

Kalyani Brakes Limited



18TH

**ANNUAL
REPORT**

1999-2000

Report Junction.com

A Joint Venture of



NABCO
J A P A N





Kalyani Brakes Limited

BOARD OF DIRECTORS

B. N. KALYANI
Chairman

HIROMI FURUTA

NOBUJI OKAZAKI

KAZUO MATSUMURA

HANNES BERTLING

JAGJIT LAL PASRICHA

BERNHARD BIHR

C. L. GHALSASI
(ICICI Nominee)

SATISH SEKHRI
Managing Director

NOBUJI OKAZAKI
Alternate Director to Hiromi Furuta

BANKERS :

State Bank of India
The United Western Bank Ltd.
The Fuji Bank Ltd.

SOLICITORS AND ADVOCATES :

M/s. Crawford Bayley & Co.

AUDITORS :

M/s. Bansi S. Mehta & Co.

REGISTERED OFFICE :

Aurora Towers, 4th Floor,
9 Moledina Road,
Pune 411 001.

WORKS :

- 1) Off NH 6, Bambhori, Taluka Erandol, Dist. Jalgaon 425 001.
- 2) Gat No 306, Village Nanekarwadi Taluka Rajgurunagar, Dist. Pune.
- 3) Plot No. 308, Udyog Vihar, Phase II, Gurgaon (Haryana)



EIGHTEENTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of KALYANI BRAKES LIMITED will be held at 'Forum', Hotel Blue Diamond, 11 Koregaon Road, Pune 411 001 on Friday, the 28th day of July, 2000 at 10.30 A.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2000 and the Profit & Loss Account for the year ended on March 31, 2000 and Reports of the Directors and of the Auditors.
2. To declare Dividend.
3. To appoint a Director in place of MR. NOBUJI OKAZAKI who retires by rotation; but being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269, 309 & 310 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVAL OF THE CENTRAL GOVERNMENT AND SUBJECT TO SUCH OTHER APPROVALS AS MAY BE REQUIRED BEING READ WITH ARTICLES 133, 135 & 136 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, THE CONSENT OF THE COMPANY BE AND IS HEREBY GRANTED TO THE RE-APPOINTMENT OF MR. SATISH SEKHRI AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS WITH EFFECT FROM APRIL 1, 2000 TO MARCH 31, 2005 ON THE FOLLOWING REMUNERATION :

- 1) **BASIC SALARY :**
BASIC SALARY PER MONTH OF RS.60,000/- (RUPEES SIXTY THOUSAND ONLY).
- 2) **SPECIAL ALLOWANCE :**
SPECIAL ALLOWANCE PER MONTH OF RS.1,10,000/- (RUPEES ONE LAC TEN THOUSAND ONLY).
- 3) **HOUSING :**
THE EXPENDITURE BY THE COMPANY ON HIRING RESIDENTIAL ACCOMMODATION SHALL BE UPTO FIFTY PER CENT OF THE BASIC SALARY.

- 4) **UTILITIES :** RS.10,000/- (RUPEES TEN THOUSAND ONLY) PER MONTH TOWARDS THE EXPENDITURE INCURRED BY THE COMPANY ON GAS, WATER & ELECTRICITY.
- 5) **MEDICAL REIMBURSEMENT :**
EXPENSES INCURRED FOR THE MANAGING DIRECTOR AND HIS FAMILY, SUBJECT TO A CEILING OF ONE MONTH'S BASIC SALARY IN A YEAR OR THREE MONTHS' BASIC SALARY OVER A PERIOD OF THREE YEARS.
- 6) **LEAVE TRAVEL CONCESSION :**
FOR THE MANAGING DIRECTOR AND HIS FAMILY, ONCE IN A YEAR INCURRED IN ACCORDANCE WITH RULES SPECIFIED BY THE COMPANY UPTO ONE MONTH'S BASIC SALARY.
- 7) **CLUB FEES :**
FEES OF CLUBS SUBJECT TO A MAXIMUM OF TWO CLUBS. THIS WILL NOT INCLUDE ADMISSION AND LIFE MEMBERSHIP FEES.
- 8) **PERSONAL ACCIDENT INSURANCE :**
PREMIUM NOT TO EXCEED RS.4,000 PER ANNUM.
- 9) **PERFORMANCE BONUS :**
ANNUAL PERFORMANCE BONUS, AS DETERMINED BY THE BOARD, BASED ON THE OVERALL PERFORMANCE AND PROFITABILITY OF THE COMPANY, BUT NOT EXCEEDING RS.2,500,000/- PER ANNUM.
- 10) **TERMINAL BENEFITS :**
 - A) COMPANY'S CONTRIBUTION TO PROVIDENT FUND AT THE RATE OF 12% OF THE BASIC SALARY.
 - B) COMPANY'S CONTRIBUTION TO SUPERANNUATION FUND AT THE RATE OF 15% OF THE BASIC SALARY.
 - C) GRATUITY IN ACCORDANCE WITH THE RULES OF THE COMPANY AS APPLICABLE TO THE SENIOR EXECUTIVES OF THE COMPANY BUT NOT EXCEEDING ONE HALF MONTH'S BASIC SALARY FOR EACH COMPLETED YEAR OF SERVICE, SUBJECT TO A MAXIMUM OF RS.3,50,000.
 - D) ENCASHMENT OF LEAVE AT THE END OF THE TENURE.
- 11) **TRANSPORT ETC. :**
PROVISION OF CAR FOR USE ON COMPANY'S

BUSINESS AND TELEPHONE AT RESIDENCE (INCLUDING PAYMENT FOR LOCAL CALLS AND LONG DISTANCE OFFICIAL CALLS) WILL NOT BE CONSIDERED AS PERQUISITES.

12) MINIMUM REMUNERATION :

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE MANAGING DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL ALLOWANCE, PERQUISITES AND PERFORMANCE BONUS SPECIFIED ABOVE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. SATISH SEKHRI AS MAY BECOME PERMISSIBLE UNDER AND BY ANY AMENDMENTS TO SCHEDULE XIII OF THE COMPANIES ACT, 1956 OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE MANAGING DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269, 309 & 310 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVAL OF THE CENTRAL GOVERNMENT AND SUBJECT TO SUCH APPROVALS AS MAY BE REQUIRED BEING READ WITH ARTICLES 133, 135 & 136 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, THE CONSENT OF THE COMPANY BE AND IS HEREBY GRANTED TO FURTHER EXTENSION OF THE SERVICES OF MR. KAZUO MATSUMURA AS WHOLETEIME DIRECTOR OF THE COMPANY FOR THE PERIOD FROM JANUARY 19, 2000 TO DECEMBER 31, 2000 ON THE EXISTING REMUNERATION AS UNDER :

1) BASIC SALARY :

A BASIC SALARY OF RS.48,000/- (RUPEES FORTY EIGHT THOUSAND ONLY) PER MONTH.

2) SPECIAL ALLOWANCE :

A SPECIAL ALLOWANCE OF RS.75,000/- (RUPEES SEVENTY FIVE THOUSAND ONLY) PER MONTH.

3) ACCOMMODATION :

FREE FURNISHED ACCOMMODATION AT THE COMPANY'S GUEST HOUSES IN JALGAON AND PUNE.

4) TRANSPORT :

A CAR FOR LOCAL TRANSPORTATION WILL BE PROVIDED. ALL EXPENSES ON RUNNING, MAINTENANCE, DRIVER, TAXES AND INSURANCES ETC. FOR THIS CAR WILL BE BORNE BY THE COMPANY.

5) JOINING EXPENSES :

THE COMPANY WILL REIMBURSE TRANSPORTATION COST FOR RETURN TO JAPAN AFTER THE CONTRACT PERIOD.

6) MEDICAL :

ALL EXPENSES ON MEDICAL INCLUDING HOSPITALISATION, DIAGNOSTIC CHECKS, PERIODIC HEALTH CHECKS WILL BE BORNE BY THE COMPANY AT ACTUALS.

7) LEAVE TRAVEL ASSITANCE :

ONCE IN A YEAR FREE AIR PASSAGE FOR VISITING HOME TOWN IN JAPAN.

8) PERSONAL ACCIDENT INSURANCE :

PREMIUM NOT TO EXCEED RS. 4,000/- PER ANNUM.

9) PERFORMANCE BONUS :

ANNUAL PERFORMANCE BONUS, AS DETERMINED BY THE BOARD, BUT NOT EXCEEDING RS.750 000/- PER ANNUM.

10) TERMINAL BENEFITS :

12% OF BASIC SALARY WILL BE CONTRIBUTED TO PROVIDENT FUND AND 15% CONTRIBUTED TO SUPERANNUATION FUND BY THE COMPANY.

11) MINIMUM REMUNERATION :

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE WHOLETEIME DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL



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ALLOWANCE, PERQUISITES AND PERFORMANCE BONUS SPECIFIED ABOVE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. KAZUO MATSUMURA AS MAY BECOME PERMISSIBLE UNDER AND BY ANY AMENDMENTS TO SCHEDULE XIII OF THE COMPANIES ACT, 1956 OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE WHOLETEIME DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

M B RATNAPARKHI

SR. MANAGER (FINANCE) &
COMPANY SECRETARY

Place : PUNE

Date : May 22, 2000

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to advise the Company immediately of any change in their addresses.
4. The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, 17th day of August, 2000 to Friday, 25th day of August, 2000 (both days inclusive).
5. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto Friday, July 28, 2000 during business hours of the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos. 5 & 6 mentioned in the accompanying Notice dated May 22, 2000.

Item No. 5

The present term of Mr. Satish Sekhri was valid upto 31st March, 2000. The Board of Directors in its meeting held on January 19, 2000 re-appointed Mr. Sekhri, Managing Director, upto 31st March, 2005 subject to Govt. of India's approval.

Approval of the Members is sought at this Annual General Meeting for the re-appointment and payment of remuneration to Mr. Sekhri as set out in the text of the resolution.

A copy of the draft agreement proposed to be entered into between the Company and Mr. Sekhri will be available for inspection by the Members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Sunday.

This statement read alongwith the resolution may be deemed as an abstract of the terms of the agreement proposed to be entered into between the Company and Mr. Sekhri, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

None of the Directors of the Company is interested in the resolution except Mr. Sekhri who is proposed to be re-appointed as a Managing Director.

Item No. 6

The present term of Mr. Kazuo Matsumura was valid upto 18th January, 2000. The Board of Directors in its meeting held on January 19, 2000 extended the term of Mr. Matsumura, Wholetime Director, upto 31st December, 2000 subject to Govt. of India's approval.

Approval of the Members is sought at this Annual General Meeting for the extension in terms of Mr. Matsumura as set out in the text of the resolution.

This statement read alongwith the resolution may be deemed as an abstract of the terms of extension in services of Mr. Kazuo Matsumura as Wholetime Director, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

None of the Directors of the Company is interested in the resolution except Mr. Matsumura, whose services are proposed to be extended as a Wholetime Director.

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

M B RATNAPARKHI

SR. MANAGER (FINANCE) &
COMPANY SECRETARY

Place : PUNE

Date : May 22, 2000

DIRECTORS' REPORT

For the year ended March 31, 2000

To

The Members

The Directors present their Eighteenth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the Financial Year ended on March 31, 2000.

BUSINESS SITUATION

Automotive Industry in India went through recessionary phase for more than two years. Last year many segments of auto industry have shown signs of recovery. Core sectors like cement, steel & power are showing strong growth. Agriculture output is once again normal. Medium & Heavy Commercial vehicles, Passenger cars and Motor Cycles have registered significant growth. Almost every month a new model was launched. Auto components industry witnessed a growth of 22% consequently. On the whole, it was a good year for the Automotive Industry.

For the year ended 31st March 2000, your company achieved a total income of Rs.1538 Million, (previous year Rs. 1126 Million) which is about 37% higher than the previous year. Profit Before Tax is also higher at Rs. 93 Million (previous year Rs.16 Million).

FINANCIAL HIGHLIGHTS

	1999-2000 Rupees	1998-99 Rupees
Sales and Other Income	1 538 062 091	1 126 160 685
Profit for the year	93 271 654	16 039 958
Profit After Tax	83 127 275	14 237 058
Add : Balance brought forward from last year	5 736 868	3 039 925
Net Profit available for appropriation	88 864 143	17 276 983
Appropriation :		
Interim Dividend (including tax)	23 080 230	—
Final Dividend (including tax)	—	11 540 115
Transfer to General Reserve	6 300 000	—
Surplus retained in Profit & Loss Account	59 483 913	5 736 868

NEW INITIATIVES

Commercial supplies were started for the new models of our major customers, Maruti & Telco. As volumes of these models grow, further increase in OEM sales is expected.

The new initiatives taken by your company to enter various segments of auto industry have been successful. Technology

for brakes for Agriculture Tractors and Two Wheelers was fully absorbed, product development completed and commercial supplies started to various customers. These two segments appear very promising for growth in coming years.

Your company's penetration in the After Market increased further. After Market has now become a significant portion of sale.

Although no significant exports were made, but our joint venture partners and collaborators have provided many buyback opportunities. Various steps of product testing, validation and approval were covered during the year.

DIVIDEND

Your Directors recommend that the interim dividend of 20% (Rs. 2.00 per Equity Share of Rs.10 each) being paid on 25th May, 2000 be taken as final dividend for the year ended March 31, 2000.

QUALITY STANDARDS

All three plants of your Company, Chakan, Jalgaon & Gurgaon have received QS-9000 certification. This certification is of particular significance in view of export plans of the Company. Further, Jalgaon plant has received certification for the environment standard ISO 14000 too.

Our largest customer, Maruti Udyog Ltd. adjudged KBX as "Best Performing Vendor" in category 'A' for the year 1998-99. The award was received at the hands of Mr. O Suzuki of Suzuki Motor Corporation in New Delhi on 25th February, 2000.

OPERATIONS**A) Conservation of Energy :**

As a measure of energy saving and cost control, your Company took various actions like replacing (i) conventional tube-light ballasts by electronic ballasts, (ii) high KW lamps by low KW lamps, (iii) conventional low life, high watt filament type lamps by long life, low watt LED type energy saving lamps, (iv) improved efficiency of reciprocating air-compressor, (v) modified piping of air conditioning units thus eliminating use of pumps and (vi) insulation of inlet water pipeline to reduce heat losses at Jalgaon plant.

Initiatives at Chakan plant include (i) adding temperature controller in washing machines to avoid excess heating, (ii) introducing automatic power factor correction and (iii) economizing the use of compressed air to control & reduce energy bill.

These efforts resulted in significant reduction in consumption of electric energy.

Our Industry is not specified in the Schedule to Form "A" of the Annexure to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. We have, however, planned further actions for energy conservation.



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B) Technology Absorption :

The efforts made in technology absorption are given in the prescribed Form "B" as Annexure "A" to this Report.

C) Foreign Exchange Earnings and Outgo :

- i) During the year, the Company has earned Foreign Exchange equivalent to Indian Rs. 3 049 045 from export sales .
- ii) The foreign exchange outgo, on account of import of Components, Capital Goods, Spares, Royalty etc. was of the order of Rs. 112 213 785.

INDUSTRIAL RELATIONS

Industrial relations at all plants and offices continue to be cordial. A three years Wage Agreement was signed with the union of bargainable employees in November'99.

SUBSIDIARY

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Precision Seals Mfg. Ltd., a subsidiary of the Company, as on 31st March, 2000, is attached to the Accounts of the Company.

CHANGE IN ACCOUNTING POLICY

A change in the method of valuation of inventories and accounting of research & development expenditure was effected as per the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

PARTICULARS OF EMPLOYEES

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time and forming part of this Report, is annexed herewith as Annexure "B".

DIRECTORS

Dr. Hannes Bertling, Non-Retiring Director representing Robert Bosch Corporation & Mr. Herbert Hemming, Director nominated by Robert Bosch Corporation, have resigned from the Board. Robert Bosch Corporation has appointed Mr. Bernhard Bihl as a Non-Retiring Director.

The Directors placed on record their sincere appreciation of the valuable contributions made by Dr. Hannes Bertling & Mr. Herbert Hemming for the Company's growth & development during their association with the Board.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nobuji Okazaki, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

M/s. Bansi S. Mehta & Co., Chartered Accountants, Mumbai, the Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. You are requested to re-appoint Auditors for the current year to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

APPRECIATION

Your Directors wish to place on record their appreciation for the co-operation and help received from the Govt. of India, Govt. of Maharashtra, Financial Institutions & Banks and the timely help and assistance from our Promoters, M/s. Kalyani Steels Limited & Associates, Robert Bosch Corporation, USA and NABCO Ltd., Japan. The Directors would like to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

For and on Behalf of the Board of Directors,

Pune
Dated : May 22, 2000

B. N. KALYANI
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE – A

FORM "B"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D) -

1. Specific areas in which R&D carried out by the Company :
 - 1) Totally Indigenous design & development for Brake Systems for certain Indian Vehicles
 - 2) Import substitution
 - 3) Indigenous development of Actuation assembly for Tractor brakes and Two wheeler brake system.
2. Benefits derived as a result of the above R & D : If this technology was imported, it would have cost approximately Rs.3.00 million in foreign exchange. Due to Indigenous R&D, this foreign exchange is saved.
3. Future Plan of action : Development of Tractor & Two Wheeler brakes. Development of items for various European & Japanese origin cars being launched in India.
4. Expenditure on R&D
 - a) Capital : Approximately Rs.0.51 million
 - b) Recurring : Approximately Rs.0.54 million
 - c) Total : Approximately Rs.1.05 million
 - d) Total R&D expenditure as a percentage of total turnover : 0.08%

Technology absorption, adaptation and innovation -

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : All efforts have been made for absorption and adaptation of technology obtained from Bosch for Brake Systems for various Indian manufacturers of Cars. Absorption of technology from Titan, Italy for state of the art wet brakes for Agriculture Tractors is complete and absorption of technology from Brembo, Italy for hydraulic brakes is in progress.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, Product development, import substitution, etc. : The above efforts enabled saving the foreign exchange. Alongwith the import substitution, the items were modified to suit Indian conditions.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished
 - (a) Technology imported :
 - i) For critical Brake Systems for MUL Model B launched and M&M Scorpio being launched in India.
 - ii) Technology for wet brakes for Tractors from Titan, Italy.
 - iii) Technology for hydraulic disc brakes for Two wheelers from Brembo, Italy.
 - (b) Year of Import : i) 1997-98, ii) 1998-99, iii) 1999-2000
 - (c) Has technology been fully absorbed ? : Being absorbed
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. : These brake systems are under phased localisation. Hence it will take about 3 years to get full commercial benefits. Tractor & Two wheeler brakes for more customers are under development.



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ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - B

Information required as per Section 217 (2A) (b) (ii) 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 March 31, 2000

Sr. No.	Name	Age	Qualification & Experience	Designation/ Nature of duties	Gross Remuneration	Date of commencement of employment	Particulars of past Employment, Designation held, Organisation and Period
1	2	3	4	5	6	7	8
1	JOSHI S.R.	47	B.E.(MECH.) 25 years	EXECUTIVE VICE PRESIDENT (JALGAON)	824 040	03/08/1984	MANAGER - I KIRLOSKAR PNEUMATIC CO.LTD. 10 years
2	KHADILKAR J.S.	53	M.TECH. 29 years	VICE PRESIDENT (ENGG. & T.Q.M.)	653 866	01/04/1983	MANAGER (MANUFACTURING) EICHER GOODEARTH LTD 5 1/2 years
3	MAHENDRA D.S.	47	B.TECH 23 years	EXECUTIVE VICE PRESIDENT (CHAKAN)	831 382	01/01/1988	MANAGER (MATERIALS) BHARAT FORGE LTD. 8 years
4	MATSUMURA KAZUO	47	B.E. 26 years	WHOLE TIME DIRECTOR	1 899 828	19/01/1996	MANAGER NABCO LTD.JAPAN 22 years
5	PANGARKAR S.N.	52	B.E(MECH), M.TECH, P.G.D.B.A. 27 years	EXECUTIVE VICE PRESIDENT (NEW PROJECTS)	779 100	05/04/1998	GENERAL MANAGER(MFG.) HINDUSTAN MOTORS LTD. 7 years
6	SEKHRI S.	50	B.E.(MECH.) , M.B.A. 26 years	MANAGING DIRECTOR	2 836 595	04/08/1994	VICE PRESIDENT (ENGG. DIVISION) ESCORTS LTD. 3 1/2 years

Notes :

- 1) Designation denotes the nature of duties also.
- 2) Gross remuneration includes salary, Company's contribution to provident fund and superannuation scheme, allowances, perquisites, etc.
- 3) Nature of employment and terms and conditions : The nature of employment in the cases of Managing Director & Whole Time Director are contractual. In the case of other employees, as per Company's Rules and Regulations, the employment is terminable on giving stipulated notice on either side.
- 4) None of the above employees is related to any of the Directors of the Company.
- 5) Experience includes number of years of service elsewhere wherever applicable.

For and on Behalf of the
Board of Directors,

B. N. KALYANI
Chairman

Place : Pune
Date : May 22, 2000

AUDITORS' REPORT

For the year ended March 31, 2000

We have audited the attached Balance Sheet of **KALYANI BRAKES LIMITED** as at March 31, 2000 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto,

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 annexe hereto a statement on the matters 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books;
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion the Profit and Loss Account and the Balance Sheet comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Note No.10 (Discarded Asset), Note No.13 (Valuation of Closing Stock), Note No.14 (Research and Development Expenditure) together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2000.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date.

For **BANSI S. MEHTA & CO.**,
Chartered Accountants

Mumbai
Dated : May 24, 2000

M. D. INAMDAR
Partner

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph 1 of our report of even date to the members of KALYANI BRAKES 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, we state that :-

- A. 1. The Company is generally maintaining proper records to show full particulars, including quantitative details and situation of fixed assets. As explained to us, the company has a procedure to carry out a physical verification of fixed assets at periodic intervals, which in our opinion is reasonable. The discrepancies noted on physical verification and book records were not material and has been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noted on verification between physical stocks and book records were not material and the same have been properly dealt with in the Books of Accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles. During the year, the Company has changed the basis of valuation of stock to give effect to the Accounting Standard 2 – "Valuation of Inventories", issued by The Institute of Chartered Accountants of India.
7. The company has not taken any loan during the year from the companies, firms or other parties listed in the Register maintained under Section