

ANNUAL REPORT 1999 - 2000



KIRLOSKAR OIL ENGINES LIMITED
www.kirloskar.com

From strong-rooted philosophies to building core businesses. From deeply entrenched values to best management practices. From technological advancements to increased stakeholder benefits. That is the Kirloskar Spectrum. For every challenge that presents an opportunity. For every opportunity that demands an action. For every action that showcases dynamism. Today and tomorrow.

**ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED ON 31 MARCH, 2000****BOARD OF DIRECTORS :**

Mr. Atul C. Kirloskar	Chairman and Managing Director
Mr. Sanjay C. Kirloskar	Vice Chairman
Mr. Gautam A. Kulkarni	Joint Managing Director
Mr. K. Gopalan	
Dr. N. A. Kalyani	
Mr. H. M. Kothari	
Air Marshal Y. V. Malse (Retd.)	
Mr. P. G. Pawar	
Mrs. Anupama Ranade	ICICI Nominee
Mr. U. V. Rao	
Dr. R. J. Rathi	
Mr. S. G. Chitnis	Director (Auto Components and Large Engines)
Dr. K. R. Chandratre	Director (Legal and H.R.) and Secretary
Mr. A. N. Alawani	Director (Finance)
Mr. D. R. Swar	Director (Medium and Small Engines)

AUDITORS :

M/s. Dalal & Shah
Chartered Accountants

BANKERS :

State Bank of India
Bank of Baroda
Bank of Maharashtra
The United Western Bank Ltd.
HDFC Bank Ltd.
The Cosmos Co-operative Bank Ltd.
The Shamrao Vitthal Co-operative Bank Ltd.

REGISTERED OFFICE :

Laxmanrao Kirloskar Road, Khadki,
Pune 411 003

LOCATION OF FACTORIES :

Pune
Ahmednagar
Nasik
Solapur

KIRLOSKAR OIL ENGINES LIMITED

INFORMATION FOR SHAREHOLDERS

- Date and venue of the Annual General Meeting : Saturday, 23 September 2000 at 10.30 AM at the Registered Office of the Company
- Listing on the stock exchanges at : Pune Stock Exchange Ltd. Sheevaleela Chambers, 752, Sadashiv Peth, Pune 411030
- The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400001
- The National Stock Exchange of India Ltd.
Trade World, Senapati Bapat Marg, Lower Parel,
Mumbai 400013
- Registered office of the Company : Laxmanrao Kirloskar Road, Khadki, Pune 411003
- Address for correspondence by shareholders : Secretarial and Legal Department
Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road, Khadki,
Pune 411003
- Phone No. (020) 5815341 (Extn. 4351)
Fax No. (020) 5813208
E-mail: srb@koel.co.in OR ksd@koel.co.in

The Company has paid the listing fees, as applicable, to the Stock Exchanges where the Company's shares and debentures are listed.

A DECADE AT A GLANCE

(Rupees in Million)

Particulars	31st March									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross fixed assets	576.04	706.85	1000.62	1263.83	1499.72	2112.42	2366.66	2556.98	3291.16	3503.44
Net fixed assets	239.85	338.05	579.86	781.06	1170.08	1469.01	1583.59	1518.80	1731.41	1654.92
Net current assets	401.19	469.81	691.49	720.37	897.43	1304.72	2635.31	3614.32	1995.19	2022.57
Total capital employed	706.10	901.40	1435.52	1805.09	2498.21	3714.05	5147.94	6558.38	5458.11	5315.51
Shareholders' funds	294.34	322.28	504.47	725.05	862.49	1566.89	2000.63	3475.73	2919.46	3665.01
Sales	1556.34	1820.41	2255.93	2910.05	4073.09	6138.96	6158.42	6313.52	7133.76	7447.95
Profit before tax	62.01	71.11	73.01	103.14	124.25	213.38	576.93	1716.87	159.19	890.93
Retained earnings	39.08	27.94	40.99	75.69	87.00	157.20	429.67	1429.64	84.01	745.28
Dividend –										
Equity & Preference	11.50	12.65	15.96	29.29	30.13	41.80	42.71	60.65	66.55	#67.07
Equity Dividend%	18	20	25	25	25	25	25	35	35	#35
FOB value of exports	74.22	79.63	154.30	109.99	220.99	193.56	150.80	169.14	293.43	306.99

Interim Dividend

NOTE :

In the above chart the figures for the year 1991 to 1994 relate to erstwhile Kirloskar Oil Engines Ltd., prior to its merger with Prashant Khosla Pneumatics Ltd.

Preference shares were redeemed during the Financial Year 1996-97.

KIRLOSKAR OIL ENGINES LIMITED

DIRECTORS' REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR ENDED ON 31 MARCH, 2000

Your Directors have pleasure in submitting their Report along with the audited accounts of your Company for the year ended on 31 March, 2000.

01. Financial Results

	(Rupees in 000's)	
	1999-2000	1998-1999
Total Income	8,432,567	7,365,528
Total Expenditure	7,489,538	7,206,338
Profit before provision for diminution in value of investments	943,029	159,190
Provision for diminution in value of investments	52,100	—
Profit before Tax	890,929	159,190
Provision for tax	71,200	1,300
Net Profit	819,729	157,890
Surplus (After other adjustments)	933,168	232,378

02. Appropriations

As the members are aware, the Board had decided to pay interim dividend of 35 % which was paid to the members on 25 May 2000. The Board has decided to treat the interim dividend as the dividend for the full financial year.

Your Directors propose to appropriate the available surplus as follows :

	(Rupees in 000's)
Transfer to General Reserve	150,000
Transfer to Contingency Reserve	400,000
Interim Dividend	67,072
Corporate Dividend Tax on Interim Dividend	7,378
Balance carried to Balance Sheet	308,718
	<u>933,168</u>

03. Operations

Small Engines Business:

The Company categorises the engines up to 20 hp as small engines. These find use in the farm machinery, gensets and some construction machinery. In this business, the Company faces competition from several manufacturers in the country.

To improve the cost structure and increase the focus of the operating managers, the Company shifted the small engines business unit from the factory at Khadki to a new location at Fursungi, on the outskirts of Pune. In the ten months operations at Fursunghi from June 1999, the new plant manufactured 74,832 engines.

In addition to the competitive pricing and established product quality, the Company continued to strengthen its leadership by improving the distribution, positioning products in several micro segments and targeted rural marketing at the village level in Uttar Pradesh, Madhya Pradesh and Bihar. A new range of slow speed engines - "Mahabali" and Kerosene fuel pumpsets - "Cub" were launched in the year with successful initial results. These actions resulted in 25% volume growth in the engines sales, compared to the previous year. In the power generation segment, there is a growth of 18% while the growth in the spare parts sale is 55% over the last year.

The Company intends to maintain its leadership position by expanding the customer base and improving the service levels.

Medium Engines Business :

Your Company categorises the engines in 20 to 300 hp as Medium Engines. These find use in the farm tractors, generating sets and industrial and construction machinery.

During the year under review, the Company successfully introduced two new engine models - 4R1040 and 4R1040T. These engines are fuel-efficient, eco-friendly and comparable to the engines in this class world-wide. These engines have been certified to meet the US Tier I emission norms which makes them eligible for use on the farm tractors used in the US. For the innovative design of the 4R1040 engine developed in-house, the Company received the 'Golden Peacock Award' instituted by the Institute of Directors, Government of India. The Company is now developing new engines for the tractor market.

The Company registered a growth of 30% over the previous year in the construction and industrial machinery sector and the Company developed new Original Equipment Manufacturers customers (OEM customers) during the year. In the Power Generation Sector, the Company achieved moderate growth of 10%. The tractor engines market suffered a set back and the sale of engines was lower by 6% compared to the previous year. The spare parts sale registered a growth of 18% over the previous year.

On the export front, the Company registered a growth in sales of 10% over previous year.

The Company also improved the product support by increasing the number of service outlets across the country. With the spread of service organisation, the service response to the customers has improved.

Concerted efforts were made to reduce the operating costs by reducing the number of suppliers and improved supply chain management to reduce the inventory.

Large Engines Business :

The business suffered a setback. Efforts are being made to consolidate the position.

Thin-walled Bearings :

The business registered a growth of 15% over the previous year. The Company has maintained its leadership in the engine bearing industry. In the after market segments, efforts were made to increase the customer access and brand building. The growth in the after market was 11% compared to previous year. On the export front, efforts are being made to introduce new products and to develop Original Equipment Manufacturers. The Company continued its focus on building efficient and flexible manufacturing methods to improve delivery performance.

Engine Valves Business :

The business growth was satisfactory. The efforts made in new product introduction, expansion of dealership network, aggressive brand building and customer access activities helped the Company in achieving good growth in the after market business.

Foundry Division :

The foundry division that was created by the merger of erstwhile Shivaji Works Ltd. has completed its first year with your Company. The loss has been brought under control. This was possible by cutting the fixed cost and reduction in the inventory and process rejection.

04. Subsidiary

Kirloskar Kisan Equipment Limited, (KKEL) is a wholly owned subsidiary of your Company. Considering the proposal of KKEL to diversify its business into investment activities, your Company had invested an amount of Rs. 25 million in the share capital of KKEL during the Financial Year 1998-99. Another Rs. 6.5 million were invested during the financial year 1999-2000. During the Financial Year 2000-2001, your Company proposes to invest another Rs.8.5 million in the share capital of KKEL. This would enable KKEL to increase its networth to enable it to carry on business as an investment company.

Pursuant to Section 212 of the Companies Act, 1956, the audited accounts of Kirloskar Kisan Equipment Limited are annexed to the Balance Sheet as at 31 March, 2000.

05. Directors

Dr. N.A. Kalyani and Dr. R.J.Rathi, Directors of the Company retire by rotation at the ensuing Annual General Meeting. They are eligible for re-appointment.

On 7 March 2000, ICICI Limited nominated Mrs. Anupama Ranade as its nominee on the Board of your Company in place of Mrs. Chanda Kochhar.

The Directors take pleasure in announcing appointment of new Directors on the Board of your Company. Mr. Sanjay C. Kirloskar, has been appointed as Vice Chairman of your Company with effect from

KIRLOSKAR OIL ENGINES LIMITED

26 July 2000. Mr. S.G. Chitnis, Executive Vice President (Auto Components), Dr. K.R. Chandratre, Corporate Vice President and Company Secretary, Mr. A.N. Alawani, Corporate Vice President (Finance) and Mr. D.R. Swar, Executive Vice President (Engines) have been co-opted as additional Directors with effect from 26 July 2000.

06. Auditors

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. Dalal & Shah, Chartered Accountants, are eligible for re-appointment.

The Members of the Company had, in the Annual General Meeting held on 6 March 2000, appointed M/s P.G. Bhagwat, Chartered Accountants, as the Branch Auditors of the Company to audit the accounts maintained at the Company's branch at Soalpur. M/s P.G. Bhagwat, Chartered Accountants would retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to appoint them as the branch auditors.

07. Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

As required by the aforesaid Rules, the necessary information is given in the ANNEXURE - A which forms part of this report.

08. Particulars of employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given in the ANNEXURE - B which forms part of this report.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



ATUL C. KIRLOSKAR

Chairman and Managing Director

Pune
27th July, 2000.

ANNEXURE —A to the

Directors' Report to the Members for the year ended on 31 March, 2000 and forming a part thereof

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

Your Directors take pleasure in announcing that on 18 November 1999, the Company received ISO 14001 accreditation from "TUV India". The Company is vigorously following up its environmental policy, one of the goals of which is conservation of natural resources and pollution control. As a result of various measures taken to save electricity, your company could save 357,000 units during the year.

B. TECHNOLOGY ABSORPTION :

(a) Research and Development (R & D) :

(i) Specific areas in which R & D carried out by the Company:

Combustion, upgrading present engines to meet forthcoming emission norms, new engine designs to meet international quality levels are the areas in which research was done during the year.

(ii) Benefits derived as a result of the above R & D:

The engines meeting forthcoming emission norms have given an edge over the competition.

The emission results obtained on new models 4R1040 and 3R1040 are meeting US Tier 1 norms for emission. This was tested and confirmed at South Western Research Laboratory in the USA. This has brought new demands from Tractor Original Equipment Manufacturers, who are interested in export of tractors.

Improved cost effectiveness.

Replacement of 6 cylinder versions with 4 cylinder engines for Genset applications has improved cost effectiveness.

(iii) Future plan of action:

To upgrade present engine models to improve power output from the same swept volume, leading to better power to weight ratio and improved cost effectiveness. To develop new engine models in 25 to 50 HP range for Tractor application and to replace existing engines.

(iv) Expenditure on R & D :

	<u>(Rs. in 000's)</u>
- Capital	3,559
- Recurring	36,972
- Total	<u>40,531</u>

Total R & D expenditure as a percentage of total turnover: 0.57

(b) Technology absorption, adaptation and innovation :

(i) Efforts, in brief, made towards technology absorption and innovation :

Technology obtained from AVL Austria and from FEV Germany for reducing the emission pollutant levels on 4R1040 series of engines has been adapted and extended for other models of engines to meet the prevailing Indian emission norms. This effort included design, review and change, changes in fuel injection equipment, combustion layout and finally testing and certification by Automotive Research Association of India (ARAI). All present engines in production are tested and certified by ARAI for meeting prevailing emission norms.

(ii) Benefits derived as a result of the above efforts :

The main benefit derived was that the new product design is in line with the Company's commitment to environment. Products are designed to be more eco-friendly without compromising on fuel economy and engine life.

(iii) Technology imported during the last 5 years :

Technology imported through consultation contracts with AVL for techniques in reduction in emissions and NVH (noise, vibrations and harshness) for 4R1040 engine was mainly for the validation for the engine designed in house.

The contract was in the form of on-going consultancy and the Company consulted AVL 3 times during last 5 years.

Similar contract was made with FEV for 200 / 250 KVA Engines.

The technology received was fully absorbed and was extended on engine models successfully to improve the quality of output.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :

- Focus on developing Original Equipment Manufacturers business gave good results.
- For concerted marketing efforts a person was posted in Africa. Additional three overseas postings in Africa and Middle East Asia are planned this year.
- Generating sets business started in South America and Europe. This is expected to boost exports in the near future.
- New air cooled models in smaller range were developed which has extended the product line.
- Introduction of new water cooled series for 30 – 150 hp is planned during the next two years.

(b) Total foreign exchange earned and used :

	<u>(Rs. in 000's)</u>
Used	686,144
Earned	308,616

KIRLOSKAR OIL ENGINES LIMITED

ANNEXURE - B

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' report for the year ended 31 March, 2000

Name & Age of The Employee	Designation / Nature of Duty	Qualifications & Experience	Date of Joining	Remuneration Rs.	Particulars of Last Employment
ALAWANI A N (55)	Corporate Vice President (Finance)	C.A (30)	01.04.98	1,384,643	Corporate Vice President (Finance) Kirloskar Ferrous Industries Ltd.
BHALERAO S P (50)**	Sr. Manager	DME (26)	01.10.73	59,125	-
CHANDRACHUD M R (48)	Associate Vice President (LE-SBU)	B.E. (Mech), M.B.A (26)	01.09.76	653,492	-
CHANDRATRE K R (DR) (47)	Corporate Vice President & Company Secretary	M.Com., LL.B., F.C.S. Ph.D. (23)	22.06.87	1,695,474	Company Secretary, Thermax Private Ltd
CHITNIS S G (59)	Executive Vice President (Auto Comp)	B.E. (Mech) (35)	01.07.64	1,839,258	Lecturer, Walchand College of Engineering
CHOUHAL P P (54)**	Sr. Manager	DME,DEE,DPE (31)	01.09.68	92,340	-
DAMLE P M (49)	Sr. General Manager Product Support	B.E. (Mech) (27)	15.10.88	640,402	Regional Mktg Manager - Cummins Deisel Sales & Service (I) Ltd.
DANI A D (53)	Vice President (R&E)	M.Sc (Machine Tool Tech.) Univ of Birmingham (31)	15.04.78	1,126,526	Sr. Design Engineer, Mahindra Owen Ltd.
DESAI P M (50)	Sr. General Manager - Mfg Engg.	D.M.E (30)	18.02.74	627,049	Junior Engineer, Kirloskar Cummins Ltd.
DESHMUKH S R (52)	Vice President (EDP)	M.Sc, B.Tech (Mech) (27)	22.02.92	1,107,790	Systems Manager, Kirloskar Cummins Ltd.
DESHPANDE R R (46)	Vice President (Small Engines)	B.E. (Mech) (23)	02.07.77	929,286	-
DIXIT V P (53)	Associate Vice President (Large Engines)	B.E. (Mech) (26)	01.04.88	872,380	Chief Executive - Mahila Udyog Ltd
INAMDAR S C (47)	Sr. General Manager	B.E. (Mech) (25)	01.08.75	622,542	-
JARANDIKAR R R (53)	Associate Vice President - (Auto. Comp)	D.M.E (33)	01.10.67	628,268	-
JOSHI A S (58)	Senior Pilot (Aviation)	Gradutate - N.D.A. (37)	01.10.91	678,550	Govt. Service
JOSHI K M (49)	Associate Vice President (M.E)	B.E. (Mech), MMS, DBM (25)	19.04.90	863,403	Mktg. Manager, Kirloskar Cummins Ltd.
JOSHI L A (48)**	Sr. General Manager - Control Engg.	M.Sc (Electronics) (25)	03.10.78	305,338	Trainee-Sales Engineer, Ferrat Engg. Mfg. Co.
KALE P B (57)	Vice President (Auto. Comp)	B.Tech (Hons) (33)	10.01.69	1,199,823	Graduate Trainee Engineer, Hyderabad Usha Works Ltd.
KAMATH D G (39)	General Manager - Marketing (LE)	B.E. (Hons), PGDM, CFA (17)	02.07.97	600,033	Mktg Manager, Crompton Greaves Ltd.
KARULKAR N A (50)**	Manager - Bearing QA	M.Sc.(28)	16.08.90	70,508	-
KULKARNI R B (51)	Associate Vice President (Bearings)	B.E. (Mech) (28)	01.12.73	680,479	-
LASHKARI F S (WG-CDR) (58)	Senior Pilot (Aviation)	D.M.E (36)	01.04.91	719,370	Govt. Service
LUTHRA N (51)	Corporate Vice President (M.S)	B.Tech (Mech), P.G.D.B.A (28)	28.07.84	1,639,801	Manager, Data Base, Kirloskar Cummins Ltd.
MARATHE S N (51)**	Corporate Vice President - (Finance)	F.C.A (28)	10.09.90	85,404	Self Employed
MARATHE S V (54)**	General Manager - Bearings	DME (31)	01.09.68	81,435	-
PADHYE H V (37)	Reg. Manager (Middle East Asia)	B.E. M.B.A (15)	07.06.94	1,530,833	Asst. Manager, Century Enka Ltd.
PALWANKAR D M (39)	Associate Vice President (Projects)	DME, DEE (18)	01.07.96	760,569	Vice President, The Mysore Kirloskar Ltd
PATWARDHAN D V (56)	Associate Vice President (Finance)	M.Com, FICWA (32)	12.01.70	847,107	Cost Asst., Henley Cables (I) Ltd.
PHALAK V A (54)**	Sr. General Manager - Plant Maintenance	B.E. (Mech) (30)	01.12.69	131,434	-
PUNDLIK D D (52)	Associate Vice President (LE-SBU)	B.E. (Mech), M.B.A (28)	05.03.93	657,436	Self Employed
RAO M R R (44)	Vice President (Auto Comp)	B.E. (Mech) (22)	17.07.78	932,477	-
SAPRE J R (55)	Vice President (M.E. Marketing)	B.Sc. (33)	01.11.93	1,154,412	Manager, Product Assurance Kirloskar Cummins Ltd.
SWAR D R (56)	Executive Vice President (Engines)	B.E. (Mech) (32)	25.08.87	1,390,576	Purchase Manager, Ruston & Hornsby (I) Ltd.
TIKEKAR A A (53) **	Executive Vice President (Engines)	B.E. (Mech) (31)	04.01.69	1,048,811	-
VARMA D K (51) **	Vice President (H.R.D)	B.Sc. (Engg), M.Tech, PGDBM (28)	20.03.93	178,050	Sr. Manager, Telco
VARMA V M (48)	Vice President (BDD, S&A)	B.E. (Mech) (27)	09.02.74	1,145,922	-
VENGURLEKAR A S (54) **	Sr. Manager - Bearing Mktg.	D.M.E, P.D.A.E, (30)	01.02.69	84,215	-
VIBHUTE V G (42)	Vice President (P & IR & HRD)	B.Com, M.B.A (22)	01.01.87	1,106,890	Asst. Personnel Officer, Pudumjee Pulp & Paper Mills Ltd.

NOTES :

- ** Indicates employed for a part of the year.
- Designation of the employee indicates the nature of duties.
- Gross emoluments include salary, dearness allowance, other allowances, incentive, bonus, leave travel assistance, medical expenses reimbursement, value of perquisites as per Income tax Act, 1961 and the rules made thereunder, and Company's contribution to Provident Fund and Superannuation Scheme. It does not include terminal benefits like leave encashment, gratuity and ex-gratia payments.
- All appointments are non-contractual except that of Mr. H.V. Padhye
- None of the employee is a relative of any Director of the Company.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of KIRLOSKAR OIL ENGINES LIMITED as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date, in which are incorporated the accounts of Castings Division - Solapur, as audited by M/s P. G. Bhagwat, Chartered Accountants, whose report has been considered by us and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement which takes into account statement made by the auditors of Castings Division - Solapur, on the matter specified in paragraphs 4 and 5 of the said Order;
2. Further to our comments in Annexure referred to in paragraph 1 above, we report that :
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company (refer Note No. 17);
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of the Company;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable (Refer to Note No.20);
 - (e) The reports on the accounts of the Castings Division - Solapur referred to above, audited by M/s P. G. Bhagwat, Chartered Accountants, have been forwarded to us and the same have been considered by us in our report;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon for reasons stated therein give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

Mumbai : 27th July, 2000

For and on behalf of
DALAL & SHAH
Chartered Accountants
Shishir Dalal
Partner

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in Paragraph 1 of our Report of even date to the members of KIRLOSKAR OIL ENGINES LIMITED on the Accounts for the year ended 31st March, 2000.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us and also considering the Statements made by the auditors of the Castings Division - Solapur, we state that :

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the assets have been physically verified by the management at reasonable intervals during the year except those, which are given on Lease for which no confirmations have been obtained from the Lessees. According to the information and explanations given to us, the discrepancies noticed on physical verification were not serious and have been properly dealt with in the books of account;
- ii) None of the fixed assets has been revalued during the year;
- iii)
 - (a) The stocks of finished goods, stores, spare parts, raw materials and components have been physically verified by the management at reasonable intervals during the year or at the end of the year other than the stocks with third parties, which have been confirmed by them except the stocks of raw materials of the value of Rs. 7,96,399/-;
 - (b) As explained to us, the procedures of physical verification of the stocks referred to in (a) above, followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in (a) above, as compared to book records and the same have been properly dealt with in the books of account;
 - (d) We have examined and verified the stock verification records of the Company and also wherever necessary, we have physically verified the stocks and taken assistance from the technical staff of the Company. On the basis of such examination and verification and technical assistants, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding financial year except the changes stated in Note No.15 to the accounts;
- iv) The Company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are now no companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956;
- v) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956;
- vi) Parties to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable;
- vii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of raw materials including components, stores, plant and machinery, equipments and other assets and also for the sale of goods;
- viii) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained

under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices for such goods and material or prices which are reasonable having regard to prevailing market prices at which transactions for similar goods have been made with other parties. As explained to us, there were no transactions during the year for supply of services with any party listed in the above referred register;

- ix) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials, components or finished goods and necessary provisions for the loss arising on the items so determined have been made in the books of account of the Company;
- x) In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public;
- xi) In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by-products;
- xii) In our opinion, the Company has internal audit system, commensurate with the size of the Company and the nature of its business, however, the scope of internal audit requires to be further enlarged;
- xiii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of Company's products to which said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;
- xiv) According to the records of the Company, the Provident Fund, Pension Fund and the Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities;
- xv) According to the records of the Company no undisputed amounts payable in respect of Income-tax, Wealth-tax, Custom Duty, Sales-tax and Excise Duty were outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable;
- xvi) On the basis of (i) the examination of the books of account, (ii) the vouchers produced to us for our verification, (iii) the explanations given and representation made to us on our inquiries, and (iv) the check and control relating to authorising the expenditure on the basis of contractual obligation to the employees, accepted business practices having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue, which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
- xvii) In our opinion, the Company does not fall within the purview of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xviii) In respect of the trading activities of the Company, as explained to us, there were no damaged goods during the year.

For and on behalf of
DALAL & SHAH
Chartered Accountants
Shishir Dalal
Partner

Mumbai : 27th July, 2000

KIRLOSKAR OIL ENGINES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2000

		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE			
I. SOURCES OF FUNDS			
1. Shareholders' funds :			
[a] Capital	01	191,636	191,636
[b] Reserves and surplus	02	3,473,372	2,727,826
		<u>3,665,008</u>	<u>2,919,462</u>
2. Loan funds :			
[a] Secured loans	03	1,295,826	2,065,745
[b] Unsecured loans	04	354,673	472,911
		<u>1,650,499</u>	<u>2,538,656</u>
Total		<u>5,315,507</u>	<u>5,458,118</u>
II. APPLICATION OF FUNDS			
1. Fixed assets :			
[a] Gross block	05	3,503,443	3,291,160
[b] Less : depreciation		1,883,988	1,616,548
[c] Net block		1,619,455	1,674,612
[d] Capital work-in-progress, expenditure to date		35,467	56,803
		<u>1,654,922</u>	<u>1,731,415</u>
2. Investments	06	1,631,421	1,712,974
3. Current assets, loans and advances :			
[a] Inventories	07	1,081,311	974,574
[b] Sundry debtors	08	1,779,425	1,968,095
[c] Cash and bank balances	09	159,022	330,723
[d] Other current assets	10	199,405	205,769
[e] Loans and advances	11	1,292,568	926,095
		<u>4,511,731</u>	<u>4,405,256</u>
Less : Current liabilities and provisions :			
[a] Liabilities	12	2,082,699	2,057,569
[b] Provisions	13	406,460	352,490
		<u>2,489,159</u>	<u>2,410,059</u>
Net current assets		2,022,572	1,995,197
4. Miscellaneous expenditure : (To the extent not written off or adjusted)			
Deferred revenue expenditure :			
Project development expenditure		6,592	18,532
Total		<u>5,315,507</u>	<u>5,458,118</u>
Notes forming part of the accounts	21		

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner

For and on behalf of the Board of Directors
ATUL C. KIRLOSKAR
Chairman and Managing Director

DR. K. R. CHANDRATRE
Director (Legal and H.R.)
and Secretary

GAUTAM A. KULKARNI
Joint Managing Director

A. N. ALAWANI
Director (Finance)

Mumbai : 27th July, 2000

Pune : 26th July, 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2000

		Rs. in 000's	
	SCHEDULE	1999-2000	1998-1999
INCOME :			
Sales and other operating income	14	7,447,949	7,133,760
Dividend, interest etc.	15	137,432	135,685
Job work receipts		2,541	1,976
Other income	16	844,645	94,107
		<u>8,432,567</u>	<u>7,365,528</u>
EXPENDITURE :			
Materials consumed and manufacturing expenses	17	5,141,837	4,975,254
Payments to and provisions for employees	18	643,584	652,639
Interest, finance, selling and other expenses	19	1,417,127	1,299,071
Depreciation and amortisation	20	289,274	280,696
Less : Transferred from revaluation reserve		173	173
		<u>289,101</u>	<u>280,523</u>
		<u>7,491,649</u>	<u>7,207,487</u>
Less : Expenses capitalised		2,111	1,149
		<u>7,489,538</u>	<u>7,206,338</u>
Profit before provision for diminution in value of investments		943,029	159,190
Less : Provision for diminution in value of investments		52,100	—
Profit before taxation		<u>890,929</u>	<u>159,190</u>
Provision for taxation : Income tax/Wealth tax		71,200	1,300
PROFIT FOR THE YEAR		<u>819,729</u>	<u>157,890</u>
Credits pertaining to earlier years : Tax refunds / Excess provision written back		17,714	—
Debits pertaining to earlier years : Expenses Taxation		17,773 — <u>17,773</u>	3,389 8,215 <u>11,604</u>
		(59)	(11,604)
As per last account		93,998	85,390
Add : Transferred from Investment allowance reserve account No. 2		19,500	700
		<u>113,498</u>	<u>86,090</u>
Less :		<u>933,168</u>	<u>232,376</u>
Transferred to debenture redemption reserve		—	14,500
Transferred to general reserve		150,000	50,000
Transferred to contingency reserve		400,000	—
Interim dividend - since paid		67,072	66,557
Corporate dividend tax thereon - since paid		7,378	7,321
Balance carried to Balance Sheet		<u>308,718</u>	<u>93,998</u>
Notes forming part of the accounts	21		

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner

For and on behalf of the Board of Directors
ATUL C. KIRLOSKAR
Chairman and Managing Director

DR. K. R. CHANDRATRE
Director (Legal and H.R.)
and Secretary

GAUTAM A. KULKARNI
Joint Managing Director

A. N. ALAWANI
Director (Finance)

Mumbai : 27th July, 2000

Pune : 26th July, 2000

KIRLOSKAR OIL ENGINES LIMITED

Schedule Nos. 01 to 21 annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2000

		Rs. in 000's		
		As at 31st March, 2000	As at 31st March, 1999	
SCHEDULE 01				
SHARE CAPITAL :				
AUTHORISED :				
5,000,000	<i>(5,000,000)</i>	preference shares of Rs.10 each	50,000	<i>50,000</i>
22,000,000	<i>(22,000,000)</i>	equity shares of Rs.10 each	220,000	<i>220,000</i>
			<u>270,000</u>	<u>270,000</u>
ISSUED :				
19,399,706	<i>(19,252,310)</i>	equity shares of Rs.10 each	<u>193,997</u>	<u>192,523</u>
SUBSCRIBED :				
19,163,610	<i>(19,016,362)</i>	equity shares of Rs.10 each	<u>191,636</u>	<u>190,164</u>
CALLED UP AND PAID UP :				
OUT OF ABOVE :				
16,816,644	<i>(16,816,644)</i>	equity shares of Rs 10 each fully paid.	168,167	168,167
400,000	<i>(400,000)</i>	equity shares of Rs. 10 each allotted on 21st August, 1997 to shareholders of erstwhile Kirloskar Filters Limited, on amalgamation as per the scheme sanctioned by the Mumbai High Court on 17th July, 1997.	4,000	4,000
1,799,718	<i>(1,799,718)</i>	equity shares of Rs. 10 each were allotted on 9th March, 1998, at a premium of Rs. 20 per share on conversion of detachable tradeable warrants issued in March 1993.	17,997	17,997
147,186	<i>(-)</i>	equity Shares of Rs 10 each were allotted on 17th February 2000 to shareholders of erstwhile Shivaji Works Ltd, on amalgamation as per scheme sanctioned by BIFR.	1,471	—
SHARE CAPITAL SUSPENSE ACCOUNT :				
62 <i>(147,248)</i> equity shares to be issued and allotted to equity shareholders of erstwhile Shivaji Works Ltd. on amalgamation as per scheme sanctioned by BIFR.			1	<i>1,472</i>
Total			<u>191,636</u>	<u>191,636</u>

Note : 62 equity shares issued against 1550 equity shares of Rs. 10 each of erswhile Shivaji Works Ltd. as per amalgamation scheme sanctioned by BIFR kept in abeyance on directions of the Special Court.

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	Rs. in 000's	
	As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 02		
RESERVES AND SURPLUS :		
Capital reserve :		
As per last account	16,215	15,831
Addition on amalgamation	—	384
Add : Received on account of non-competition agreement and termination of product support agreement	500	—
	16,715	16,215
Revaluation reserve :		
As per last account	4,400	4,573
Less : transferred to profit and loss account	173	173
	4,227	4,400
Capital redemption reserve account :		
As per last account	9,600	9,600
Debenture redemption reserve :		
As per last account	93,500	77,050
Addition on amalgamation	—	8,000
Less : transferred to general reserve	71,000	6,050
Add : Set aside this year	—	14,500
	22,500	93,500
Share premium account :		
As per last account	975,616	842,064
Addition on amalgamation	—	133,552
	975,616	975,616
Amalgamation reserve :		
As per last account	35,340	—
Excess of assets over liabilities taken over on amalgamation of erstwhile Shivaji Works Limited	—	35,340
	35,340	35,340
Investment allowance reserve account No.2 * :		
As per last account	26,290	23,700
Addition on amalgamation	—	3,290
Less : transferred to profit and loss account on expiry of statutory period	19,500	700
	6,790	26,290
Export profit reserve :		
As per last account	—	400
Less : transferred to general reserve	—	400
	—	—
General reserve :		
As per last account	1,472,866	2,226,962
Less : Accumulated loss of erstwhile Shivaji Works Limited	—	810,545
Add : Transferred from debenture redemption reserve	71,000	6,050
Add : Transfer from export profit reserve	—	400
Add : Set aside this year	150,000	50,000
	1,693,866	1,472,866
Contingency reserve : (Refer Note 19)		
Set aside this year	400,000	—
Surplus as per annexed profit and loss account	308,718	93,998
Total	3,473,372	2,727,826

*Utilised towards acquisition of new plant and machinery.

KIRLOSKAR OIL ENGINES LIMITED

	Rs. in 000's	
	As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 03		
SECURED LOANS :		
- (400,000) 19% redeemable secured debentures of Rs. 100 each, [Fifth series] [See Note 5 (a) (i)]	14,000	26,000
Less : Fully redeemed during the year	14,000	12,000
	—	14,000
1,017,833 15% redeemable secured debentures of Rs. 100 each, [Sixth series] [See Note 5 (a)(ii)]	66,159	101,783
Less : Partially redeemed during the year	35,624	35,624
	—	—
Balance value Rs. 30 each	30,535	66,159
* 200,000 19% secured non convertible debentures of Rs. 100 each, issued by erstwhile Shivaji Works Ltd.	13,333	13,333
Less : Fully redeemed during the year	13,333	—
	—	13,333
* Term loans		
Term loan/Bridge loan from The ICICI Limited	—	49,656
Term loan from IDBI	—	12,320
	—	61,976
* Term loans		
Term loan/Bridge loan from The ICICI Limited	—	97,442
Term loan from IDBI	—	5,593
	—	103,035
Term loan under asset credit scheme :		
* i) ICICI Limited	—	107,827
ii) Industrial Development Bank of India [See Note 5(b)]	7,309	20,220
iii) Industrial Finance Corporation of India	—	61,878
	7,309	189,925
Short term loan from ICICI Limited	—	16,670
Term loans for working capital :		
ICICI Limited [See Note 5(c)]	50,000	150,000
IDBI loan	—	54,400
	50,000	204,400
Term loan from Housing Development Finance Corporation Limited [See Note 5(d)]	—	185
*Term loan from Development Bank of Singapore (ECB)	—	127,599
Term loan from Jammu & Kashmir Bank Ltd. [See Note 5(e)]	94,717	126,308
Carried over	182,561	923,590

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		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 03 : (Contd.)			
SECURED LOANS : [Contd.]			
	Brought over	182,561	923,590
Term loan from State Bank of India [See Note 5(f)]		300,000	—
From Banks : against hypothecation of Company's inventories and book debts :			
Cash credit	46,095		260,659
Export credit facilities	65,911		44,768
Working capital demand loans	363,800		615,800
Working capital demand loan in foreign currency from State Bank of India	177,757		—
		<u>653,563</u>	<u>921,227</u>
* Short term loan from ICICI Limited		—	200,000
Short term foreign currency loan from ICICI Limited [See Note 5(g)]		150,545	—
Interest accrued and due on loans		9,157	20,929
	Total	<u><u>1,295,826</u></u>	<u><u>2,065,745</u></u>

* Loans repaid during the year, charge satisfied.

KIRLOSKAR OIL ENGINES LIMITED

		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 04			
UNSECURED LOANS :			
Sales tax deferral loan		6,725	6,725
Special capital incentive loan		1,033	1,373
Short term loan from General Insurance Corporation of India		37	37
The State Industrial and Investment Corporation of Maharashtra Limited			
Interest free sales-tax loan		4,076	4,991
Fixed deposits:			
From Joint Stock Companies	408		1,310
From Public	312,810		332,785
		313,218	334,095
Loans from shareholders		29,584	28,190
Short term deposits from Companies		—	97,500
		354,673	472,911
	Total		

SCHEDULE 05

FIXED ASSETS :

Rs. in 000's

Fixed Assets	Land Freehold	Land Leasehold	Buildings (b)	Plant & Machinery including Computer (d) & (e)	Air Conditioning Plant	Electrical Installation	Furniture and Fixture	Vehicles and Aircrafts (b)	Drawings and Designs	Total	As At 31st March, 1999
GROSS BLOCK (a)											
As at 31st March, 1999	5,407	3,430	168,143	2,783,420	1,210	37,663	115,364	47,587	128,936	3,291,160	2,556,981
Additions on account of amalgamation	—	—	—	—	—	—	—	—	—	—	511,240
Additions & Transfers	—	—	5,210	191,069	—	7,565	9,390	7,515	4,767	225,516	234,211
Deductions & Adjustments	2	44	—	10,495	—	—	457	2,235	—	13,233	11,272
As at 31st March, 2000	5,405	3,386	173,353 (c)	2,963,994	1,210	45,228	124,297	52,867	133,703	3,503,443	3,291,160
Depreciation											
Upto 31st March, 1999	—	—	53,974	1,356,387	1,182	19,426	69,694	33,490	82,395	1,616,548	1,183,904
Additions on account of amalgamation	—	—	—	—	—	—	—	—	—	—	181,744
Deductions & Adjustments	—	—	—	8,314	—	—	305	1,231	—	9,850	7,754
For the year	—	—	4,452	244,187	4	3,076	8,639	4,150	12,782	277,290	258,654
Upto 31st March, 2000	—	—	58,426	1,592,260	1,186	22,502	78,028	36,409	95,177	1,883,988	1,616,548
NET BLOCK											
As at 31st March, 2000	5,405	3,386	114,927	1,371,734	24	22,726	46,269	16,458	38,526	1,619,455	1,674,612
As at 31st March, 1999	5,407	3,430	114,169	1,427,033	28	18,237	45,670	14,097	46,541	1,674,612	—

Notes :

- At cost, except leasehold land which is at cost, less amount written off.
- Includes cost of Hangar and Aircrafts jointly owned with other Companies.
- Includes premises on ownership basis Rs. 3,938,014, for which conveyance and other formalities are yet to be completed.
- Includes Plant and Machinery of Rs. 649,171,871 given on lease.
- Includes Plant and Machinery of Rs. 88,416,356 (WDV 54,313,636) purchased under Hire Purchase Agreement.
- The land and building at Nasik existing as on 31.5.1985 have been revalued as on that date on the basis of the then present market value by government approved registered valuer. The difference between the total value of these assets on revaluation over book value after adjustment amounting to Rs. 6,806,027 was carried to revaluation reserve account.

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SCHEDULE 06 :	Rs. in 000's	
	As at 31st March, 2000	As at 31st March, 1999
INVESTMENTS (at cost) :		
(Unless otherwise stated)		
TRADE :		
QUOTED :		
*Cummins India Limited 3,317,005 (5,022,000) equity shares of Rs.10 each fully paid	1,256	1,902
G.G.Dandekar Machine Works Limited 265,210 (26,521) equity shares of Rs.10 each fully paid (Received 265,210 equity shares of Rs.10 each fully paid on split of 26,521 shares of Rs. 100 each)	39,570	39,570
Poona Industrial Hotel Limited 55,831 equity shares of Rs. 10 each fully paid	558	558
Kirloskar Pneumatic Company Limited 15,588 equity shares of Rs.10 each fully paid	176	176
Swaraj Engines Limited 720,000 equity shares of Rs.10 each fully paid	3,600	3,600
@ Kirloskar Electric Company Limited 4,774,945 equity shares of Rs.10 each fully paid	259,584	259,584
Kirloskar Brothers Limited 1,168,846 equity shares of Rs.10 each fully paid	186,596	186,596
Kirloskar Ferrous Industries Limited 22,000,000 equity shares of Rs.10 each fully paid	220,000	220,000
Kirloskar Ghatge Patil Auto Limited 5,000 equity shares of Rs.10 each fully paid	Rs.50,000	
Less: Provision for diminution in value (Re.1)	Rs.49,999	
@ Kirloskar Systems Limited 2,750,000 equity shares of Rs. 10 each fully paid	123,750	123,750
The Mysore Kirloskar Limited 113,460 equity shares of Rs. 10 each fully paid	2,733	2,733
UNQUOTED:		
Mahila Udyog Limited 800 equity shares of Rs. 100 each fully paid	10	10
Kirloskar Proprietary Limited 2 (22) equity shares of Rs. 100 each fully paid	—	2
Indo-Malaysia Engg Co.,Berhard 565,151 equity shares of M\$1 each fully paid (in liquidation)	Rs. 1,637,403	
Less: Provision for diminution in value (Re.1)	Rs. 1,637,402	
Kirloskar Industries (Phils.) Inc. 9,654 common shares of Pesos 100 each fully paid (in liquidation)	Rs. 1,202,962	
Less: Provision for diminution in value (Re.1)	Rs. 1,202,961	
F.H.Schule Gmbh,Hamburg,Germany 1,900 equity shares of D.M. 1000 each fully paid	Rs.12,019,333	
Less: Provision for diminution in value (Re.1)	Rs.12,019,332	
Kirloskar Kenya Limited 1,272 ordinary shares of K. Sh. 1000 each fully paid	856	856
Kirsons Trading Pte Limited 56,250 shares of Singapore \$ 1 each fully paid	1,201	1,201
Carried over	839,890	840,537

KIRLOSKAR OIL ENGINES LIMITED

		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 06 : (Contd.)			
INVESTMENTS (at cost) : [Contd.]			
(Unless otherwise stated)			
TRADE : (Contd.)	Brought over	839,890	840,537
Kirloskar Deutz Sales & Service Limited			
50,000 equity shares of Rs.10 each fully paid		500	500
**Kangan Diesel Limited			
7 equity shares of Rs.10 each fully paid		Rs.70	
Less: Provision for diminution in value (Re.1)		Rs.69	
		—	—
Kirloskar Knecht Filters Limited			
1,000,000 equity shares of Rs.10 each fully paid		40,000	40,000
OTHER :			
QUOTED :			
Housing Development Finance Corporation Limited			
31,000 (3,100) equity shares of Rs.10 each fully paid (Received 31,000 equity shares of Rs.10 each fully paid on split of 3,100 shares of Rs. 100 each)		760	760
Giddings and Lewis India Limited			
100,000 equity shares of Rs.10 each fully paid (Formerly known as Kirloskar Warner Swasey Limited)		1,000	1,000
The United Western Bank Limited			
200 equity shares of Rs.10 each fully paid		2	2
UNQUOTED :			
Kirloskar Toyoda Textile Machinery Limited			
9,256,117 equity shares of Rs.10 each fully paid		92,561	92,561
The Sangli Bank Limited			
100 equity shares of Rs.10 each fully paid		1	1
The Cosmos Co-operative Bank Limited			
31,250 equity shares of Rs.20 each fully paid		623	623
Inapex Auto Products Exports Limited			
60,000 equity shares of Rs.10 each fully paid		600	600
H.D.F.C. Corporate Bonds III Series			
		90	90
Dinette Exclusive Club Private Limited			
2 shares of Rs.5000 each fully paid		10	10
The Shamrao Vitthal Co-operative Bank Limited			
2000 equity shares of Rs.25 each fully paid		50	50
Anko Constructions Private Limited			
-(19,686) equity shares of Rs.10 each fully paid		—	3,521
ICICI Capital Gain Bonds			
850 Bonds of Rs.100,000 each		85,000	85,000
Kirloskar Briggs and Stratton Power Equipment Limited			
992,143 equity shares of Rs.10 each fully paid		9,921	9,921
Denso Kirloskar Industries Private Limited			
3,600,000 equity shares of Rs.10 each fully paid		36,000	36,000
Kirloskar Power Supply Company Limited			
450,000 equity shares of Rs.10 each fully paid		4,500	4,500
IN SUBSIDIARY COMPANIES:			
UNQUOTED :			
Kirloskar Kisan Equipment Limited			
330,000 (2,65,000) equity shares of Rs.100 each fully paid		33,000	26,500
Carried over		1,144,508	1,142,176

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		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 06 : (Contd.)			
INVESTMENTS (at cost) : [Contd.]			
(Unless otherwise stated)			
OTHER : (Contd.)	Brought over	1,144,508	1,142,176
IN PREFERENCE SHARES :			
UNQUOTED:			
	Kirloskar Ferrous Industries Limited 45,000,000 12% preference shares of Rs.10 each fully paid	450,000	450,000
IN DEBENTURES - UNQUOTED :			
	Mideast Integrated Steels Limited 521,000 18% secured redeemable non-convertible debentures of Rs 100 each, considered doubtful	Rs. 52,100,000	52,100
	Less : Provision	Rs. 52,100,000	—
		—	52,100
	The Mysore Kirloskar Limited 30,000 12.5% Non-convertible part "B" of Rs. 44 each of 12.5% secured redeemable partly convertible debentures of Rs. 100 each fully paid	1,320	1,320
	Kirloskar Pneumatic Company Limited - (200) 12.5% Non-convertible part "B" of Rs. 20 each of 12.5% secured redeemable partly convertible debentures of Rs. 100 each fully paid	—	4
IN GOVERNMENT AND TRUST SECURITIES :			
QUOTED:			
	SBI Mutual Fund - (500,000) Magnum Express of Rs.10 each fully paid	—	4,962
	Unit Trust of India 2,349,152 (1,348,952) Units of Rs.10 each under Unit Scheme 1964	32,487	17,283
UNQUOTED :			
	6 Years National Savings Certificates (Deposited with Sales Tax Authority)	10	10
	6 Years National Savings Certificates	20	20
	7 Years National Savings Certificates Face Value Rs.1,000(deposited with govt.depts.)	1	1
	State Bank of India 3,000 Floating interest rate bonds of Rs.1,000 each fully paid	3,000	3,000
	30 Indira Vikas Patra of the face value of Rs.2,500 each	75	75
		1,631,421	1,670,951
	# INVESTMENT SUSPENSE	—	42,023
	Total	1,631,421	1,712,974

(Rs.in 000's)

	Cost value as at		Market value as at	
	31st March 2000	31st March 1999	31st March 2000	31st March 1999
QUOTED	872,070	840,229	1,969,581	2,603,712
UNQUOTED	759,351	830,722		
	1,631,421	1,670,951		

(*) See Note 13(a) and 13(b)

(**) misplaced, duplicate certificates applied for
See Note 16

@ Included in market value at face value as the quotation is not available.

Note : 985,624 shares of erstwhile Shivaji Works Limited held by the Company before the effective date of merger, sold during the year.

KIRLOSKAR OIL ENGINES LIMITED

		Rs. in 000's	
		As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 07			
INVENTORIES :			
*Stores and spares, at cost		79,115	90,043
*Stock-in-trade :			
Raw materials [including components], at cost	383,880		337,116
Unserviceable and obsolete raw materials at estimated realisable value	85		19
Work-in-process, at cost	353,331		293,041
Finished goods, at lower of cost or market value	196,745		140,735
		934,041	770,911
Materials in transit, cost to date	12,550		54,414
Material in bonded warehouse, cost to date	55,605		59,206
		68,155	113,620
Total		1,081,311	974,574

* as certified and valued by the Managing Director

SCHEDULE 08

SUNDRY DEBTORS, UNSECURED :

[See note below]

[i] (a) Outstanding for a period exceeding six months :			
Good	372,273		371,594
Doubtful	64,641		58,545
Less : provision	64,641		58,545
	—		—
		372,273	371,594
(b) Other : good		1,407,152	1,594,681
		1,779,425	1,966,275
[ii] Receivables on account of eligible export house business, under an arrangement :			
Outstanding for a period exceeding six months :			
Good	—		1,820
Doubtful	8,952		7,132
Less : provision	8,952		7,132
	—		1,820
		1,779,425	1,968,095

Note : Sundry debtors include Rs. 312,551,764 (Previous year Rs. 298,515,636) due from a Company promoted by this Company of which Rs. 92,040,316 (Previous year Rs. 60,205,689) are outstanding for a period exceeding six months.

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	Rs. in 000's	
	As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 09		
CASH AND BANK BALANCES :		
Cash on hand	939	1,362
Cheques on hand	16,274	—
Bank balances with scheduled banks :		
In current account	138,551	326,108
In fixed deposits	3,258	3,253
	<u>141,809</u>	<u>329,361</u>
Total	<u>159,022</u>	<u>330,723</u>

SCHEDULE 10

OTHER CURRENT ASSETS :

Lease adjustment account	(28,910)	(1,556)
Other receivables	228,315	207,325
	<u>199,405</u>	<u>205,769</u>
Total	<u>199,405</u>	<u>205,769</u>

Note : Other receivables include Rs. 197,125,460 (*Previous year Rs. 197,125,460*) due from a Company promoted by this Company, which in terms of the restructuring scheme promoted by the Financial Institutions of the promotee company is subordinate to the dues of the said Institutions and hence recovery is deferred.

SCHEDULE 11

LOANS AND ADVANCES, UNSECURED, GOOD :
(unless otherwise stated)

Advance as contribution to companies against future subscription to equity capital when issued	6,443	6,443
Loans to Companies	258,262	61,070
Advances recoverable in cash or in kind or for value to be received :		
Good *	417,623	415,958
Doubtful	11,136	12,428
Less : provision	11,136	12,428
	<u>417,623</u>	<u>415,958</u>
Sundry deposits	51,320	58,628
Balance with Collectorate of Central Excise and Customs	15,694	18,083
Tax paid in advance	445,854	365,912
Amount receivable against sale of investment, since received	97,372	—
Total	<u>1,292,568</u>	<u>926,095</u>

* Includes Rs. 403,233 (*Previous Year Rs.473,853*) due from Company Secretary as a housing loan [Maximum balance during the year Rs. 473,853 (*Rs.544,473*)].

* Includes Rs. Nil (*Previous Year Rs.187,710*) recoverable from Managing Director on account of excess remuneration paid to him, which he held in trust for the Company.

* Includes Rs. Nil (*Previous Year Rs. 11,396*) recoverable from Joint Managing Director on account of excess remuneration paid to him, which he held in trust for the Company.

* Includes Rs. 106,027,092 (*Previous year Rs. 110,000,000*) due from a company, the recovery of which is slow on account of changed business environment. An amount of Rs.3,972,921 (*Previous year Rs. Nil*) recovered during the year.

KIRLOSKAR OIL ENGINES LIMITED

	Rs. in 000's	
	As at 31st March, 2000	As at 31st March, 1999
SCHEDULE 12		
LIABILITIES :		
Temperory overdraft as per books of accounts only	16,869	—
Acceptances	296,741	280,971
Sundry creditors :		
Due to Small Scale Industrial Undertakings (see Note 14)	480,717	389,694
Others	1,042,737	1,189,424
	<u>1,523,454</u>	<u>1,579,118</u>
Unclaimed dividends	2,292	1,491
Unclaimed redeemed preference share capital	159	159
Unclaimed amount of debentures	555	1,576
Advance against orders	158,582	92,799
Interest accrued but not due on loans	9,597	27,577
Interim dividend payable, since paid	67,072	66,557
Tax on dividend payable, since paid	7,378	7,321
	<u>2,082,699</u>	<u>2,057,569</u>
Total		

SCHEDULE 13**PROVISIONS :**

Provision for gratuity	10,704	9,052
Provision for premium on redemption of debentures	4,771	4,453
Provision for taxation	390,985	338,985
	<u>406,460</u>	<u>352,490</u>
Total		

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	Rs. in 000's	
	1999-2000	1998-1999
SCHEDULE 14		
SALES AND OTHER OPERATING INCOME :		
* Sales [including excise duty]	8,166,853	7,792,414
Less : returns, etc.	28,214	43,090
excise duty	855,103	718,335
	<u>883,317</u>	<u>761,425</u>
	7,283,536	7,030,989
Less: commission, incentive and discount	149,740	135,787
	<u>7,133,796</u>	<u>6,895,202</u>
Lease rent	153,373	153,373
Add / (Less) : lease equalisation account	(27,353)	(20,166)
	<u>126,020</u>	<u>133,207</u>
Duty draw back	10,613	1,794
Royalty received	3,052	4,117
Service charges received	58,318	40,085
Sale of scrap (Net of excise duty)	34,793	33,292
Installation charges received	80,989	24,735
Commission received	368	498
Technical fees received	—	830
Total	<u><u>7,447,949</u></u>	<u><u>7,133,760</u></u>

*Sales include inter-divisional transfers amounting to Rs. Nil [Previous year Rs. 228,782 (in 000's)]

SCHEDULE 15

DIVIDEND, INTEREST ETC.

Dividend

From investments [including Rs.Nil (Previous year Rs. 105,418) net of withholding tax on dividend from foreign companies]	67,282	41,061
Interest [gross, tax deducted at source Rs.15,564,458 (Previous year Rs. 16,508,962)]	66,979	91,926
Income from units of Unit Trust of India [gross, tax deducted at source Rs.Nil (Previous year Rs.539,581)]	3,171	2,698
Total	<u><u>137,432</u></u>	<u><u>135,685</u></u>

KIRLOSKAR OIL ENGINES LIMITED

	Rs. in 000's	
	1999-2000	1998-1999
SCHEDULE 16		
OTHER INCOME :		
Rent	2,913	2,647
Miscellaneous receipts	37,475	20,685
Discount received	2,589	5,582
Sundry sales	2,596	5,608
Surplus on sale of assets	801	706
Profit on sale of investments	748,617	—
Sundry credit balances appropriated	6,498	4,246
Excess provision for doubtful debts , advances etc.	81	482
Provision for diminution in the value of investment written back	—	1,500
Provision for doubtful advances due from subsidiary company written back	—	19,536
Provisions no longer required written back	25,469	28,583
Taxes refund (Sales tax, Octroi etc.)	17,606	4,532
Total	844,645	94,107

SCHEDULE 17

MATERIALS CONSUMED AND MANUFACTURING EXPENSES :

[a] Raw materials and components consumed :		
Stocks at commencement	337,134	444,683
Less : Value of obsolete and non-moving components written-down (Net of realisable value)	6,649	—
Add : acquired on amalgamation	—	11,068
Add : purchases	3,465,942	3,329,700
	<u>3,796,427</u>	<u>3,785,451</u>
Less : stocks at close	383,965	337,134
	<u>3,412,462</u>	<u>3,448,317</u>
Less : sale of raw material	4,651	10,529
	<u>3,407,811</u>	<u>3,437,788</u>
[b] Finished goods purchases for resale	871,923	645,052
[c] Excise duty on year end inventory of finished goods (see Note 15)	12,251	—
[d] Manufacturing expenses:		
Stores and spares consumed	414,313	344,610
Job work charges	172,859	152,202
Power, fuel and water	175,509	180,635
Building repairs	24,540	14,096
Machinery repairs	33,174	28,706
	<u>820,395</u>	<u>720,249</u>
[e] Freight and octroi	145,757	170,427
[f] (Increase)/decrease in stocks :		
Stocks at close:		
Work-in-process	353,331	293,041
Finished goods	196,745	140,735
	<u>550,076</u>	<u>433,776</u>
Less : Stocks at commencement :		
Work-in-process	293,041	300,569
Add : acquired on amalgamation	—	14,745
Finished goods	140,735	112,953
Add : acquired on amalgamation	—	7,247
	<u>433,776</u>	<u>435,514</u>
	<u>(116,300)</u>	<u>1,738</u>
Total	5,141,837	4,975,254

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Rs. in 000's

1999-2000 1998-1999

SCHEDULE 18**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :**

(including remuneration to Managing Director and Joint Managing Director)

Salaries, wages, gratuity, bonus, etc.	500,711	490,898
Contribution to provident and other funds	70,481	90,776
Welfare and training expenses	69,104	68,348
Provident and other funds expenses	3,288	2,617
Total	643,584	652,639

SCHEDULE 19**INTEREST, FINANCE, SELLING AND OTHER EXPENSES :****A. SELLING EXPENSES :**

Rent	39,162	36,184
Rates and taxes	3,037	3,561
Insurance	6,222	6,194
Other repairs	41,828	44,115
Freight and forwarding	151,155	97,610
Advertisement and publicity	36,419	30,164
Sales warranty claims	90,751	57,075
Sales and service charges	117,497	50,524
Royalty, technical and license fees, research contribution, etc.	5,947	7,122

B. INTEREST AND FINANCE CHARGES :

1. Interest :		
On debentures	11,598	21,831
On fixed loans	108,814	246,803
Others	259,000	243,046
		379,412
2. Finance charges :		
Cash discount	26,943	13,829
Discounting charges	10,876	31,008
Others	43,729	37,642

C. OTHER CHARGES :

Travelling expenses	82,054	80,054
Miscellaneous expenses	237,604	217,578
Auditors' remuneration	2,323	2,144
Managing and Joint Managing Directors' Commission	6,000	—
Commission to other Directors	650	—
Directors' fees and travelling expenses	301	386
Proportionate provision for premium on redemption of debentures	318	886
Loss on assets sold, demolished, discarded and scrapped	2,138	1,358
Loss on sale of investment	46,476	—
Write-down of obsolete and non-moving components	6,649	—
Bad debts and irrecoverable balances written off	58,503	18,374
Provision for doubtful debts and advances	20,246	46,315
Difference in exchange	887	5,268

Total	1,417,127	1,299,071
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SCHEDULE 20**DEPRECIATION AND AMORTISATION :**

Depreciation	277,290	258,654
Amount written off against leasehold land	44	44
Deferred revenue expenditure written off	11,940	21,998
Total	289,274	280,696

KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 21

NOTES FORMING PART OF THE ACCOUNTS:

1. Accounting policies :

Accounting policies are stated in the annexure.

	Rs. in 000's	
	31.03.2000	31.03.1999
2. Contingent liabilities not provided for in respect of		
(a) Disputed excise demands	17,996	91,639
(b) Claims against the Company not acknowledged as debts	68,293	81,018
(c) Disputed Income tax liability – matter under appeal	82,067	17,150
(d) Guarantees given to customers by bankers: (Advances received from customers – Rs.12,051 <i>Previous year Rs.60,988</i>)	394,390	335,245
(e) Guarantees given on behalf of third parties	823,243	976,246
(f) Disputed custom duty	8,788	8,639
(g) Disputed establishment charges	345	345
(h) Disputed penalty for non fulfillment of export obligation	40	40
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	68,067	86,523
4. Charge of hypothecation against the Company's inventories in favour of bankers for cash credit facilities also extends to letters of credit issued and guarantees given by the Company's bankers :		
Aggregate value of such letters of credit outstanding	261,199	234,030
Aggregate value of such guarantees outstanding	394,390	335,245
5. Security:		
(a) Debentures Fifth and Sixth series:		
(i) 400,000 19% Secured Non-convertible Debentures (Fifth series) (<i>Previous year Rs.35 each</i>) fully redeemed during the year as per terms of the agreement – Charge to be satisfied.		
(ii) 1,017,833 15% Secured Non-convertible Debentures (Sixth series) of Rs.30 each (<i>Previous year Rs.65 each</i> , out of which Rs.35 per debenture redeemed during the year as per terms of the agreement), issued in terms of Trust Deed, to be redeemed [at a premium of Rs.5 per debenture] at the end of 6 th , 7 th and 8 th year from the date of allotment i.e. from 10 th March, 1993.		
Above debentures are secured by English mortgage by way of first charge of the land and building situate at Mouje Ankhol, Taluka Kadi, District Mehsana, Gujarat, both present and future, and also by hypothecation by way of first charge of the whole of the movable properties of the Company, both present and future (except book debts) situate at Mouje Ankhol, Taluka Kadi, District Mehsana, Gujarat. The debentures are also secured against hypothecation of the whole of the movable properties of the Company (excluding book debts), both present and future, subject to prior charges created/ to be created in favour of the Company's bankers on the Company's stock of raw materials, semi finished goods, consumable stores and such other movables for working capital facilities and on specific machinery hypothecated to State Bank of India for deferred payment facility and also against joint equitable mortgage of the Company's immovable properties situate at Pune and Ahmednagar (other than Tech Centre and Kothrud property in residential zone in Pune) both present and future.		
(b) Term loan of Rs.5 Crores from Industrial Development Bank of India under Asset Credit Scheme is secured by an exclusive charge by way of hypothecation of movable plant, machinery, equipment and other assets together with its accessories, spare parts, tools acquired/ to be acquired out of the loan proceeds.		
(c) Working Capital Loan of Rs.25 Crores from ICICI Limited secured by way of hypothecation of the mini blast furnace. The Company has also deposited 1,000,000 equity shares of Rs.10 each held by the Company in the capital of Cummins India Limited as collateral security.		
(d) Loan from Housing Development Finance Corporation Limited is secured by mortgage of specific housing units – charge to be satisfied.		
(e) Term loan of Rs.15 Crores from Jammu and Kashmir Bank Limited secured by the plant and machinery, equipment, movables, spares and all other fixed assets of the Company to be procured out of the proceeds of the term loan.		
(f) Corporate Loan of Rs.300 million from State Bank of India is secured by hypothecation of movable plant and machinery ranking pari passu with the charges created in favour of ICICI Limited as Trustees to the debentureholders of 5 th and 6 th series.		
(g) Short term Foreign Currency Loan of US\$ 3.44 million from ICICI Limited is secured by pledge of 557,143 equity shares of Rs.10 each in the capital of Cummins India Limited.		

SCHEDULE 21 : (Contd.)

NOTES FORMING PART OF THE ACCOUNTS : [Contd.]

6. Payments to Auditors:

Statutory Auditors (A)		Rs.in 000's	
		1999-2000	1998-1999
a)	As Auditors	1260	1260
b)	In other capacity:		
	For tax audit	630	220
	For certificates	104	98
	For company law and allied matters	—	300
	For expenses	46	72
	Total	<u>2,040</u>	<u>1,950</u>
	Payment to branch auditors of Castings Division, Solapur		
a)	As Auditors	105	100
b)	In other capacity :		
	For tax audit	21	14
	For certificates	17	—
	For expenses	5	—
	Total	<u>148</u>	<u>114</u>
Cost Auditors (B)			
a)	As Auditors	135	80
	Total	<u>135</u>	<u>80</u>
	Grand Total (A + B)	<u>2,323</u>	<u>2,144</u>

7. Details of raw materials consumption :

(i) Raw materials and components consumed :

DETAILS	Unit	1999-2000		1998-1999		
		Quantity	Rs. in 000's	Quantity	Rs. in 000's	
a)	Steel and	MT.	2821	103,293	2658	92,575
	Steel strips	MTRS.	—	—	1000	4
b)	Non-ferrous metals	MT.	899	101,850	777	83,431
c)	Components			3,107,295		2,939,708
d)	Pig Iron	MT	4208	29,350	3223	21,990
e)	C.I.Scrap	MT	3506	22,487	3031	22,098
f)	Steel Scrap	MT	1965	14,342	1799	14,125
g)	C.I.Boring	MT	902	4,284	739	3,788
h)	Others			24,909		260,069
	Total		<u>3,407,810</u>		<u>3,437,788</u>	

(ii) Imported and indigenous raw materials consumption (including components) :

DETAILS	1999-2000		1998-1999		
	Rs. in 000's	Percent	Rs. in 000's	Percent	
a)	Imported (including canalised items)	440,967	12.94	540,016	15.71
b)	Indigenous	2,966,843	87.06	2,897,772	84.29
	Total	<u>3,407,810</u>	<u>100.00</u>	<u>3,437,788</u>	<u>100.00</u>

KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 21 : (Contd.)

NOTES FORMING PART OF THE ACCOUNTS : [Contd.]

8. Details of goods traded-in-purchases :

DETAILS	Unit	1999-2000		1998-1999	
		Quantity	Rs. in 000's	Quantity	Rs. in 000's
a) Engines and Gensets	Nos.	57476	489,534	44992	374,577
b) Components of Kubota Engines	Nos.	—	—	44	152
c) Components for prime movers	Nos.	589831	36,261	536109	26,042
d) Coke	MT	99110	287,078	58377	236,356
e) Aircraft	Nos.	—	—	1	7,925
f) K-Oil	Ltrs.	124300	59,050	—	—
Total			<u>871,923</u>		<u>645,052</u>

9. C.I.F. value of imports, expenditure and earnings in foreign currencies :

	Rs.in 000's	
	1999-2000	1998-1999
(A) C.I.F. value of imports :		
Raw materials (including components, material in transit, material in bonded warehouse)	282,474	417,060
Capital goods	30,469	9,317
Others	298,532	241,498
(B) Expenditure in foreign currencies :		
(i) Royalty, net of tax	3,387	4,324
(ii) Interest	20,347	20,857
(iii) Others	50,935	40,919
(C) Earnings in foreign currencies :		
(i) F.O.B. value of exports	306,991	293,437
(ii) Dividend (net of withholding tax)	—	105
(iii) Others	1,625	10,330

SCHEDULE 21 : (Contd.)

NOTES FORMING PART OF THE ACCOUNTS: [Contd.]

10. Details of licensed and installed capacity, production, stock and turnover :

(A) Licensed and installed capacity and production :

Class of goods	Unit	Licensed capacity		*Installed capacity		Production meant for sale	
		1999-2000	1998-1999	1999-2000	1998-1999	1999-2000	1998-1999
(i) Engines between 3 HP and 650 HP	HP	725000	725000	1140221	969999	1140221 (81789 nos.)	969999 (64516 nos.)
(ii) 'R' type engines	Nos.	17500	17500	32516	32181	32516	32181
Pune	Nos.	8000	8000	—	—	—	—
Faridabad (a)	Nos.	12	12	19.210	18.096	19.210	18.096
(iii) Bimetal bearings and engine valves (in million)	Nos.	12	12	19.210	18.096	19.210	18.096
(iv) Bimetal strips	MT	1950	1950	2727.109	2542.092	2727.109 (b)	2542.092 (b)
(v) Diesel engines above 250 HP (in cylinders)	Nos.	500	500	69	114	69	114
(vi) Assembly of generating sets in range of 0.5 kVA to 10,000 kVA	Nos.	6500 (c)	6500 (c)	397	45	397	45
(vii) Camshafts	Nos.	49500 (d)	49500 (d)	—	—	—	—
(viii) Air compressors up to 1000 cfm	Nos.	500	500	500	500	—	—
(ix) Garage compressors above 5 HP and parts	Nos.	250	250	250	250	—	—
(x) Air receiver, inter coolers, heat exchangers and parts thereof	Nos.	500	500	500	500	—	—
(xi) Diesel / electric compressors 30 to 2500 cfm	Nos.	500	500	500	500	—	—
(xii) Car lifts, washers and lubricants equipments	Nos.	300	300	300	300	—	—
(xiii) Diesel generating sets	Nos.	300	300	300	300	—	—
(xiv) C.I. Castings	MT	26200**	26200**	24000	30000	11100	8586
(xv) Investment steel castings	MT	100	100	200	200	70	58
(xvi) Aluminum castings	MT	—	—	300	300	—	—
(xvii) Agricultural implements	MT	200	200	200	200	—	—
(xviii) Self priming pumps	MT	3500	3500	3500	3500	—	—

a) Unit closed

b) Includes 2727.109 MT for internal consumption (1998-99 2542.092 MT)

c) Included therein Gas Turbine Generating Sets up to 60 MW.

d) The Company has obtained Letter of intent (ref : LI 2C93/16C92/FC dated 15.01.1993) issued by Ministry of Industry New Delhi to manufacture camshaft and crankshaft.

e) The Company also holds permission to manufacture at its Ahmednagar plant, Gas Turbine up to 10 MW capacity including packaging for various applications.

f) The Company has filed Memorandum under Liberalised License Scheme to Manufacture the following items:

- 1) Control Panels
- 2) Steam Turbine Generating Sets upto 60 MW
- 3) Steam Turbines

* Note - Installed Capacity

Most of Plant and machinery being common for different products manufactured by the Company and installed capacity being dependent on product mix, which in turn is decided by the actual demand for various products from time to time and also on availing of subcontracting facilities, it is not feasible for the Company to indicate the exact installed capacity. The Company has, however, indicated the installed capacity on the basis of year's Product mix- as certified by the Executive Vice Presidents and accepted by Auditors, as correct, being technical matter.

** Note : Including 100 MT Investment Castings by way of diversification within the above Licensed capacity.

KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 21 : (Contd.)

NOTES FORMING PART OF THE ACCOUNTS: [Contd.]

Details of licensed and installed capacity, production, stocks and turnover [Contd.]

(B) Stocks and turnover :

Class Of Goods	Stocks at Commencement				Stocks at Close				Turnover				**Others	
	1999-2000		1998-99		1999-2000		1998-99		1999-2000		1998-99		1999-2000	1998-99
	Nos.	Rs. in 000 'S	Nos.	Rs. in 000 'S	Nos.	Rs. in 000 'S	Nos.	Rs. in 000 'S	Nos.	Rs. in 000 'S	Nos.	Rs. in 000 'S	Nos.	Nos.
a) Engines between 3HP and 650 HP	4280	58,560	3529	51,086	6693	76,860	4280	58,560	78937	2,018,613	63444	1,791,643	439	321
b) 'R' type engines	236	8,958	206	6,140	316	11,511	236	8,958	32341	1,903,366	32052	1,802,802	95	99
c) Bimetal bearing and engine valves (in million)	1.007	21,517	1.174	18,306	0.996	28,323	1.007	21,517	19.131	770,828	18.208	670,531	0.091	0.055
d) Bimetal strips (MT)	0.410	36	0.410	36	—	—	0.410	36	—	—	—	—	0.410	—
e) Diesel engines above 250 HP (in cylinders)	—	—	—	—	—	—	—	—	69	376,435	114	638,823	—	—
f) Assembly of generating sets in the range of 0.5kVA to 10000kVA	11	1,781	9	35	26	4,325	11	1,781	382	64,481	33	9,526	—	10
g) Goods-traded-in-components of prime movers	—	—	—	—	9139	103	—	—	580692	48,092	536109 (a)	30,986	—	—
h) Goods traded in - components of Kubota engines	259	1,334	370	2,854	251	1,594	259	1,334	6	37	154	1,348	2	1
i) Air compressors upto 1000 cfm	2	452	2	452	—	—	2	452	—	—	—	—	2	—
j) Goods traded in engines and gensets	2548	20,192	1725	17,013	4379	37,964	2548	20,192	55581	628,563	44105	477,963	64	64
k) Goods traded in coke (MT)	—	—	—	—	—	—	—	—	99110	297,373	58377	242,586	—	—
l) Goods traded in - K Oil	—	—	—	—	—	—	—	—	124300	80,307	—	—	—	—
m) Others	—	23,596	—	17,031	—	31,386	—	23,596	—	931,036	—	1,047,221	—	—
n) C.I. castings (MT)	190	2,946	285	6,364	111	3,112	190	2,946	10594	131,516	8681	286,178	585	—
o) Investment/steel castings (MT)	6	1,363	4	883	2	1,567	6	1,363	65	32,889	51	31,382	9	5
TOTAL		140,735		120,199		196,745		140,735		7,283,536		7,030,989		

** Includes free replacement, capitalisation, scrap, shortages, etc.

11. Managerial Remuneration:

(a) Commission payable to Managing Director, Joint Managing Director and other Directors:

Computation of Net Profit and Directors' Commission

	1999-2000
	(Rs. in '000)
Profit for the year	819,729
Add:	
Provision for taxation (including Wealth tax)	71,200
Directors' remuneration	11,523
Loss on sale of investment	46,476
Provision for doubtful debts	20,246
Depreciation	277,117
	<u>426,562</u>
	1,246,291
Less:	
Surplus on sale of investments	748,617
Provision for doubtful debts written back	81
Provisions no longer required written back	25,469
Sundry Credit balances appropriated	6,498
Excess of sales price over cost of fixed assets sold	131
Depreciation under Section 350 of the Companies Act, 1956	283,215
	<u>1,064,011</u>
Profit for the purpose of Managerial Remuneration and Directors' Commission under Section 349 of the Companies Act, 1956	<u>182,280</u>
Managing Director and Joint Managing Director's Remuneration @10% Restricted to	18,228
Non Whole time Directors' Commission @1% Restricted to	10,873
	1,823
	650

(b) Details of payments and provisions included in the Profit and Loss Account on account of remuneration to Managing Director and Joint Managing Director

	Rs. in 000's	
	1999-2000	1998-1999
Salary	3,247	1,649
Contribution to: Provident Fund	346	198
Superannuation Fund	432	247
Gratuity	370	—
Commission	6,000	—
Perquisites	478	66
Total	<u>10,873</u>	<u>2,160</u>

SCHEDULE 21 : (Contd.)

NOTES FORMING PART OF THE ACCOUNTS : (Contd.)

12. The total research and development expenditure incurred during the financial year is Rs.40,531,242. (Includes capital expenditure – Rs.3,559,293).
- 13 (a) 625,000 equity shares of Rs.10 each held by the Company in the capital of Cummins India Limited are pledged as collateral security against Term Loan taken by a Company jointly promoted by Kirloskar Oil Engines Limited.
- (b) 1,871,000 equity shares of Rs.10 each held by the Company in the capital of Cummins India Limited are pledged as collateral security against Term Loan taken by the Company.
14. The names of Small Scale Industrial Undertakings to whom the Company owes sums exceeding Rs. 1 lac each and which are outstanding for more than 30 days are given below. There are no amounts overdue and unpaid to small scale and / or ancillary industrial suppliers on account of principal and/or interest as at the close of the year. This disclosure is on the basis of information available with the Company regarding the status of suppliers as defined under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertaking Act, 1993".

Aask Engineers	Popular Founders	Allied Fpounders Pvt. Ltd.	Saroj Iron Castings
Advin Diesels	Protek Sales & Service	Belgaum Engineering Works	Saroj castings Pvt. Ltd.
Amul Industries Pvt. Ltd.	R K manufacturers	Crest Packwell Pvt. Ltd.	Suyash Castings Pvt. Ltd.
Appsons Engineers	Rajanikant & Company	Hy Power Clamps Pvt. Ltd.	Shakti Precision Industries
Assam Fabri-Tech	Ravian Industries	International Industrial Springs	Talab Engineering Company
Bhagyashree Industries	Rolex Engineers	J J Filters	Win Win Industries
Can Can Distributors	Samir Castings Pvt. Ltd.	Kalekar Engineering Wiorks	Fibre Products
Castomate Pvt. Ltd.	Shri Rameshwar Engineering Works	Lakshmi Engineering Works	B J Enterprises
D S Jadhav Engineering Works	Advance Diesel Engines Pvt. Ltd.	Mayuresh Engineering Works	Monarqasayan Industries Pvt. Ltd.
Engineering Products Comp.	Amol Casings	Matchwell Engineering Pvt. Ltd.	Nitin Engineering Works
Gajendra Udyog	Applied Industries	Poona Couplings Pvt. Ltd.	Saras Plastics
Gautam Casings Industries	Ashok Enterprises	Poona Forge Pvt. Ltd.	Sweta Print Pack Pvt. Ltd.
Indra Marshall Oil Engines	Auto Steel & Rubber Industries Pvt. Ltd.	R A Enterprises	Mangalam Forms Pvt. Ltd.
Janhavi Filters	Caliber Spares (India)	Sankar Sealing Systems Pvt. Ltd.	Brazewell Engineers
K.B. Enterprises	Castall Industries	Sheetal Enterprises	Skil Founders
Klipco Pvt. Ltd.	Consultech Combines Pvt. Ltd.	Shirodkar Packings (Pimpri)	Suprabha & Company
Laxmi Castings Pvt. Ltd.	Electro-Dip	Technocraft Engineering Works	Technomec (India)
Laxmi Industries	Free India Metal Products	Vinmar Engineering	Trishul Machinery Company
M & D Sales & Service	Garg Metals Pvt. Ltd.	Saswad Heat Transfer & Engi.	Turno-grind
Meghdoot Foundry	Hindustan Manufacturers	Abhinav Industries	V I N Enterprises
New Laxmi Industries	Jackson Traders	Hi Tech Engineering Works	Vijay Industries
Nirmitee Fibroplast	Jyoti Foundry	Mitsu Laser Publishers & Printing	Vimal Casting Industries
Parajiya Gears	Kishor Bearings	Sagar Enterprises	Aronics Engineers Pvt. Ltd.
Pooja Packers	Kuduma Fastners Pvt. Ltd.	Super Ammonia Pvt. Ltd.	Eastern Packaging Industries
Proficient Press Works	Laxmi Industrial Corporation	Meera Enterprises	Kinetic Pistons
R B Engineering Works	M S C Engineering Works	Albaj Engineering Corporation	Surya Packaging
Rajdeep Industries	Mayani Metals	Electromech Engineers	Akshay Foundry Services
Rameshwar Technocast	Multitech Combine	Shri Varudikripa Industries	A D Will Rowat (I) Pvt Ltd.
Rocket Engineering Corporation Ltd.	New Ramesh Industries	Superflex Engineering & Poly.	A P T Associates Engineering
Sai Packing Industries	Padmavati Founders Pvt. Ltd.	Swastik Trading Corporation	Belgaum CNC Applications Pvt. Ltd.
Santosh Engineering Works	Poly Pould Industries	Threadlines (India)	Chopda Auto Parts
ABC India Limited	Pore Industries	Tulsi Industrial Corporation	G K Enterprises
Akar Tools Limited	R R Metal Pressing Company	Unpa Engineering	Intertec Engineers
Anil Udyog	Rajavir Industries	Victor Enterprises	Jupiter Products
Aruna Enterprises	Rajratna Foundry	Vikas Industrial Co-Op Organization	KTN Metals
Asur Engineering Works	Right Fit Fastners Pvt. Ltd.	Vital Industrial Products	Laxmi Engineering Works
Budhale Engineers Pvt. Ltd.	S M Engineering Works	Cast & Alloys	Metal Pressings Industries Pvt. Ltd.
Caravan Engineers	Sang Fastners Pvt. Ltd.	J-Cam Engineering Corporation	Machwell Engineers
Classic Belts Pvt. Ltd.	Shri Ganesh Enterprise	Parajiya Engineering Works	Maharashtra Timbers
Deep Metals	Shri Gangeswar Industries	Ambaji Metal Industries	Prarthana Engineering Pvt. Ltd.
Flywheel Ring Gears Pvt. Ltd.	Solid Packaging Industries	Apollo Heat Exchangers Pvt. Ltd.	Ratnadeep Engineers
Gangadhar Industries	Suyash Industries	Ashok Safe manufacturing Company	Sai Metals
G N Altech	The Mangal Engineering Works	Advance Mechanical works	Supreme Iron India Pvt. Ltd.
Ishan Enterprises	Trufit Fastners Pvt. Ltd.	Bharat Machine Tools	S J Iron & Steel Pvt. Ltd.
Jay Casting Company	United Gaskets & Components	Deltram Diesels Sales & Service	Turnwell Engineers Pvt. Ltd.
Kanku Paints Pvt. Ltd.	Vanitas Industries	Hirak Steel Craft	Universal Filtration Company
Kranti Industries	Varun Castings Company	Induction Equip. (I) Pvt.Ltd.	Young Industries
Laxmi Engineers	Vinayak Industries	Javalekar Enterprises	Shrikripa Enterprises
M D Industries	C.P. Engineering Works	Lonavala Engineering & Castings	Fujo Machine Tools Pvt. Ltd.
Matharoo Manufacturing Company	Gangadhar Engineering Works	Metal Products	Multiarc India Pvt. Ltd.
Moghe Engineering Works	Laxmi Auto Industries Pvt. Ltd.	Multitech Engineering	Neat Wind Industries
New Perfect Founders	Vijya Box Works	Maharashtra Auto Parts Pvt Ltd.	Shri Sainath Packages
North Eastern Supply Syndicate	Anadig Services	Panchasheel Filters Pvt. Ltd.	Western Metal Industries
Perfect Coolers	Arun Engineering Works	Paragon Founders	Advance Systems
			Delta Corporation

KIRLOSKAR OIL ENGINES LIMITED

SCHEDULE 21 (Contd.)

NOTES FORMING PART OF THE ACCOUNTS: [Contd.]

15. The Company has changed its method of absorbing costs in the determination of the value at which inventories of raw materials, WIP and finished goods are carried in the financial statements in order that they are compliant to the method prescribed by Accounting Standard – 2, Valuation of Inventories (Revised) issued by the Institute of Chartered Accountants of India, which have been mandatory from 1st April, 1999. Consequently, the value of such inventory has increased by Rs.53,614,851 (including Excise duty and Custom duty Rs.30,734,240) and its consequential impact on the profit for the year being higher by Rs.22,880,611.
16. Investments made by the Company, being of long term nature, diminution in the value of Investments are generally not considered to be of a permanent nature. However, provision of Rs.52.10 million (*previous year – nil*) for such diminution, as considered necessary by the management, has been made in the accounts.
17. The Company has implemented Oracle Enterprise Resource Planning (ERP) system which include Oracle financials as well as Oracle manufacturing modules in Corporate, Small and Medium Engine Group. In this system, information is recorded in integrated manner and consumption of raw material is directly available and purchases are derived in order to compile the information required to be presented in the Accounts.
18. In absence of balance confirmation of sundry debtors, sundry creditors, deposits and parties to whom advances are given, continue to be subject to reconciliation and such are as per books of account only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which the same are fully settled.
19. The Company has set aside Rs.400 million as a Contingency Reserve from its current earnings for contingencies that may arise in the future which may be in the nature of a loss/ diminution in the value of assets and advances of a permanent nature.
20. The incremental liability in respect of gratuity payable to employees is provided for on the basis of actuarial valuation, however, contribution to Gratuity Fund is made on the basis of limits specified under the Income-tax Rules, 1962.
21. Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.
22. Figures less than Rs.500 have been shown at actuals in bracket as the figures have been rounded off to the nearest thousands.
23. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

Signatures to Schedules 01 to 21

As per our attached report of even date

For and on behalf of the Board of Directors

For and on behalf of
DALAL & SHAH
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman and Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

SHISHIR DALAL
Partner

DR. K. R. CHANDRATRE
Director (Legal and H.R.)
and Secretary

A.N. ALAWANI
Director (Finance)

Mumbai : 27th July, 2000

Pune : 26th July, 2000

ANNEXURE REFERRED TO IN NOTE 1 IN SCHEDULE 21 TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2000.

ACCOUNTING POLICIES

a. Method of accounting:

The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

b. Fixed assets:

Fixed assets, except leasehold land, are continued to be consistently valued at cost inclusive of freight, duties, taxes and incidental expenses related to acquisition, installation, erection and commissioning including financing costs relating to deferred credits or to borrowed funds attributable to construction or acquisition of fixed assets till they are ready to be put to use. Leasehold land is valued at cost less amount written off.

c. Depreciation and amortization:**i) Depreciation**

Freehold land is not depreciated.

Depreciation is being provided to buildings, plant and machinery and drawings and designs on straight line basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956 from the beginning of the month in which addition is made/ put to commercial use. In case of all assets of erstwhile Shivaji Works Limited depreciation is provided on Straight Line Method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 from the date on which the addition is made.

The difference between depreciation on revalued assets of Nashik unit and its original cost, is transferred from Revaluation Reserve to Profit & loss account.

Depreciation on assets other than buildings, plant & machinery and drawings and designs is being provided on written down value basis in the manner and the rates specified in schedule XIV of the Companies Act, 1956 from the beginning of the month in which addition is made.

Depreciation on assets given on lease and building on leasehold land has been provided at the rates worked out on straight line method over primary period of lease as stated in lease agreement or at the rates specified in schedule XIV to the Companies Act, 1956, whichever is higher:

Assets	Over Primary Period of Lease	As specified in Schedule XIV
Plant & Machinery	10.00%	10.34%
Continuous Process Plant	10.00%	5.28%
Building on Leasehold Land	12.50%	1.63%

Depreciation on addition to assets relating to the above is being provided on pro-rata basis with reference to the month of commencement of lease period.

Depreciation on leased assets is being provided for, at their respective rates up to the month in which assets are sold.

ii) Amortization:

Leasehold land is amortized over the period of lease.

Expenditure on acquiring technical know-how (including income tax) is being amortized over a period of six years.

Expenditure towards development of high quality castings for the Company is amortized over a period of three years.

Development Expenses representing expenditure on in-house development of Cold Box Core Process Technology of erstwhile Shivaji Works Limited will be amortized over the balance period out of proposed period of five years.

d. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition (See Note 15).

- i. Raw materials, components, stores and spares are valued at landed cost. Unserviceable and obsolete stocks of these items are valued at estimated realizable value, which is below cost.
- ii. Work-in-process including finished components are valued at factory cost.
- iii. Finished goods are valued at lower of factory cost or market value, except unserviceable items which are valued at estimated realizable value which is below factory cost.
- iv. Materials-in-transit is valued at actual cost upto the date of balance sheet.

KIRLOSKAR OIL ENGINES LIMITED

ACCOUNTING POLICIES : [Contd.]

e. Foreign currency transactions

Current assets and current liabilities designated in foreign currencies are revalored at the market rate prevailing on the date of Balance Sheet. Net gain or loss on revalorization is accounted for in the year's Profit & Loss account.

Foreign currency liabilities for acquisition of fixed assets are stated at the rates prevailing on the date of Balance Sheet. Differences in exchange in respect of such liabilities are capitalized by adjusting it to the cost of respective assets. Where the cost of a depreciable asset has changed on account of exchange rate fluctuation, depreciation on revised cost is provided for prospectively.

Acquisition of technical know-how is stated at rates prevailing on the Balance Sheet date. Difference in exchange in respect of such liabilities is adjusted to the cost of respective technical know-how. Where the cost of technical know-how has changed on account of exchange rate fluctuation, the revised cost is written off prospectively.

f. Investments

Investments are valued at cost of acquisition unless otherwise stated.

g. Excise duty/ Custom Duty

Excise duty on finished goods and Custom duty on imported materials are accounted on production of finished goods/ receipt of material in Customs Bonded Warehouses.

h. Employee retirement benefits

The incremental liability in respect of gratuity payable to employees concerned under approved schemes of the Company and for other not covered either under Payment of Gratuity Act or any approved schemes is provided on the basis of actuarial valuation. In case of Managing Director and the Joint Managing Director, the gratuity is provided as per the contractual obligation.

In case of Nashik (Large Engine) division, accruing liability of gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India. The additional amount, if any, payable at the time of premature retirement of the employee, is accounted for in the year of retirement.

The Company does not have defined benefit scheme for Leave encashment on retirement. However, employees of the Company, at their option, can encash unavailed leave during the period of service as well as on retirement. Hence the same cannot be considered as 'Retirement Benefit' and Accounting Standard AS 15 issued by the Institute of Chartered Accountants of India is considered not applicable.

i. Research and development

Revenue expenditure in carrying out the research and development activity is charged as an expense in the year in which it is incurred. Capital expenditure incurred on research and development is capitalized as fixed assets.

j. Sales

Export sales are accounted for on the basis of the dates of Mate's Receipt.

k. Accounting for lease

The company follows the recommendations of The Institute of Chartered Accountants of India contained in the Guidance Note on Accounting of Lease. Accordingly, a matching annual charge is made to the Profit & Loss account representing recovery of net investments of leased assets. The said charge is calculated by deducting finance income for the year (arrived at by applying the rate of interest implicit in the lease to the net investments in the lease during the year) from the lease rental in respect of all its leased assets. This annual charge comprises book depreciation as per policy stated in C (i) and a lease equalization charge where the annual lease charge is more than book depreciation. Where the annual charge is less than book depreciation, a lease equalization charge credit is taken. The balance standing in the Lease Adjustment Account has been shown in Schedule 10 i.e. under Other Current Assets.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

	8	8	9	7	2
--	---	---	---	---	---

 State Code

	1	1
--	---	---

 Balance Sheet Date

	3	1
--	---	---

	0	3
--	---	---

	0	0
--	---	---

 Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N I L	N I L
Bonus Issue	Private Placement
N I L	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
5 3 1 5 5 0 7	5 3 1 5 5 0 7
Sources of Funds	Reserves & Surplus
Paid up Capital	3 4 7 3 3 7 2
1 9 1 6 3 6	Unsecured Loans
Secured Loans	3 5 4 6 7 3
1 2 9 5 8 2 6	Investments
Application of Funds	1 6 3 1 4 2 1
Net Fixed Assets	Misc. Expenditure
1 6 5 4 9 2 2	6 5 9 2
Net Current Assets	N I L
2 0 2 2 5 7 2	N I L
Accumulated Losses	
N I L	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
8 4 3 2 5 6 7	7 4 8 9 5 3 8

V. Profit of Company

Profit / Loss Before Tax	Profit / Loss After Tax
(+) 8 9 0 9 2 9	(+) 8 1 9 7 2 9
Earning per Share in Rs.	Dividend Rate % #
4 2 . 7 7	3 5

Interim

VI. Generic Names of Three Principal Products / Services of Company
(As per monetary terms)

Item Code No. (ITC Code)

	8	4	.	0	8
--	---	---	---	---	---

 Product Description :

I	N	T	E	R	N	A	L	C	O	M	B	U	S	T	I	O	N
D	I	E	S	E	L	E	N	G	I	N	E	S					

 Item Code No. (ITC Code)

	8	4	.	0	9
--	---	---	---	---	---

 Product Description :

B	I	M	E	T	A	L	B	E	A	R	I	N	G	S			
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--

 Item Code No. (ITC Code)

	8	5	.	0	2
--	---	---	---	---	---

 Product Description :

G	E	N	E	R	A	T	I	N	G	S	E	T	S				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

 Item Code No. (ITC Code)

	7	3	2	5	9	9	.	0	9
--	---	---	---	---	---	---	---	---	---

 Product Description :

C	A	S	T	I	R	O	N	C	A	S	T	I	N	G	S			
A	N	D	I	N	V	E	S	T	M	E	N	T	/	S	T	E	E	L
C	A	S	T	I	N	G	S											

KIRLOSKAR OIL ENGINES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2000
(Pursuant to the Listing Agreement with Stock Exchanges)

PARTICULARS	Rs in 000's	
	1999-2000	1998-1999
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	890,929	159,190
Add :		
Depreciation net of transfer from revaluation reserve	277,117	258,481
Leasehold land written off	44	44
Loss on assets sold, demolished, discarded and scrapped	2,138	1,358
Loss on sale of investments	46,476	—
Provision for doubtful debts and advances	20,246	46,315
Miscellaneous expenditure written off	11,940	21,998
Credits pertaining to earlier years	17,714	—
Proportionate provision for premium on redemption of debentures	318	886
Interest	379,412	511,680
Provision for diminution in value of investments	52,100	—
	<u>807,505</u>	<u>840,762</u>
Less :		
Profit on sale of investments	(748,617)	—
Surplus on sale of assets	(801)	(706)
Interest received	(66,979)	(91,926)
Debits pertaining to earlier years	(17,773)	(11,604)
Provision for diminution in value of investment written back	—	(1,500)
Provision for doubtful advance due from subsidiary company written back	—	(19,536)
Dividend and income from units	(70,453)	(43,759)
	<u>(904,623)</u>	<u>(169,031)</u>
	<u>(97,118)</u>	<u>671,731</u>
Operating Profit before working capital changes	793,811	830,921
Adjustments for :		
Trade and other receivables	102,877	1,137,091
Inventories	(106,737)	115,383
Trade payables	43,389	(434,219)
	<u>39,529</u>	<u>818,255</u>
	<u>833,340</u>	<u>1,649,176</u>
Cash generated from operations		
Interest paid	(397,392)	(520,598)
Direct taxes paid	(26,521)	(8,024)
	<u>(423,913)</u>	<u>(528,622)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	409,427	1,120,554
B. CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Sale of fixed assets	2,002	2,821
Sale of investments, net of amount receivable	655,928	—
Interest received	66,979	91,926
Dividend and income from units received	70,453	43,759
	<u>795,362</u>	<u>138,506</u>
Less :		
Purchase of investments	(21,705)	(227,221)
Purchase of fixed asstes	(204,181)	(144,208)
	<u>(225,886)</u>	<u>(371,429)</u>
Increase in deposits with Joint Stock Companies	(197,192)	(46,808)
NET CASH GENERATED FROM INVESTING ACTIVITIES	372,284	(279,731)
Carried over	781,711	840,823

CASH FLOW STATEMENT: [Contd.]

	Rs in 000's	
	1999-2000	1998-1999
Brought over	781,711	840,823
C. CASH FLOW FROM FINANCING ACTIVITIES		
Received on account of non competition agreement	500	—
Total proceeds from borrowing (Net of repayments)	(888,156)	(724,565)
Dividend paid	(65,756)	(60,456)
NET CASH USED IN FINANCING ACTIVITIES	<u>(953,412)</u>	<u>(785,021)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(171,701)	55,802
CASH AND CASH EQUIVALENTS AS AT 1/4/99 (OPENING BALANCE)	330,723	274,921
CASH AND CASH EQUIVALENTS AS AT 31/3/00 (CLOSING BALANCE)	159,022	330,723

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman and Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

DR. K.R. CHANDRATRE
Director (Legal and H.R.)
and Secretary

A.N. ALAWANI
Director (Finance)

Pune : 26th July, 2000.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To,
The Board of Directors,
Kirloskar Oil Engines Limited
Laxmanrao Kirloskar Road,
Khadki, Pune 411 003.

We have examined the above Cash Flow Statement of Kirloskar Oil Engines Limited for the year ended 31st March, 2000. The statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report of 27th July, 2000, to the members of the Company and reallocations required for the purposes are as made by the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants
SHISHIR DALAL
PARTNER

Mumbai : 27th July 2000.

KIRLOSKAR OIL ENGINES LIMITED

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY**

Name of the subsidiary company	:	Kirloskar Kisan Equipment Limited
The financial year of the subsidiary ending on	:	31st March, 2000
Number of shares in the subsidiary company held by Kirloskar Oil Engines Limited	:	330,000 equity shares
The net aggregate of profits less losses of the subsidiary company so far as it concerns membership of Kirloskar Oil Engines Limited :		
1) Not dealt with in the account of Kirloskar Oil Engines Limited amounted to :		
a) for the subsidiary's financial year	:	Profit : Rs. 803,045
b) for the previous financial years of the subsidiary since it became subsidiary	:	Loss : Rs. 19,609,825
2) Dealt with in the account of Kirloskar Oil Engines Limited amounted to :		
a) for the subsidiary's financial year	:	Nil
b) for previous financial years of the subsidiary since it became subsidiary	:	Nil
Changes in the interest of Kirloskar Oil Engines Limited during the Financial Year 1999-2000 :		
No. of shares acquired	:	65,000 shares
Material changes during the Financial Year 1999-2000 :		
a) Fixed assets (net additions)	:	—
b) Investments	:	Rs. 6,508,822
c) Money lent by the subsidiary	:	—
Money borrowed by the subsidiary company other than for meeting current liabilities (net of repayment)	:	—

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman and Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

DR. K.R. CHANDRATRE
Director (Legal and H.R.)
and Secretary

A.N. ALAWANI
Director (Finance)

Pune : 26th July, 2000

**30th ANNUAL REPORT FOR THE YEAR
ENDED ON 31st MARCH, 2000**

BOARD OF DIRECTORS:

Mr. Atul C. Kirloskar
Chairman
Dr. K.R.Chandratre
Mr. N.C.Sukharamwala
Mr. Raj Nair

BANKERS :

Bank of Maharashtra
HDFC Bank Ltd

AUDITORS :

M/s. Joshi & Sahney
Chartered Accountants
1913, Sadashiv Peth, Natu Baug,
Pune 411 030.

REGISTERED OFFICE :

13/A, Karve Road, Kothrud,
Pune 411 029.

KIRLOSKAR KISAN EQUIPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED ON 31st MARCH 2000

Your Directors submit the Thirtieth Annual Report with audited accounts for the year ended on 31 March 2000.

OPERATIONS

As informed to the shareholders in the last year's Directors' Report, the Company had proposed to venture into the business of investment and finance. Considering the total requirement of net owned funds to enable the Company to carry on the business of investment and finance, the Company proposed to its holding company, Kirloskar Oil Engines Limited to invest in the share capital of the Company. The total fund requirement of the Company was Rs.15 million. Kirloskar Oil Engines Limited contributed Rs. 6.5 million to the share capital during the financial year 1999-2000. Accordingly, the Company issued and allotted to Kirloskar Oil Engines Limited 65,000 equity shares of Rs. 100 each.

EMPLOYEES

The Company did not employ any employee whose remuneration was covered by the limits laid down under Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

DIRECTORS

Mr. Atul C. Kirloskar, Director of the Company, retires by rotation and is eligible for re-appointment.

AUDITORS

The auditors of the Company, M/s Joshi and Sahney, Chartered Accountants retire and are eligible for re-appointment.

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

No specific energy conservation measures were taken. There was no technology absorption during the year. There was no foreign exchange earnings and outgo.

For and on behalf of the Board of Directors



Atul C Kirloskar
Chairman

Pune
24th July 2000

REPORT OF THE AUDITORS TO THE MEMBERS

The Members of
Kirloskar Kisan Equipment Ltd.,

We have audited the attached Balance Sheet of Kirloskar Kisan Equipment Limited as at 31st March, 2000 and also the annexed Profit and Loss Account for the year ended on that date and we report as under :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments referred to in paragraph (1) above-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion Balance Sheet and Profit and loss Account dealt with this report complied with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - (ii) in case of the Profit and Loss Account of the profit of the Company for the year ended on that date.

FOR JOSHI & SAHNEY
Chartered Accountants

Place : Pune
Date : 24th July 2000

H.M.JOSHI
Partner

KIRLOSKAR KISAN EQUIPMENT LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets. The management has physically verified during the year the fixed assets with book records and as informed to us no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. Considering the nature of business of the Company there are no stocks of finished goods. As explained to us stock of project material have been physically verified by the Management during the year and considering the nature of business of the Company, frequency of verification is reasonable.
4. The procedures of physical verification of project material followed by the Company are reasonable and adequate commensurate with the size of the Company and the nature of its business.
5. As informed to us no discrepancies were noticed on verification between physical stock and the book records.
6. On the basis of our examination of stock records, we are of the opinion that the verification of stock of project material is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as was defined under Section 370(1-B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as was defined under Section 370(1-B) of the Companies Act, 1956.
9. The Company has given an intercorporate loan and according to the terms and conditions stipulated, repayment of principal and payment of interest has been rescheduled and is not due before 31.3.2000
10. During the year there has been no purchase of stores, raw material, components, plant and machinery, equipment and other assets and no sale of goods, as such, our comments regarding adequate control procedure in connection therewith are not required.
11. The Company has not entered into any transactions of purchase of goods and material and sale of goods, materials and services in pursuance with contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000 or more in respect of each party.
12. As informed to us there is no unserviceable or damaged project material and as such no provision for loss thereon is required.
13. The Company has not accepted fixed deposits from the public during the year and therefore the question of compliance with the provisions of Section 58A of the Companies Act, 1956, does not arise.
14. As explained to us the operations of the Company do not generate any scrap or by products.
15. As the criteria regarding paid up capital and turnover are not applicable to Company, our comments on the internal audit systems are not required.
16. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

17. As informed to us the Company does not have any employee and the provisions of the Provident Fund Act and the Employees State Insurance Scheme are presently not applicable to the Company.
18. According to the information and explanation given to us, there are no disputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, which are outstanding as on 31st March 2000 for a period of more than six months from the date they became payable.
19. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick company within the meaning of Clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

FOR JOSHI & SAHNEY
Chartered Accountants

Place : Pune
Date : 24th July 2000

H.M.JOSHI
Partner

KIRLOSKAR KISAN EQUIPMENT LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2000**

	SCHEDULE	Rs.	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
1. SOURCES OF FUNDS :				
Shareholders' funds :				
(a) Share Capital	01	33,000,000		26,500,000
(b) Reserves and Surplus	02	3,345		3,345
	TOTAL		<u>33,003,345</u>	<u>26,503,345</u>
2. APPLICATION OF FUNDS :				
1. Fixed Assets :				
(a) Gross block	03	2,285,816		2,285,816
(b) Less: Depreciation		<u>1,494,800</u>		<u>1,444,033</u>
(c) Net Block			791,016	841,783
2. Investments	04		6,508,922	100
3. Current assets, loans and advances :				
(a) Inventories	05	23,150		23,150
(b) Sundry Debtors	06	—		—
(c) Cash and bank balances	07	1,261,651		786,983
(d) Loans and advances	08	5,662,370		5,070,811
(e) Other current assets	09	135,000		360,000
		<u>7,082,171</u>		<u>6,240,944</u>
Less : Current liabilities & Provisions :				
Liabilities	10	<u>991,934</u>		<u>991,437</u>
Net current assets			6,090,237	5,249,507
4. Profit and loss account			19,613,170	20,411,955
	TOTAL		<u>33,003,345</u>	<u>26,503,345</u>
Notes forming part of the accounts	13			

As per our attached report of even date
For and on behalf of
JOSHI & SAHNEY
Chartered Accountants

H. M. JOSHI
Partner

Pune : 24th July, 2000

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman

DR. K. R. CHANDRATRE
Director

Pune : 24th July, 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

	SCHEDULE	Rs.	1999-2000 Rs.	1998-1999 Rs.
INCOME :				
Other income	11	1,056,476		277,086
	Total		1,056,476	277,086
EXPENDITURE :				
Other expenses	12	202,505		104,295
Interest		159		13,365
Depreciation		50,767		50,767
			253,431	168,427
PROFIT FOR THE YEAR			803,045	108,659
Excess provisions for earlier year(net)			4,260	40
Balance brought forward from the last year			(20,411,955)	(20,520,574)
Balance carried to Balance Sheet			<u>(19,613,170)</u>	<u>(20,411,955)</u>
Notes forming part of the accounts	13			

As per our attached report of even date
For and on behalf of
JOSHI & SAHNEY
Chartered Accountants

H. M. JOSHI
Partner

Pune : 24th July, 2000

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman

DR. K. R. CHANDRATRE
Director

Pune : 24th July, 2000

KIRLOSKAR KISAN EQUIPMENT LIMITED

SCHEDULE NOS. 01 TO 13 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2000

	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SCHEDULE 01		
SHARE CAPITAL :		
AUTHORISED:		
500,000 (270,000) Equity shares of Rs. 100 each	50,000,000	27,000,000
	<u>50,000,000</u>	<u>27,000,000</u>
ISSUED AND SUBSCRIBED:		
330,000 (265,000) Equity shares of Rs. 100 each (all the above shares are held by Kirloskar Oil Engines Ltd.)	33,000,000	26,500,000
Total	<u>33,000,000</u>	<u>26,500,000</u>

SCHEDULE 02		
RESERVES AND SURPLUS		
Capital reserve	3,345	3,345
Total	<u>3,345</u>	<u>3,345</u>

SCHEDULE 03						
FIXED ASSETS :						
Fixed Assets	Plant and Machinery Rs.	Electrical Installations Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
GROSS BLOCK						
As at 31st March, 1999	2,119,723	44,011	75,842	46,240	2,285,816	2,285,816
Additions, adjustments and transfers	—	—	—	—	—	—
Deductions and adjustments	—	—	—	—	—	—
As at 31st March, 2000	<u>2,119,723</u>	<u>44,011</u>	<u>75,842</u>	<u>46,240</u>	<u>2,285,816</u>	<u>2,285,816</u>
DEPRECIATION						
Upto 31st March, 1999	1,291,864	41,810	72,049	39,515	1,444,033	1,393,266
Deductions and adjustments	—	—	—	—	—	—
For the year	49,562	—	—	1,205	50,767	50,767
Upto 31st March, 2000	<u>1,341,426</u>	<u>41,810</u>	<u>72,049</u>	<u>40,720</u>	<u>1,494,800</u>	<u>1,444,033</u>
NET BLOCK						
As at 31st March, 2000	<u>778,297</u>	<u>2,201</u>	<u>3,793</u>	<u>5,520</u>	<u>791,016</u>	<u>841,783</u>
As at 31st March, 1999	<u>827,859</u>	<u>2,201</u>	<u>3,793</u>	<u>7,930</u>	<u>841,783</u>	

SCHEDULE 04		
INVESTMENTS (AT COST) :		
LONG TERM :		
UNQUOTED :		
Trade : Kirloskar Proprietary Ltd. One equity share of Rs. 100	100	100
	<u>100</u>	<u>100</u>
QUOTED :		
K. G. Khosla Compressors Ltd. 209,962 equity share of Rs. 10 each (Market Value Rs. 1,469,734)	6,508,822	—
	<u>6,508,822</u>	<u>—</u>
Total	<u>6,508,922</u>	<u>100</u>

ANNUAL REPORT 1999-2000

	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SCHEDULE 05		
INVENTORIES :		
Project material (At cost or net realisable value whichever is lower as certified by the Director of the Company)	23,150	23,150
Total	<u>23,150</u>	<u>23,150</u>

SCHEDULE 06**SUNDRY DEBTORS, UNSECURED :**

(a) Debts outstanding for a period exceeding six months, Doubtful	2,590,233	2,590,233
Less : Provision	<u>2,590,233</u>	<u>2,590,233</u>
Total	<u>—</u>	<u>—</u>

SCHEDULE 07**CASH AND BANK BALANCES :**

Cash on hand	987	987
With Scheduled banks : In current account	1,260,664	785,996
Total	<u>1,261,651</u>	<u>786,983</u>

SCHEDULE 08**LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD) :**

Advances recoverable in cash or in kind or for value to be received		
Good	52,236	52,236
Doubtful	—	—
Less: Provision	<u>—</u>	<u>—</u>
	52,236	52,236
Intercompany deposit including interest accrued	5,475,891	5,007,890
Balances with Excise department	270	270
Tax deducted at source	133,973	10,415
Total	<u>5,662,370</u>	<u>5,070,811</u>

SCHEDULE 09**OTHER CURRENT ASSETS**

Others	135,000	360,000
Total	<u>135,000</u>	<u>360,000</u>

KIRLOSKAR KISAN EQUIPMENT LIMITED

	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SCHEDULE 10		
LIABILITIES :		
Sundry creditors	165,434	164,937
Advance against orders	826,500	826,500
Total	<u>991,934</u>	<u>991,437</u>

SCHEDULE 11

	1999-2000	1998-1999
OTHER INCOME :		
Income from trade investments	209,977	15
Interest received Gross (T.D.S. Rs. 132,000 previous year Rs. 1973)	601,176	11,963
Credit balances written back	—	35,070
Machinery Hire Charges	180,000	180,000
Provision no longer required	—	50,038
Other Receipts	65,323	—
Total	<u>1,056,476</u>	<u>277,086</u>

SCHEDULE 12**OTHER EXPENSES :**

Rates and Taxes	2,000	1,500
Legal and professional fees	82,066	13,073
Stamp Duty	107,640	76,360
Printing and Stationery	—	380
Audit fees	5,250	5,250
Other Expenses	5,549	7,732
Bad debts	—	91,207
Less : Provision	—	91,207
	<u>202,505</u>	<u>104,295</u>
Total	<u>202,505</u>	<u>104,295</u>

SCHEDULE 13

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2000

1. ACCOUNTING POLICIES

1.1 Method of accounting :

The financial statements are prepared under the historical cost. The Company follows the mercantile system of accounting and recognises income and expenditure on an actual basis.

1.2 Fixed Assets :

Fixed assets are valued at cost of acquisition inclusive of freight, duties and taxes, incidental expenses related to acquisition, installation, erection and commissioning.

1.3 Depreciation :

(a) Depreciation on additions to assets upto 31st December, 1987 is being provided on "straight line basis in accordance with the provisions of Section 205 (2) of Companies Act, 1956, at the rates corresponding to the rates (on single shift basis) applicable under Income tax Rules at the time of acquisition/installation.

(b) On addition to the assets after 1st January, 1988, depreciation is being provided on 'Straight Line basis' at the rates specified in Schedule XIV to the Companies Act, 1956 from the date on which the addition is made.

1.4 Inventories :

Material is valued at cost or net realisable value, whichever is lower.

1.5 Investments :

Long term Investments are carried at cost including related expenses and provisions if necessary, being made for decline, other than temporary, in their value.

2. There was no amount overdue to Small Scale Industrial undertakings and/or ancillary industrial suppliers on account of principal and /or interest as at the close of the year. This disclosure is based on the documents/information available with the Company.

3. CONTINGENT LIABILITIES NOT PROVIDED FOR :

(a) Civil case pending in the High Court-Amount Rs. 1,68,160/- (*Previous year Rs. 1,68,160*)

(b) Sales tax demand of Rs. 1,63,863 contested and is in appeal (*Previous year Rs. 1,18,863*)

(c) Profession tax demand of Rs. 4,347 contested and is in appeal (*Previous year Rs. 4,347*)

4. EARNING IN FOREIGN CURRENCIES :

Commission Rs. Nil (*Previous year Rs. Nil*)

5. REMUNERATION TO AUDITORS :

Audit fees Rs. 5,250 (*Previous year Rs. 5250*)

Other fees Rs. 5,000 (*Previous year Rs. Nil*)

6. In the opinion of the Board, the value on realisation of current assets, loans and advances, if realised in the ordinary course of the business shall not be less than the amount which is stated in the Balance Sheet as at 31st March, 2000. The provision for all known liabilities is reasonable and not in excess of the amount considered reasonably necessary.

7. Figures have been rounded off to the nearest rupees.

8. Previous year's figures have been recast so as to make them comparable with the regrouped figures of this year.

Signatories to Schedules 01 to 13

As per our attached report of even date

For and on behalf of
JOSHI & SAHNEY
Chartered Accountants

H. M. JOSHI
Partner

Pune : 24th July 2000

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman

DR. K. R. CHANDRATRE
Director

Pune : 24th July 2000

KIRLOSKAR KISAN EQUIPMENT LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

	1	4	5	8	8
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 State Code

1	1
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Balance Sheet Date

3	1
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	0	3
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2	0	0	0
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Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																	
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Bonus Issue	Private Placement																	
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			N	I	L													
				N	I	L												

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets																																								
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Sources of Funds	Reserves & Surplus																																								
Paid up Capital	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td></tr></table>									3																															
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Secured Loans	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L																															
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Application of Funds	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>5</td><td>0</td><td>9</td></tr></table>							6	5	0	9																														
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Net Current Assets	Accumulated Losses																																								
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IV. Performance of the Company (Amount in Rs. Thousand)

Turnover	Total Expenditure																																								
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Profit / Loss Before Tax	Profit / Loss After Tax																																								
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Earning per Share in Rs.	Dividend Rate %																																								
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Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

8	4	3	7	1	0	.	0	0
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Product Description

M	A	C	H	I	N	E	S		F	O	R		C	L	E	A	N	I	N	G	
S	O	R	T	I	N	G		O	R		G	R	A	D	I	N	G				
S	E	E	D		G	R	A	I	N		O	R		D	R	I	E	D			
L	E	G	U	M	I	N	O	U	S		V	E	G	E	T	A	B	L	E	S	

Item Code No. (ITC Code)

8	4	2	8	2	0	.	0	2
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Product Description

C	O	N	V	E	Y	O	R	S		O	T	H	E	R		T	H	A	N		
B	E	L	T		C	O	N	V	E	Y	O	R	S								

Item Code No. (ITC Code)

8	4	3	6	2	9	.	0	0
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Product Description

O	T	H	E	R	S
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- Leader in the agriculture market
 - Leader in the power generation market
 - Leader in the auto components market
 - Engines designed in-house are certified to meet US Tier I emission norms for off-highway use
 - Business to business e-commerce through web-enabled Supply Chain
 - ISO 14001 Certified environment friendly manufacturing facilities
 - ISO 9001 Certified manufacturing operations since 1992

