

ANNUAL REPORT 2001



Sona

SONA KOYO STEERING SYSTEMS LTD.**Board of Directors**

Dr. Surinder Kapur	Chairman & Managing Director
Mr. A.R. Halasyam	Nominee of Maruti Udyog Ltd.
Mr. Kiyoshi Takeda	Nominee of Koyo Seiko Co., Ltd.
Mr. Yoshitaka Akiyama	Director (Manufacturing & Quality Assurance) (Nominee of Koyo Seiko Co., Ltd.)
Mr. Jug Mohan Kapur	
Mr. B.L. Passi	
Mr. Lalit Suri	
Mr. Chander Uday Singh	
Mr. P.V. Prabhu Parriker	Executive Director (Operations)
Mr. K.M. Deshmukh	Director (Technical)

Company Secretary

Mr. Sudhir Chopra

Registered Office

Indraprakash (12th Floor)
21, Barakhamba Road
New Delhi-110 001

Liaison Office

2nd Floor, Piramal Mansion
235, D.N. Road, Fort
Mumbai - 400 001

Works

- 38/6, NH-8,
Delhi-Jaipur Road
Gurgaon-122 001 (Haryana)
- P.O. Box 14
Chennai-Bangalore Highway
Sriperumbudur
Distt. Chinglepet
Tamilnadu - 602 105

Auditors

M/s. S.P. Puri & Co.
Chartered Accountants
4/18, Asaf Ali Road
New Delhi - 110 002

Registrar & Transfer Agent

MCS Limited
Sri Venkatesh Bhawan
212-A, Shahpurjat
Behind Panchsheel Club
New Delhi-110 049

Collaborators

Koyo Seiko Co., Ltd., Japan
Mando Machinery Corporation, Korea

Bankers

State Bank of India
Standard Chartered Grindlays Bank
State Bank of Hyderabad
Centurion Bank Ltd.
BNP Paribas
Standard Chartered Bank

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Sona Koyo Steering Systems Limited will be held as under :

Day : Wednesday
Dated : 8th August, 2001
Time : 11.00 A.M.
Venue : FICCI Golden Jubilee Auditorium
Federation House
Tansen Marg
New Delhi-110 001

to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2001, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Mr. Lalit Suri, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in Place of Mr. B.L. Passi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Chander Uday Singh, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

"RESOLVED THAT Mr. P.V. Prabhu Parriker be reappointed a Director of the Company whose period of office would be liable to determination by retirement of Directors by rotation.

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Mr. P.V. Prabhu Parriker as Executive Director (Operations) of the Company for a further period of five (5) years with effect from 24th

November, 2000 on the terms and conditions including as to remuneration, set out in the draft Agreement submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification, which Agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions, including as to remuneration, for the said reappointment and / or agreement in such manner as may be agreed between the Board of Directors and Mr. P.V. Prabhu Parriker, Executive Director (Operations) of the Company."

9. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

"RESOLVED THAT Mr. K.M. Deshmukh be reappointed a Director of the Company whose period of office would be liable to determination by retirement of Directors by rotation.

10. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Mr. K.M. Deshmukh as Director (Technical) of the Company for a further period of five (5) years with effect from 24th November, 2000 on the terms and conditions including as to remuneration, set out in the draft Agreement submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification, which Agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions, including as to remuneration, for the said reappointment and / or Agreement in such manner as may be agreed between the Board of Directors and Mr. K.M. Deshmukh, Director (Technical) of the Company."

11. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the Company of all or part of immovable and movable properties of the Company, wheresoever situated, present and future, of every nature and kind whatsoever and / or the whole of the undertaking of the Company in favour of SBI Factors & Commercial Services Ltd. and Centurion Bank Ltd. to secure :

- a) Factoring Facilities to the tune of Rs. 350 lacs sanctioned by SBI Factors & Commercial Services Ltd.; and
- b) Working Capital Facilities to the tune of Rs. 550 lacs sanctioned by Centurion Bank Ltd.

together with the interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to SBI Factors & Commercial Services Ltd. and Centurion Bank Ltd. under the respective Heads of Agreement / Loan Agreement / Subscription Agreement / Credit Facility Agreement / Letter of Sanction / Memorandum of terms and conditions, entered into / to be entered into by the Company in respect of the said facilities.

RESOLVED FURTHER THAT mortgage / charges created / to be created and / or all Agreements / Documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

Place : Registered Office By Order of the Board
 Indraprakash (12th Floor)
 21, Barakhamba Road
 New Delhi - 110 001 Sudhir Chopra
 Dated : 7th June, 2001 Company Secretary

NOTES :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote in his stead and such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 27th July, 2001 to Wednesday the 8th August, 2001 (both days inclusive).
- 3) Dividend to shareholders as recommended by the Directors for the year ended 31st March, 2001, when declared at the meeting, will be paid:
 - (i) to those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 26th July, 2001, and
 - (ii) in respect of shares held in electronic form, to those "beneficiaries" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of the business hours on 26th July, 2001.

Non Resident Indian Shareholders having NRE Account in any scheduled bank are requested to intimate the same to the Company immediately for remittance of dividend.

The Company will dispatch the dividend warrants from 14th August, 2001 onwards.

- 4) Members are requested to inform their Bank Account Number and Bank Branch details to the Company to enable it to include these details on the dividend warrants and thus minimise the chances of loss of dividend warrants. The above information may be given to the Company's Registered Office or its Share Transfer Agent.
 - 5) Information under Section 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below :
 - (i) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, N.C.T. of Delhi & Haryana, Paryavaran Bhawan, B-Block, C.G.O. Complex, Lodhi Road, New Delhi-110 003 by submitting an application in the prescribed form.
 - (ii) Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims from the Fund.
- Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1996 onwards are requested to make their claims to the Company accordingly without any delay.
- 6) Members are requested to notify promptly change in their address, if any, to the Company's Registered Office or MCS Limited, Sri Venkatesh Bhawan, 212-A, Shahpurjat, behind Panchsheel Club, New Delhi 110 049, the Registrar and Transfer Agent, quoting the folio number.
 - 7) All the queries related to Accounts must be sent to the Company before 25th July, 2001.
 - 8) The members desirous to appoint a nominee in respect of their shareholding in the Company are requested to send the duly filled up and signed nomination form to the Company as enclosed with the Annual Report.
 - 9) As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
 - 10) Members, who hold shares in de-materialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution Nos. 7, 8, 9 and 10

As a part of its drive to inculcate professionalism in the management of business, the Board of Directors of your Company ("the Board") decided to induct some senior employees to participate in the decision making process at the Board level. Accordingly, the Board had appointed Mr. P.V. Prabhu Parriker as Director (Manufacturing) and Mr. K.M. Deshmukh as Director (Technical) for a period of five (5) years with effect from 24th November, 1995, with remuneration. The said appointments of Mr. P.V. Prabhu Parriker as Director (Manufacturing) and Mr. K.M. Deshmukh as Director (Technical) were approved by the shareholders of the Company in their Extraordinary General Meeting held on 6th May, 1996.

The tenure of the appointment of the said Whole-time Directors had expired on 23rd November, 2000. Keeping in view their experience and the contributions made by them during the period of their association with the Company, the Board in its meeting held on 31st October, 2000 had reappointed Mr. P.V. Prabhu Parriker as Executive Director (Operations) and Mr. K.M. Deshmukh as Director (Technical) for a further period of five years with effect from 24th November, 2000 with the revised terms and conditions of appointment including remuneration.

Pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the members is now being sought for the reappointment of Mr. P.V. Prabhu Parriker as Executive Director (Operations) and Mr. K.M. Deshmukh as Director (Technical) of the Company for a further period of five (5) years with effect from 24th November, 2000, with remuneration, on the terms and conditions as embodied in the draft Agreements (copies whereof shall be placed before the members) referred to in the respective resolutions. The extracts of the aforesaid draft Agreements to be executed between the Company and the said Whole-time Directors are as under:

- (I) Mr. P.V. Prabhu Parriker, Executive Director (Operations) and Mr. K.M. Deshmukh, Director (Technical) shall subject to the supervision and control of the Board of Directors shall carry out duties as may be entrusted to them by the Board and shall also perform such other duties and services as from time to time be entrusted to them by the Chairman & Managing Director of the Company.

(II) Remuneration

a) Salary

Executive Director (Operations) - Rs.50,000/- per month
Director (Technical) - Rs.45,000/- per month

b) Commission

Out of the profits of the Company subject to maximum of 50% of the salary.

c) Perquisites

- (i) In addition to above remuneration, Executive Director (Operations) and Director (Technical) of the Company shall also be entitled to perquisites like Housing / H.R.A. including gas, electricity and water, medical reimbursement, soft furnishings and leave travel concessions for self and family, medical insurance etc. The value of these perquisites shall be restricted to an amount equal to the salary of the respective Director.
- (ii) Provision for use of chauffeur driven Company car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites.
- (iii) Contribution to the Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act and the encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- (iv) Gratuity as per rules of the Company. However, this also will not be included in the computation of limits of perquisites for aforesaid remuneration.

Explanation : For the purposes of this part 'family' means the spouse, dependent children and dependent parents of the appointees.

In the absence or inadequacy of profits in any financial year, the Executive Director (Operations) may be paid remuneration by way of salary, perquisites and other allowances not exceeding ceiling limit of Rs. 12,00,000/- (Rupees twelve lacs only) per annum or Rs. 1,00,000/- (Rupees one lac only) per month and in addition thereto the perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

In the absence or inadequacy of profits in any financial year, the Director (Technical) may be paid remuneration by way of salary, perquisites and other allowances not exceeding ceiling limit of Rs. 10,80,000/- (Rupees ten lacs eighty thousand only) per annum or Rs. 90,000/- (Rupees ninety thousand only) per month and in addition thereto the perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

- (III) The terms and conditions of the said appointments and/or Agreement(s) may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Whole-time Directors in accordance with Schedule XIII to the Companies Act, 1956 or any amendments / reconstitution hereafter in this regard.

- (IV) The Agreement is for a period of five (5) years with effect from 24th November, 2000 which may be terminated by either party giving the other party six months' notice.
- (V) That if at any time the Director(s) ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director (Operations) / Director (Technical).
- (VI) The said Directors were initially appointed as Whole-time Directors by virtue of employment in the Company and their appointments shall be subject to the provisions of Section 283(1) of the Companies Act, 1956, while at the same time the Directors are liable to retire by rotation.
- (VII) If at any time the said Director(s) ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- (VIII) The said Directors shall not be entitled to supplement their earnings under the Agreement with any buying or selling commission. They shall also not become interested or otherwise concerned directly or through their wife and / or minor children in any selling agency of the Company, without the prior approval of the Central Government.

None of the Directors of the Company has any interest in the matter except Mr. P.V. Prabhu Parriker and Mr. K.M. Deshmukh, as it pertains to their reappointment and remuneration payable to each of them.

The resolutions are accordingly recommended for members' approval.

Resolution No. 11

The Institutions / Banks referred to in the resolution have granted the Factoring Facilities / Working Capital Facilities as contained in the resolution. As per the Loan Agreements entered into with them, the Company has to agree to create mortgage and / or charge in favour of the concerned Lenders on the properties of the Company. This attracts the provisions of Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned with or interested in the resolution.

The resolution is accordingly recommended for members' approval.

Inspection of Documents

The material documents referred to hereinabove will be open for inspection for the Members during 10 a.m. to 12 noon on all working days, at the Registered Office of the Company from the date hereof upto the date of the meeting.

Place : Registered Office
Indraprakash (12th Floor)
21, Barakhamba Road
New Delhi - 110 001

Dated : 7th June, 2001

By Order of the Board

Sudhir Chopra
Company Secretary

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Annual Report together with audited accounts of the Company for the year ended 31st March, 2001.

Performance

	2000-2001 Rs./Lacs	1999-2000 Rs./Lacs
Sales and other Income	21631	22957
Profit before Interest & Depreciation	1669	2688
- Interest	630	758
- Depreciation & Write Offs	831	773
Profit before Tax	208	1157
Less : Provision for Tax	30	250
Profit after Tax	178	907
Add : Profit brought forward	175	37
Add : Write back of reserve no longer required	248	—
Profit available for appropriations	601	944

Appropriations

Premium on restructuring of loan	—	24
Prior Period Interest Written Off	—	47
Proposed Dividend	320	269
Tax on Dividend	32	29
Transfer to General Reserve	60	400
Balance Carried Forward	189	175
	601	944

Dividend

The Directors recommended a Dividend for the year ended 31st March, 2001 at the rate of 10% on 10% Cumulative Redeemable Preference Shares and at the rate of 25% on Equity Share Capital of the Company as against the Dividend paid at the rate of 25% on Equity Share Capital of the Company for the financial year ended 31st March, 2000.

Year Under Review : F - 2001

Although, at the beginning of the year the sales were good and there were signs of growth in the economy, but during the later part of the year there was a severe slump in the economy in general and in the Automotive Industry, in particular. On year to year basis, the Automotive Industry saw the volumes drop by around 8% to 10% in all the segments. As a result, all the Auto Makers curtailed their plans, with the result the Gross Sales of your Company declined by 6%, falling from Rs. 230 crores to Rs. 216 crores despite an increase in power steering sales (6.18% to 11.53%). Due to higher cost of inputs for power steering and delay in the implementation of localization plans, the profits of the Company suffered. Export efforts are beginning to see sales improvement in the overseas markets (Rs. 1.44 crores to Rs. 8.45 crores).

Current Year : F - 2002

The Passenger Car and Utility Vehicle Sector is expected to continue to show a sluggish trend and we expect the volumes

to drop by around 4% to 5% as compared to the volumes in the previous year. However, by adding new customers and through cost cutting measures, the Company is confident that its profitability will be significantly better than in the previous year. The Company expects that at least 10% of its sales will be from new products and export will continue to be the major thrust area. The strategic procurement programme under the guidance of A.T. Kearney is expected to streamline procurement activities of the Company to yield savings in cost of procurement.

We are pleased to inform you that during the year the Company kicked off the TPM Programme in order to improve its overall equipment efficiency. With the implementation of the said programme, the Company will be able to eliminate its wastes, improve quality and shorten the production lead time to become more cost effective in the emerging severe competition in the the Automobile Industry.

Financing

As you are aware, the Board of Directors had given a mandate to the Company's Management to reduce the debt equity ratio from 0.52:1 to 0.45:1 by March, 2002. The Board is happy to note that despite the recession in the industry and the tight money market situation, the Company in the current year has been able to reduce the debt equity ratio to 0.43:1 from 0.52:1. Thus, the Company has achieved its target one year ahead of the target date. In the current year also, the Company has not taken any new long term loans and has funded the Capital Expenditure of Rs. 484 lacs from internal cash accrual and better management of current assets. Additional efforts, to reduce debt further, are being made by the management by restraining capital expenditure and liquidate non-yielding investments.

Listing

The securities of your Company are listed at Delhi, Mumbai, Calcutta, Ludhiana, Bangalore and Ahmedabad Stock Exchanges. The Company has paid the listing fee due to them.

Strategies for the Future

Concerned by the underperformance of SONA's stock price, the management of your Company appointed A.T. Kearney, Global Consultancy Firm to help develop strategies for SONA Group, with the objective of unlocking shareholders' value.

The study of A.T. Kearney has recommended that in view of constant price pressures by Indian Automotive Companies, and underperformance by SONA Group Companies viz. Sona Okegawa Precision Forgings Limited (SOPFL), Sona Somic Lemforder Components Limited (SSL), Sona Cold Forgings Limited (SCFL) and Mahindra Sona Limited (MSL), SONA needs to take the following strategic directives / steps:

1. Export as a thrust area with the help of Koyo Seiko Co., Ltd., Japan (KOYO), the Company's Collaborator.
2. Improve dramatically its Supply Chain Management to achieve economies of scale for procurement.

3. Disinvestment in SONA Group Companies to unlock "blocked" funds, to be used for localizing Power Steering parts and reducing debt.

These decisions have been implemented as under and the benefit of them will be seen in years to follow :

- SONA has placed a Resident Engineer at KOYO, Japan to speed up export efforts.
- A.T. Kearney has been assigned to help SONA to improve its procurement cost.
- The investments in SONA Group Companies are being transferred to Sona Investment Limited.

The above implementations will increase sales, reduce cost and interest burden on the Company and thereby help the Company to improve its margins and also 'unlock' shareholders value.

Fixed Deposits

During the year the Company has not invited any deposits from the public.

Directors

Our colleagues Mr. C.R. Amin and Asit Chandmal had ceased to be Directors of the Company with effect from 8th September, 2000 and 9th March, 2001 respectively. Your Directors take this opportunity to place on record the appreciation of services rendered by them during their association with the Company.

Pursuant to Article 122 of the Articles of Association of the Company Mr. Lalit Suri, Mr. B.L. Passi and Mr. Chander Uday Singh will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956, the Board of Directors of the Company in its meeting held on 29th March, 2001 had constituted an Audit Committee consisting of following Directors :

- 1) Mr. A.R. Halasyam
- 2) Dr. Surinder Kapur
- 3) Mr. Kiyoshi Takeda
- 4) Mr. Chander Uday Singh

Further, the Audit Committee in its meeting held on 7th June, 2001 had appointed Mr. A.R. Halasyam as Chairman of the Audit Committee.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the Accounts for the Financial Year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgement and estimates that were 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 and of the profit or loss of the Company for the year under review;
- (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
- (iv) That the Directors had prepared the annual accounts for the Financial Year ended 31st March, 2001 on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

A statement containing the necessary information as required under the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2001 is given as **Annexure - 'A'** to this report.

Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are given in **Annexure - 'B'** forming part of this report.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and support extended by SONA's customers namely Maruti Udyog Limited, Hyundai Motors (India) Ltd., Toyota Kirloskar, TELCO Ltd. and Hindustan Motors Ltd., Koyo Seiko Co., Ltd., the Financial Institutions, Banks various agencies of the Government and SONA's collaborators namely Koyo Seiko Co., Ltd., Japan.

Your Directors also wish to place on record their sincere appreciation of the services rendered by all employees of the Company and are thankful to the Shareholders and Debentureholders for their continued patronage.

For and on behalf of the Board

Place : New Delhi
Dated : 7th June, 2001

Dr. Surinder Kapur
Chairman & Managing Director

ANNEXURE - 'A' TO THE DIRECTORS' REPORT**Form - A : Particulars with respect to Conservation of Energy**

Power and Fuel Consumption		2000-2001		1999-2000	
1.	HSEB Power purchased (KWH)		2,20,103 (Units)		2,85,990 (Units)
2.	Total Amount	Rs.	12,67,939	Rs.	12,41,136
	Rate per unit	Rs.	5.76	Rs.	4.34
3.	Captive Generation DG Set (KWH)		60,54,920 (Units)		66,31,576 (Units)
	Total Amount	Rs.	2,82,57,342	Rs.	2,47,02,100
	Rate per unit	Rs.	4.67	Rs.	3.72
4.	Diesel Consumption (Litres)		16,78,783		18,69,486
	Total Amount	Rs.	2,27,47,510	Rs.	1,89,98,500
	Rate per Litre	Rs.	13.55	Rs.	10.16
	Litre per Unit		0.277		0.282
5.	Generation per litre of diesel has been improved by 1.5% (from 0.282 litre per unit to 0.277 per unit) by proper load distribution and effective preventive maintenance of generator. Energy saving circuits have been provided to reduce energy consumption which have contributed saving of approx. 25000 units during the year.				

Form - B : Particulars with respect to Technology Absorption**A. Technology Absorption**

- | | | | |
|----|---|----|--|
| 1. | Efforts in brief towards Technology Absorption, Adoption and Innovation. | a) | Implementation of Polyacetal Rack Bush in Manual R&P Gear. |
| | | b) | Initiated development work on elimination of Ball Retainer and Injection Moulding, in Collapsible Columns. |
| 2. | Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. | a) | Improvement in performance resulting in reduction of warranty claims and customer complaints. |
| | | b) | Cost reduction. |

B. Research and Development

- | | | |
|----|---|--|
| 1. | Specific areas in which R&D carried out by the Company. | Design and Development of |
| | | a) Steering Systems, for Maruti-Alto, |
| | | b) Column Assembly for export models of Hyundai-Santro, Hyundai-Accent-and |
| | | c) Column Assembly for Maval, USA. |
| 2. | Benefits derived as a result of the above R&D. | Increase in turn-over and earnings of foreign exchange |
| 3. | Expenditure on R&D | Rs. 65.88 lacs. |