent of the Company be and is hereby accorded under section 293 [1] [d] and all other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to borrow such sum or sums of monies in any manner from time to time as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company [apart from temporary loans obtained from Company's Bankers in the ordinary course of business] may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, provided that total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 300,00,00,000/- [Rupees Three Hundred Crores]".

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT consent of the company be and is hereby accorded under Section 293[1][a] and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creation of security in such manner and form over the assets of one or more undertakings of the Company, both present and future to or in favour of the Financial Institutions, Banks, Trustees for the Debentureholders, and/or others, for an aggregate nominal value not exceeding Rs. 300 crores [Rupees Three Hundred Crores] to secure the present and future Term Loans, Debentures and all other types of loans and/or indebtedness together with interest, costs, charges, expenses and other monies including premium payable in the above connections in terms of the Agreement[s] entered into/to be entered into between the Company and the Financial Institutions, Banks and/or others, such security to rank pari passu with, or second or subservient to, the mortgages and/or charges already created or to be created by the Company or in such manner as may be agreed to between the concerned parties and the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise relevant terms and conditions and execute the documents, papers and writings for creating the aforesaid mortgages and/or charges and to execute and perform all such acts, deeds and things as may be necessary or expedient for implementing this resolution".

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Sections 372 and other applicable provisions, if any, of the Companies Act, 1956 or any other law for the time being in force, and subject to approval of the Central

N O T I C E

Government where necessary, the Board of Directors of the Company be and is hereby authorised to make investments in excess of the limits prescribed under section 372 in the shares of other bodies corporate as they may, in their absolute discretion deem beneficial and in the interest of the Company, upto an aggregate amount of Rs. 100 crores" [Rupees One Hundred crores only].

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

"RESOLVED THAT in supersession of the resolution passed at the 21st Annual General Meeting of the Company held on 17th October, 1994 and subject to the approval of the Central Government if necessary, consent of the Company be and is hereby granted to the Board of Directors of the Company:

- a) To make from time to time any loan or loans to any body or bodies corporate whether or not under the same management as the company in accordance with the limits prescribed under Section 370 of the Companies Act, 1956 [including any statutory modifications or re-enactment thereof for the time being in force] provided that the aggregate of all loans made and/or to be made to all the bodies corporate shall not at any one time exceed Rs. 100 crores [Rupees One Hundred Crores only].
- b) To give from time to time any guarantee[s] and/or provide any security in connection with any loan[s] made by any other person to, or to any person[s] by, any body or bodies corporate whether or not under the same management as the company provided that the aggregate value of such guarantee/s given or securities provided and outstanding at any time shall not exceed Rs. 100 crores [Rupees One Hundred Crores only].

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the total amount upto which loans can be made/granted or guarantee[s] can be given and to decide all or any other matter as may be required in this regard and to do such acts and things as may be necessary to implement this resolution".

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 15 crores divided into One crore Fifty lakhs Equity Shares of Rs. 10/- each to Rs. 25 crores by creating One crore Unclassified Shares of Rs. 10/- each and that existing Clause V of the Memorandum of Association of the Company be substituted by the following:

- V. The share capital of the Company is Rs. 25,00,00,000/- [Rupees Twenty Five Crores] divided into 1,50,00,000 [One Crore Fifty lakhs] Equity Shares of Rs. 10/- [Rupees Ten] each and 1,00,00,000 [One crore] Unclassified Shares of Rs.10/- [Rupees Ten] each, to be classified by the Board in Shares of any one or more class[es] as may be permissible under the Companies Act, 1956, in such proportion and on such terms as they may decide".

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

"RESOLVED THAT the existing Article 5 of the Articles of Association of the Company be and is hereby substituted by a new Article 5 as under:

5. The Authorised Capital of the Company is Rs. 25,00,00,000/- [Rupees Twenty five crores] divided into 1,50,00,000 [One Crore Fifty lakhs] Equity Shares of Rs. 10/- [Rupees Ten] each and 1,00,00,000 [One crore] Unclassified Shares of Rs. 10/- [Rupees Ten] each".

12. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 [including any amendment to or re-enactment thereof], the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company [hereinafter referred to as "Board"], be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of the face value of Rs. 10/- each of any aggregate nominal value not exceeding Rs. 10 crores [Rupees Ten crores], exclusive of such premium, if any, as may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/foreign investors [whether institutions/banks and/or incorporated bodies [including companies] and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any other person[s] and/or any combination thereof and whether or not such investors are members of the Company, on such terms and conditions and in such tranches as may be decided by the Board in its absolute discretion.

NOTICE

"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the types and classes of investors to whom the Preference Shares are to be offered, the number and value of the Preference Shares to be issued in each tranche, the terms or combination of terms subject to which the Preference Share to be issued [including combination of terms for Preference Shares issued at various points of time], including but not limited to terms relating to rate of dividend, period of redemption, manner of redemption [including by conversion to equity, if permissible in law], premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or other-wise of dividends and all such terms as are provided in offerings of the like nature.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees, commission and incur expenses in relation thereto.

RESOLVED FURTHER that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer, allotment or redemption of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent and that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Directors of the Company to give effect to the aforesaid Resolution".

13. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that two New Articles, Article 5[a] and Article 5[b] be and are hereby added after Article 5 to the Articles of Association of the Company as under:

5 [a] Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares, either equity or any other kind, without voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

5 [b] The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

14. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 [including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time] and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company [hereinafter referred to as the "Board"], the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid Shares at any time or from time to time on such terms and conditions and upto such limits as may be prescribed by law, provided that acquisition/purchase of such fully paid Equity Shares of the Company be not construed as reduction of Equity Shares Capital which is subject to the Controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution.

Registered Office

Baldota Bhavan,
117, Maharshi Karve Road,
MUMBAI 400 020.

Dated : 24th June, 1997.

By the Order of the Board
For **THIRUMALAI CHEMICALS LIMITED**

S. MADHAVAN
COMPANY SECRETARY

N O T I C E

NOTES:

- 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.
- 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 Register of members and Share Transfer books of the Company will remain closed from Tuesday, **29th July, 1997** to Monday, **18th August 1997** [both days inclusive] for the purpose of payment of final dividend for the Financial Year ended 31st March, 1997.
- d) *The Dividend when declared, will be paid on or around 26th August 1997 to those shareholders whose names appear in the Register of Members as on 18th August, 1997.*
- e) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- f) Members are requested to notify the Company immediately change of address, if any, and also write to the Company immediately about corrections, if any, in name, address and pincode.
- g) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year Ended 31st March 1992 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.
- h) Members are requested to furnish their Bank Account Number, Name of the Bank and Branch, which will be printed on the Dividend Warrant to prevent fraudulent encashment of dividend warrants.
- i) An explanatory statement in respect of Special Business to be transacted at the meeting is appended hereto.

A N N E X U R E T O N O T I C E

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173[2] OF THE COMPANIES ACT, 1956.

ITEM NO. 5 :

Section 224A of the Companies Act, 1956 provides that in case of a Company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Insurance Companies and Nationalised Banks, the appointment or reappointment of the Auditor of the company shall be made by a special resolution.

The holding of Public Financial Institutions, Insurance Companies and Nationalised Banks collectively is about 25% of the Company's subscribed share capital. Therefore the resolution for the re-appointment of the Auditor and fixation of their remuneration is proposed as a Special resolution, by way of abundant caution.

As required under Section 224 of the Companies Act, a certificate has been obtained from the Auditors M/s. R.B. Patel & Company, to the effect that their re-appointment, if made, will be in accordance with the limit specified in Section 224 [1B] of the Act. None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO. 6 :

Under Section 293 [1] [d] of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the shareholders, borrow in excess of the aggregate of the paid-up share capital and free reserves of the Company. Presently the Board of Directors is authorised to borrow upto Rs. 150 crores vide shareholder's Resolution passed in the E.G.M. held on 15th September, 1994. Keeping in view the present and future needs of the Company for finance and to provide for the additional funds as and when required, and having regard to the likely increase in the Company's business, it is proposed to increase the present limit to Rs. 300 crores.

The Resolution is commended for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 7 :

Your Company proposes to augment production capacities and accordingly your Company will be availing itself of term loans/ECBs from Financial Institutions, Banks and others. The credit facilities may be required to be secured by mortgage/charge on the assets of one or more of the undertaking[s] of the Company with power in favour of the said creditors and/or agents and trustees for securing the borrowings.

ANNEXURE TO NOTICE

Since mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions, Banks, Trustees and/or other may be regarded as disposal of one or more of the whole or substantially the whole of the Company's undertaking[s], it is necessary for the members to pass a Resolution under Section 293 [1] [a] of the Companies Act, 1956 for the creation of the said mortgages/charges in line with the Borrowing Powers envisaged for a sum of upto Rs. 300 crores.

The Resolution is commended for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 8

In the course of business, the Company generates surplus funds from time to time. The Board may consider it expedient to make certain investments.

Under Section 372, the Board of Directors, cannot, except with the consent of the company in General Meeting and the approval of the Central Government, where so required, make any investment in other body or bodies corporate in excess of the limits specified in the provisions of sub-section [2] of Section 372 of the Companies Act, 1956. The Board should have necessary authority to take decision in time as and when need may arise. This Resolution is therefore, commended for your approval.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent they may happen to be Directors and/or Shareholders in the companies in which investments may be made by the Company.

ITEM NO. 9 :

In the course of business, the Company generates surplus funds from time to time. The Company may improve its profitability by judiciously utilising such funds for the purpose mentioned in the Resolution. Further, in the course of Company's Business the Company is also required to give Corporate Guarantees on behalf of other bodies corporate, firms, organisations and other business associates to secure certain payments or performances.

Under Section 370, the Board of Directors cannot except with the consent of the Company in General Meeting by special resolution and the approval of the Central Government, where so required, make any loan to any body corporate or bodies corporate in excess of certain limits specified in Section 370 of the Companies Act, 1956. The Board should have necessary authority to take decision in time as and when need may arise. Also, the proposed special resolution seeks authorisation of the Members to enable the Board of Directors to give guarantees or provide security, as and when necessary, upto a limit of Rs. 100 crores on such terms and conditions as the Board may deem fit. This resolution is therefore, commended for your acceptance.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent they may happen to be Directors and/or shareholders in the Companies to whom loans/deposits may be given/on whose behalf guarantee/securities may be given.

ITEM NO. 10 & 11 :

The present Authorised Capital of the Company is Rs.15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs. 10/- each.

In certain circumstances it may be more advantageous to issue Preference Shares instead of Debentures or other forms of borrowings by the Company.

There is no provision for issue of Preference Shares in the existing Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company for issue of Preference Shares. Hence the Resolution, to enable the Board to issue Preference Shares if need may arise.

Moreover, new class[es] of Shares such as Non-voting Shares may be introduced in the Companies Act, 1956 under the proposed legislation being formulated by the Government of India. Hence the Unclassified Shares may be suitably classified by the Board in any one or more class[es] as may be permissible under the prevailing laws, at any time or from time to time, as it may think fit.

Resolution at Item 11 is consequential to Resolution at item No.10.

The Resolutions are commended for your approval.

A copy of the Memorandum of Association and Articles of Association of the Company is available for inspection by Shareholders at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays.



ANNEXURE TO NOTICE

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 12:

With a view to augmenting the Company's resources for its ongoing business, in case it may be expedient and more economical to raise funds through an offer of Preference Shares, the Board may take appropriate decision for issue of Preference Shares worth upto Rs. 10 crores [excluding premium, if any], on such terms and conditions as it may deem fit and proper, depending on the prevailing capital market conditions.

The resolution is commended for your approval.

All the Directors may be deemed to be interested in the said Resolution to the extent the Preference Shares may be offered and allotted to them, if any. Save as aforesaid, none of the Directors is, in any way, concerned or interested in the Said Resolution.

ITEM NO. 13

It is proposed to add new Articles 5[a] and 5 [b] after the existing Article 5 of the Articles of Association of the Company as set out in Item 13 to enable the Company to issue shares with non-voting rights and to purchase any of its own fully paid shares respectively, in accordance with law as may be then prevailing, in the event that it is permitted by law to issue shares with non-voting rights as also purchase by a company of its own fully paid shares.

As per provisions of Section 31 of the Companies Act, 1956, a company may by special resolution alter its Articles of Association.

Accordingly, the Directors commend the resolution for approval of the shareholders.

A copy of the Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

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

ITEM NO. 14

Members may be aware that the Companies Act, 1956, presently restricts the purchase of own shares by a company unless the same is done with a view to reduce its capital. Reduction of capital is subject to the controls as stipulated in Section 100 to 104 and 402 of the Companies Act, 1956.

The provisions in the Companies Act, 1956, is based on the principles of the Company Law as it existed in the United Kingdom [U.K.]. In United Kingdom and in several other countries it is possible now for a company to buy back its shares if such an action is considered desirable by the Board of Directors.

Of late, there have been discussions on this subject and the Directors feel it would be desirable to have an enabling power from the shareholders for the purpose. It will be in the fitness of things if shareholders approve the resolution set out at item No. 14 of this Notice should the provisions of the Companies Act, 1956, be modified or amended permitting such purchases, so that your Company will be able to implement this in the interest of shareholders especially the large family of small shareholders of the Company by enhancing the value of Shares, at an appropriate time within the frame work of law as may be stipulated for the purpose.

It must be clearly understood that acquisition/purchase of shares of the Company, as proposed in the Resolution at this item of the Notice and the consequential amendments to the Articles of Association as proposed in the Resolution at Item No. 13 of this Notice, should not be construed as reduction of capital which is subject to the controls as stipulated in Section 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force.

Directors commend the resolution for approvals of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By the Order of the Board
For THIRUMALAI CHEMICALS LIMITED

24th Annual Report

DIRECTORS' REPORT

To
The Members,
Thirumalai Chemicals Ltd.

Your Directors have pleasure in presenting their **TWENTY FOURTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS	Year Ended 31st March, 1997		Year Ended 31st March, 1996	
	Rupees	Rupees	Rupees	Rupees
Sales	1,359,594,794		1,482,089,464	
Other Income	58,141,447		61,210,599	
		1,417,736,241		1,543,300,063
Gross Profit before Interest and Depreciation		297,690,855		302,638,251
Interest		58,878,495		38,419,226
Depreciation	152,303,189		42,275,619	
Less : Transfer from Reserves	88,880,062		—	
		63,423,127		42,275,619
Provision for taxation		11,200,000		27,000,000
		133,501,622		107,694,845
Profit after tax		164,189,233		194,943,406
Transferred from Investment Allowance Reserve Utilisation		9,690,977		277,787
Adjustment for Expenses/ Tax in earlier years.		[4,380,018]		1,151,101
Balance in Profit & Loss Account		304,702,880		182,325,849
Profit available for appropriation		474,203,072		378,698,143
Appropriations				
Interim Dividend		19,003,798		13,540,827
Proposed Dividend		19,003,798		18,054,436
Tax on distributed profits @ 10%		1,900,380		—
Debenture Redemption Reserve		34,900,000		22,400,000
General Reserve		150,000,000		20,000,000
Balance Carried Forward		249,395,096		304,702,880
		474,203,072		378,698,143

DIVIDEND

Your Directors recommend a final dividend at the rate of 20% free of tax at the hands of members. Together with 20% interim dividend already paid, the dividend for the year amounts to 40% against 35% for the previous year. The new 932594 Equity shares allotted on September 27, 1996 consequent upon applications made by exercise of the right attached to detachable warrants will be eligible to receive the final dividend prorata from the date of allotment.