



SIXTEENTH

ANNUAL REPORT

1998 – 99

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BOARD OF DIRECTORS:

ANANT V. HEGDE	- Chairman & Managing Director
ACHUT V. HEGDE	- Executive Director
D.S. LODHA	- Whole Time Director
D.V. SATHE	- Director
AJIT V. HEGDE	- Director
G.N. LAKSHMIPATHI	- Director
NIMISH SHAH	- Director
J. MASAND	- Director

COMPANY SECRETARY

M. CHANDRAPPA

AUDITORS:

S.K. LOONKER & COMPANY
Chartered Accountants
11/31, Botawala Building, Horniman Circle,
Fort, Mumbai 400 023.

BANKERS:

Canara Bank
The Fuji Bank Ltd.
The United Western Bank Ltd.
SBI Commercial and International Bank Ltd.
Bank of Maharashtra
Nedungadi Bank Ltd.

REGD. OFFICE:

- 21-D1, Peenya Industrial Area, 2nd Phase, Bangalore - 560 058.

FACTORY:

1. 21-D1, Peenya Industrial Area, 2nd Phase, Bangalore - 560 058.
2. Plot No. A-21, Industrial Estate, Thattanchavady, Pondicherry - 605 009.

ADMN. OFFICE:

503-504, Raheja Chambers, Nariman Point, Mumbai 400 021.



HIGHLIGHTS OF PERFORMANCE

(Rs. in Lacs)

	1998-99 (18 months)	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Income	8785.39	7559.53	5362.87	3594.73	2567.73	1430.79	853.88	434.75
Profit/(Loss) Before Tax	(9002.73)	639.04	745.33	715.97	601.44	352.75	170.08	72.51
Profit/(Loss) After Tax	(9002.73)	572.04	685.33	665.97	570.94	302.75	150.08	59.51
Assets								
Fixed Assets	14449.37	8470.39	6010.51	3585.07	2649.87	1433.12	429.11	185.18
Net Current Assets	(1775.01)	6813.33	3610.14	2713.18	1799.57	932.82	462.93	340.23
Miscellaneous Expenditure	471.13	531.15	356.15	233.16	98.60	110.93	—	0.04
Profit & Loss Account	7359.08	—	—	—	—	—	—	—
	20504.58	15814.87	9976.80	6531.41	4548.04	2476.87	892.04	525.45
Finance By								
Shareholder Fund								
Equity	945.93	787.31	607.31	499.69	499.51	486.37	300.00	101.47
Preference	2201.00	1975.00	—	—	—	—	—	—
Reserves & Surplus	—	4475.36	3284.95	2081.88	1590.10	1126.53	164.86	63.18
	3146.93	7237.67	3892.26	2581.57	2089.61	1612.90	464.86	164.65
Loan Funds	17357.66	8577.20	6084.54	3949.84	2458.43	863.97	427.18	360.80
	20504.58	15814.87	9976.80	6531.41	4548.04	2476.87	892.04	525.45



Companies (Special Provisions) Act, 1985 and as such required to make a reference to the Board for Industrial and Financial Reconstruction.

Your Directors regret to report that a fire broke out on 19.04.1999 in one of the premises occupied by the Company at Bangalore where some records of the Company were kept. The fire left a substantial amount of financial records of the Company in a damaged and irretrievable condition. The Company has carried out reconstruction exercise to rebuild the records and to finalise the accounts.

During the current year the IFCI Ltd. and Canara Bank appointed Concurrent Auditors. The observations and suggestions made by them in their respective Reports have been incorporated in preparing the Accounts for the financial year ended 30th September, 1999. The Company has made necessary provisions and write offs in accounts in view of observations made by aforesaid concurrent auditors.

DIVIDEND

In view of the loss incurred during the current year, your Directors are not in a position to recommend any dividend. Incidentally, it is to be mentioned that for the year 1997-98 even though the Directors recommended a dividend @ 20%, the company has to reverse the provision made for this purpose as the consent of the Financial Institution could not be obtained due to non payment of the outstanding dues, in terms of the Loan Agreements.

FUTURE OUTLOOK

The Company has taken several corrective steps for restructuring of its business activities and streamlining of its production and marketing. The above steps have shown very positive results. The average production of Power Tools have substantially increased after March 1999 and the Company has potential to achieve production targets of 3.00 lacs tools per annum in near future. Your Directors are pleased to report that some of the new range of Power Tools indigenously developed and introduced by the Company in the market have received excellent response. The Company has further developed range of some more tools which will be introduced in near future. With the present range of product and new products under trial, the Company is likely to show impressive turnaround in near future.

The Company is also trying to reach directly to consumers by opening new branches at important consumption centers to increase its market presence and improve the realisation.

FIXED DEPOSITS

The Company has complied with the provisions of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted by the Company except the provisions relating to maintenance of liquid assets by the Company in view of strained liquidity position.

LEGAL CASES

The Company has against it, legal cases filed under section 138 of the Negotiable Instrument Act, 1881 for dishonour of certain cheques issued by it, due to adverse liquidity position. In addition due to non payment of dues, certain creditors have filed winding up petitions under section 433 of the Companies Act, 1956 before the Hon'ble High Court of Karnataka.

DIRECTORS

- a. Shri D.S. Lodha was appointed as additional Director on the Board on 17th April, 1999. He will hold office, under section 260 of the Companies Act, 1956 up to ensuing Annual General Meeting and is eligible for re-appointment at the Annual General Meeting.
- b. The IFCI Ltd. has withdrawn its nominee Director Shri M.R. Suryaprakash from the Board of Directors of the Company effective from 28th October, 1999. Also The ICICI Ltd which had nominated Shri M.P. Tellis as its nominee Director on 12th October, 1998 has withdrawn him from the Board of Directors effective from 31st May, 1999. Your Directors would like to place on record the excellent support and guidance extended by them during their tenure as Directors on the Board of the Company.



- c. Shri Achut V. Hegde Executive Director retires from the Board by rotation and being eligible offers himself for re-appointment.
- d. Shri Ajit V Hegde Director retires from the Board by rotation and being eligible offers himself for re-appointment
- e. Shri D.V.Sathe Director retires from the Board by rotation and being eligible offers himself for re-appointment

AUDITORS' REPORT

- 1) The Auditors in their report in para 2(d) have observed that the Company has not followed the accrual system of accounting in making provision for retirement benefit on employees as required under the accounting standards. The Company has been following the cash basis of the accounting in the past and once the actuarial valuation of the retirement benefit is done the company will account for the same in its books.
- 2) The Auditors have observed regarding certain matters in para 3 which are self explanatory and the notes to accounts in Schedule Q to the Annual Accounts may be referred in this regard for more details.

DEBENTURE REDUMPTION RESERVE

In view of inadequacy of profit, no reserve has been created.

AUDITORS

M/s S.K. Loonker & Company, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

A statement containing particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with relevant Rules made thereunder, has been given in the Annexure, which forms part of this Report.

PERSONNEL

The Board wishes to thank the employees at all levels for their valuable contribution and continued commitment to the Company.

OTHER INFORMATION

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are furnished as Annexure to this Report.

Y2K COMPLIANCE

To manage Y2K problem effectively the Company has ensured that all the computer hardware, software, application systems as well as non IT equipment and instrumentation systems, which use embedded electronic chips and processors are Y2K compliant. The cost of compliance is insignificant.

ACKNOWLEDGEMENT

The Director wish to place on record their sincere appreciation yet again for the continued co-operation the Company has received from the Financial Institutions and Banks as well as from the Customers, Dealers and Suppliers of the Company.

For and on behalf of the Board

Mumbai
January 19, 2000

ANANT V HEGDE
Chairman & Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 30th September, 1999.

A. CONSERVATION OF ENERGY:

The Manufacturing process has been effectively designed to optimise energy conservation. Successful efforts have been made to increase the general level of awareness to conserve energy among all section of employees.

B. TECHNOLOGY/ABSORPTION FORM :

- i) **Research and Development:** Company has a design and development section which is constantly involved in designing and developing new and improved products.
- ii) **Technology Absorption, Adoption and Innovation:** The company has absorbed the technology obtained from foreign collaborators. Further the company has taken steps to adopt and introduce innovation in its products.

Statement of particulars of employees pursuant to section 217(2A) of the Companies Act 1956 and forming part of the Directors' Report for the financial year ended 30th September, 1999.

No.	Name	Designation	Remune- Ration (In Rs.)	Qualifi- cation	Total Experi- ence (in years)	Date of commen- cement of employ- ment	Age (in Years)	Particulars of previous Employment
1.	Anant V. Hegde	Chairman & Managing Director	1869840	M.Com, PGDM	19	13.10.86	43	
2.	Achut V. Hegde	Executive Director	1511840	B.Com,LLB ACA,AICWA ACS	13	13.10.86	39	
3.	D.S.Lodha	Wholetime Director.	805999	B.Sc, ACA	21	26.2.99	48	Director Rajendra Steels Ltd., Mumbai.
4.	Andy Hughes	General Manager (Motors)	899600		11	01.10.98*	43	Works Director Sumeet Machines Ltd.

*Employed for part of the year up to 31.05.1999

Note

- 1) Remuneration as shown above includes Salary, Bonus, Company's contribution to Provident fund, Medical Reimbursement and other perquisites.
- 2) Shri. Anant V. Hegde and Shri. Achut V. Hegde are related to each other.
- 3) Conditions of employment are contractual/governed by the company rules.