



**11TH
ANNUAL REPORT
2000-2001**

FAIRFIELD ATLAS LIMITED

BOARD OF DIRECTORS : Mr. Riad Fyzee *Chairman and
Managing Director*
Mr. Stephen K. Clough
Mr. Richard A. Bush
Mr. Thomas C. Sorrells
Mr. Mark D. Gustus
Mr. Jack M. Dykhuizen
Mr. William P. Dykhuizen
Mr. J.M. Mappaonkar

COMPANY SECRETARY : Mr. Marcel Rebello

BANKERS : HDFC Bank Ltd.
The United Western Bank Ltd.

AUDITORS : Price Waterhouse

**REGISTERED OFFICE
AND FACTORY** : Survey No. 157,
Devarwadi,
Chandgad Taluka,
Post Shinoli, Dist.: Kolhapur
Maharashtra 416 507

CORPORATE OFFICE : 114, Mittal Towers,
C Wing, Nariman Point,
Mumbai 400 021.
Tel. : 202 9410.

**REGISTRARS AND SHARE
TRANSFER AGENTS** : Sharex (India) Pvt. Ltd.
17-B, Dena Bank Building, 2nd Floor,
Horniman Circle, Fort,
Mumbai 400 001.
Tel. : 264 1376, 270 2485
Fax : 264 1349

FAIRFIELD ATLAS LIMITED (Formerly known as Atlas Gears Limited)**NOTICE:**

NOTICE is hereby given that the Eleventh Annual General Meeting of shareholders of Fairfield Atlas Limited ("the Company") will be held on Friday, 28th September 2001 at 3 P.M. at the Registered Office of the Company at Survey No 157, Devarwadi, Chandgad Taluka, Dist Kolhapur, Maharashtra 416507 to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2001, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jack M. Dykhuizen, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. William P. Dykhuizen, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31(1) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :

Insert the following new Article with subheading as Article 82 A after present Article 82

Dematerialisation of Securities :

Definitions :

- (a) For the purpose of this Article :-

'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

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

'Bye-laws' means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

'Depositories Act' means the Depositories Act, 1996, and any statutory modification or reenactment thereof for the time being in force;

'Depository' means a company formed and registered under the Companies Act, 1956 ('the Act') and which has been granted a certificate of registration under Sub-section (1A) of Section 12 of Securities and Exchange Board of India Act, 1992;

'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

'Regulations' means the regulations made by SEBI.

'Security' means such security as may be specified by SEBI from time to time in terms of the Depositories Act, 1996;

'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository or the Depository Participant as the case may be.

- (b) Dematerialisation of Securities :

Notwithstanding anything contained in these Articles of Association, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) with the Depository and to offer its securities, debenture and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

- (c) Options for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. A person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

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

- (d) Securities in Depositories to be in fungible form

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

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

(f) Service of the documents

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

(g) Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such

conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(h) Register and index of beneficial owners

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be Register and Index of Members and Security holders as the case may be for the purposes of this Article.

(i) Applicability of the Depositories Act

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(j) Company to recognise the rights of registered holders as also the Beneficial owners in the records of the Depository

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial owner of the shares in records of the Depository or Depository Participant as the case may be as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

FAIRFIELD ATLAS LIMITED (Formerly known as Atlas Gears Limited)**NOTES:**

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956 in regard to item no. 5 is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORMS MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- c) The Register of Members and Share Transfer Books of the Company will be closed from Friday 14th September 2001 to Friday 28th September 2001 both days inclusive.
- d) As per Section 205A unclaimed dividend for the year ended 31st March 1997, 1998 and 1999 would be transferred to the Investor Education and Protection Fund of the Central Government in the years 2004, 2005 and 2006 respectively. Shareholders who have not encashed their Dividend Warrants for the said years are requested to send the same for revalidation to the Corporate Office/ Share transfer Agents. It may be noted that no claim will lie in respect of such unclaimed dividends transferred to the Central Government as above.
- (e) Members are requested to:
- i. Intimate to the Company's Registrars and Share Transfer Agents change if any, in their registered address at an early date;
 - ii. Quote Folio Numbers in all their correspondence.
- (f) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

By Order of the Board of Directors

Place : Mumbai,
Dated : 22nd June 2001
Registered Office:
Survey No 157,
Devarwadi Village,
Post Shinoli, Chandgad Taluka,
Dist. Kolhapur,
Maharashtra - 416507

Marcel Rebello
Company Secretary

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out all the material facts relating to the above item of business

ITEM NO. 5

Consequent to the passing of the Depositories Act, 1996, a facility has been provided to the investors/shareholders of the Company for holding securities in a dematerialised form by way of electronic entries instead of paper scrips. The National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) have accordingly set up depositories under the said Act. As per directive from SEBI/ Stock Exchange the shares of the company are to be compulsorily traded in the dematerialised mode with effect from 2nd April 2001. Accordingly the Company has already signed agreements on 15th February 2001 with both NSDL and CDSL for joining these depositories and its shares are being traded in dematerialised mode. The number allotted to the company is ISIN INE 922C01013. The introduction of this new mode of holding and trading in securities in the electronic media along with the existing mode of holding securities in paper scrips has necessitated certain alterations in the Articles of Association of the Company, especially in matters such as Register of Members to cover the Beneficial Owners as per the records of the Depositories, fungibility of the shares held in Depositories, transfer of shares

held in Depositories etc. Accordingly it is proposed to alter the Articles of Association the Company by including a new Article as set out in the Resolution at Item No. 5.

A copy of the Memorandum and Articles of Association of the Company is available for inspection of the Members at the Registered Office of the Company on any working day prior to the date of the Annual General Meeting.

The Board recommends the resolution for approval of the Members.

None of the Directors of the Company are in any way concerned or interested in the resolution set out in Item No. 5

By Order of the Board of Directors

Place : Mumbai,
Dated : 22nd June 2001
Registered Office:
Survey No 157,
Devarwadi Village,
Post Shinoli, Chandgad Taluka,
Dist. Kolhapur,
Maharashtra - 416507

Marcel Rebello
Company Secretary

DIRECTORS' REPORT

The Directors are pleased to present their 11th Annual Report together with the audited accounts of Fairfield Atlas Limited (the "Company") for the year ended 31st March 2001.

I. Financial Results

	(Rs. in lakhs)	
	2000-2001	1999-2000
Gross Income	2539.80	2378.28
Profit/(Loss) before depreciation, Interest and tax	(178.11)	200.78
Interest	535.17	544.06
Depreciation	380.91	346.75
Profit & Loss before prior year's expenses	(1094.19)	(690.03)
Profit/(Loss) before tax	(1094.19)	(690.03)
Provision for tax	58.79	0.97
Profit/(Loss) after tax	(1152.98)	(691.00)
Balance of Profit/(Loss) brought from earlier year	(383.47)	307.52
Balance of Profit/(Loss) carried to Balance Sheet	(1536.45)	(383.47)

II. Dividend

The Directors did not recommend a dividend for the year ended 31st March 2001.

III. Operations

The Company faced several constraints during the year under review but were able to overcome the constraints to a certain extent by well planned strategy both on production and marketing fronts.

The Company produced 6,17,449 pieces of gears during the year ended 31st March 2001 as against 6,77,217 pieces produced during the previous year. Sales turnover and other income for the year amounted to Rs. 2,539.80 lakhs as against Rs. 2,378.28 lakhs for the previous year, registering a marginal increase. Sales to Mahindra & Mahindra Ltd. were adversely affected due to sluggish demand for Tractors from the rural markets due to drought conditions in key states and general slow down in the rural economy. Sales to the Automotive Division mitigated the situation to some extent. The company was however able to increase its sales to KAMCO as compared to the previous year. An analysis of the company's performance is given in the Management discussion and Analysis Report which forms part of this Report.

IV. Current Year

The Company will continue to supply gears to its OEM customer, namely Mahindra & Mahindra Ltd. for its Tractor and Jeep Divisions and still occupies the position of being a preferred and major supplier of Gears to the M & M group. During the first three months of the current year there has been a decrease in the off take of gears particularly by the Tractor Division of Mahindra & Mahindra Ltd. Supplies of gears to the Automotive Division have however registered a marginal increase during the said period. In view of the track record of the company with Mahindra & Mahindra Ltd. the company was awarded business by them for their other units. Accordingly the company has entered new field of business during the year by commencing supply of gears for the Mahindra & Mahindra Ltd. 3 Wheeler Champion. The company has been nominated as a single source supplier for the 3 wheeler Champion. Estimated sales for the Champion could be around Rs. 250 lakhs per annum. The Company has also commenced supply of engine gears to M & M for their new E.U.V. engine being developed by them which conforms to Euro II standards. Further the company has entered the field of exports by exporting gears to Fairfield for its international customers and has exported gears of the value of Rs. 100 lakhs during the first quarter of the current year. The company has orders on hand for export amounting to about Rs. 20 crores to be supplied till the year end. These developments will radically impact the income of the company and contribute immensely to its growth.

V. Directors' Responsibility Statement

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2001 and of the loss of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

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- (iv) that the Directors had prepared the annual accounts on a going concern basis.

VI. Change of Name

Pursuant to the Special Resolution passed by the shareholders on 8th February 2001 and the approval of the Central Government the name of the company has been changed to Fairfield Atlas Limited with effect from 1st March 2001. The Company has received fresh certificate of incorporation with the changed name from the Registrar of Companies, Maharashtra.

VII. Future Business Plans**a. Establishment of E. O. U.**

The company has received approval of the Central Government for establishment of an Export Oriented Unit (E.O.U.) Accordingly the company has acquired land in the vicinity of the existing plant and has refurbished existing factory buildings and is in the process of constructing an additional 100,000 sq. feet of shop floor for installing additional machines, a complete gear assembly unit and a state of art Heat Treatment facility. Machinery for the E.O.U. is likely to be installed by the year end and commercial production for exports from the E.O.U. facilities would commence around the month of December. The E.O.U. would cater to orders for exports received from Fairfield USA and for its international customers. The entry in the export market would lead to substantial growth, turnover and profitability of the company for the future.

b. New customers

The company is continuously seeking to tap additional business opportunities by expanding its customer base. Efforts in this regard have met with success with the addition of Same Greaves to its fold.

The company has supplied samples of 2 components to Same Greaves for their tractors. Regular supply of around 7 components is proposed from November onwards. They have further asked quote for 80 additional components.

Apart from the above customer the company has also approached Carraro (India) Ltd., Caterpillar, John Dere, Ingersoll Rand and CNH who have handed over drawings for about 145 components some of which are for their overseas business. The business outlook in respect of these customers appears to be positive and may touch sales of around Rs. 15 Crores.

VIII. Finance

During the year the Company has regularly paid GE Capital Services India, interest on the Term Loan and

Revolving credit obtained from them. The amount raised through preferential issue of equity shares has been utilised for repayment of high cost debt and capital expenditure for expansion.

IX. Particulars of Employees

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 a statement giving the requisite information is annexed hereto and forms part of this report.

X. Conservation of energy technology absorption and foreign exchange earnings and outgo

The information required in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure forming part of this Report.

XI. Directors

It has been decided by Mr. Stephen K. Clough, Mr. Thomas C. Sorrells, Mr. Richard A. Bush, Mr. Mark D. Gustus, Mr. Jack M. Dykhuizen, Mr. William P. Dykhuizen and Mr. J. M. Mappaonkar who were appointed Directors, on the same day i.e. 21st December 2000 that Mr. Jack M. Dykhuizen and Mr. William P. Dykhuizen will retire at this Annual General Meeting. Mr. Jack M. Dykhuizen and Mr. William P. Dykhuizen being eligible offer themselves for reappointment as Directors.

XII. Auditors

Price Waterhouse Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment.

XIII. Auditors' Report

The notes on Accounts, referred to in the Auditors' Report are self-explanatory.

XIV. Acknowledgement

The Directors express their sincere thanks for the continued support and co-operation given by the Financial Institutions and Employees of the Company.

For and on behalf of the Board of Directors

RIAD FYZEE

Chairman & Managing Director

Place : Mumbai

Date: 22nd June, 2001

ANNEXURE**STATEMENT UNDER SECTION 217 (I) (e) OF THE COMPANIES ACT 1956, READ 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 YEAR ENDED 31ST MARCH 2001.****A. CONSERVATION OF ENERGY**

1. We have installed on an experimental basis, an AC inverter type drive to replace the existing DC drives on Liebherr L301 Main Drive. The drive is found to be working satisfactorily. The above modification besides effectively saving about 15% on power consumption, also allow infinitely variable hob RPM to ensure that the cutting parameters are optimized. The above improvement is being extended to another 10 machines in a phased manner.
2. We are negotiating with & PLC manufacturer to provide automatic controls for lighting and air circulator supply lines, so that automatic switch on/switch off can be effected dependent on illumination levels on the shop floor lighting. Similarly a low level

of illumination and switching off of air circulators will be affected during lunch/dinner/rest breaks. The cost estimates for rewiring of the lighting circuits and air circulators to inter phase with the above arrangements are being worked out. This will provide a long term savings in power.

B. TECHNOLOGY ABSORPTION

1. The Company does not have a Research and Development Department at present
2. The company uses indigenous technology in the manufacture of its gears.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company earned foreign exchange during the year under review amounting to Rs. 17492 on exports (Previous year Nil) Total Expenditure in Foreign Currency on finance charges Rs. 32.20 lakhs (Previous year Nil) Legal & Professional Fees Rs. 22.90 lakhs (Previous year Nil) Foreign Travel Rs. 2.60 lakhs (Previous year Rs. 1.88 lakhs)

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 31st March 2001

Name	Age	Qualifications	Date of Employment	Designation/ Nature of Duties	Remuneration Received	Experience	Last Employment
Mr. Riad Fyzee	46 years	B.A. (Economics) M.B.A. - U.S.A.	1 st July 1994	Managing Director	Rs. 14.14 lakhs	20 years	Dy. Managing Director MSAS Blue Skies Ltd.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 22ND June 2001

RIAD FYZEE
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS :

The business of Fairfield Atlas is manufacture and sale of transmission, engine, industrial and off road equipment and fully assembled transmission gears required in utility vehicles and Tractors. Bulk of the sale of its products is made by the company for exports and to Mahindra & Mahindra Ltd. A small portion to Kerala Agro Machinery for use in their power tillers.

Industry Structure

The Indian Automobile and Tractor manufacturers meet their gear requirements either through their inhouse facilities or by outsourcing them from approved vendors. The auto component industry (gears) in India is categorised on the basis of original equipment supplier, replacement market supplier, or a combination of both.

Fairfield Atlas is an original equipment manufacturer for both Tractors and utility Vehicles manufactured by Mahindra & Mahindra Ltd.(M & M) Tractors are categorised based on their horsepower. Mahindra & Mahindra manufactures Tractors at their plants at Kandivli (Mumbai) and Nagpur. There are 4

main vendors who supply transmission gears as O.E.M. to M & M. Fairfield Atlas Ltd. (FAL) supplies 20 categories of gears to M & M Kandivli and to their Nagpur unit. FAL is the single source supplier for some of the gears supplied to the Kandivli and Nagpur unit.

As far as the Automotive Sector is concerned, FAL supplies 12 types of gears to M & M as original equipment to be fitted to their utility vehicles and 10 types of engine gears for their new E.U.V. engine. FAL also supplies 6 types of gears for their spares division. For the Automotive sector there are 2 vendors but FAL is a single source supplier for some gears. FAL has recently commenced supply of gears for the 3 wheeler "Champion" which is being manufactured by M & M at Zaheerabad (Andhra Pradesh) FAL has been nominated as a single source supplier for gears of the three wheeler champion.

Discussion and Analysis

The general slow down of the economy particularly the rural economy coupled with drought in certain key states and increase in sales tax for certain models of utility vehicles

FAIRFIELD ATLAS LIMITED (Formerly known as Atlas Gears Limited)

had its impact on demand for tractors and utility vehicles. Consequently there was a declining trend in the demand of components supplied by FAL to these two segments. It is expected that this trend will be reversed by October / November this year. Another positive development is the commencement of supply of gears for the 3 wheeler champion being manufactured by M & M. for which FAL has been chosen and nominated as a sole supplier thus once again proving its capability to satisfy the stringent quality standards set by M & M. Another factor that will contribute to increased turnover is the emphasis on exports. FAL has secured export orders from Fairfield Manufacturing Co. Inc. USA which may be of the order of around Rs. 20 crores for this financial year. FAL is also in the process of setting up an Export Oriented Unit for export of its products to international customers and Fairfield. It is expected that sales from the E.O.U. will begin in the last quarter of the current financial year. The entry in the export market would give a tremendous boost to the Company's turnover and profitability in future.

Internal Control System

The company has an adequate Internal Control System commensurate with its size and extent of operations. The company has appointed a reputed firm of Chartered Accountants who conduct the internal audit on a quarterly basis both at the Corporate office and at the Company's Plant. Quarterly internal audit reports are forwarded directly to the Managing Director and other Directors of the company. Follow up action is taken by the Internal Auditors in the succeeding quarter of discrepancies noticed in the preceding quarter so as to eliminate repetition of lapses. Apart from this the company has professional managers with clearly defined roles and responsibilities who ensure proper recording of financial transactions and monitoring and control of operating parameters.

Human Resources/ Industrial Relations

The Company has strengthened its Human Resources Cadre by recruiting several professional and experienced personnel in production, production related departments and other management levels. Industrial relations continue to be cordial. The present wage settlement at the Plant will terminate on August 1, 2002. Total number of permanent employees on the rolls was around 460 on an average.

Discussion on Financial performance with respect to operational performance.**Financial Information****Fixed Assets**

During the year the Gross block of Fixed Assets increased from Rs. 3578.72 lakhs to Rs. 4044.51 lakhs. During the year major items of capital expenditure were on Factory Building and Plant and Machinery and Computers.

Inventories

The inventory level as on 31st March 2001 was Rs. 654 lakhs as compared to Rs. 460 lakhs as on 31st March 2000.

Stocks, Spares and raw materials were maintained in keeping with the level of activity. However this year there was an inventory of finished goods in view of decrease in off take by M & M.

Sundry Debtors

Sundry Debtors amount to Rs. 229.61 lakhs as at 31st March 2001 as compared to Rs. 332.16 lakhs as at 31st March 2000. Debtors at the year end were low due to decrease supplies to M & M.

Results of operations

Sales/Income from operations for the year increased to Rs. 2519.51 lakh as compared to Rs. 2369.53 lakhs for the year ended 31st March 2000. Other income increased to Rs. 20.28 lakhs from Rs. 8.78 lakhs for the previous year ending 31st March 2000. Other income comprises mainly of interest on Deposits, Liabilities/ Provisions no longer required written back and insurance claim received.

Expenditure	Rs. in lakhs	
	F-2001	F-2000
Raw Materials		
Finished & semi finished	1134.99	1083.38
Finished products		
Employee costs	383.06	323.77
Manufacturing and other Expenses	1199.84	770.33
Interest	535.17	544.06
Depreciation	380.91	346.75
Contingences	5.40	—

Increase in material costs is due to increase in business volumes. Employee costs increase is due to compensation restructuring and recruitment of senior personnel. Increase in manufacturing expenses is on account of increase in electricity charges, fuel and increased production. Interest expense has decreased due to prepayment of previous high cost debt and negotiating lower interest rates for current debt. Increased depreciation charge is due to additions to capital assets during current year.

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward - looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices. Cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.