

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>





KIRLOSKAR OIL ENGINES LIMITED**ANNUAL REPORT 1997-98**

**ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED ON 31st MARCH, 1998****BOARD OF DIRECTORS :**

Mr. Atul C. Kirloskar	Chairman & Managing Director
Mr. Gautam Kulkarni	Joint Managing Director (from 20.8.98)
Mrs. Chanda Kochhar	ICICI Nominee
Dr. N. A. Kalyani	
Mr. H. M. Kothari	
Air Marshal Y. V. Malse (Retd.)	
Mr. P. G. Pawar	
Dr. R. J. Rathi	
Mr. K. Gopalan	
Mr. U. V. Rao	

COMPANY SECRETARY :

Dr. K. R. Chandratre

BANKERS :

State Bank of India
Bank of Maharashtra
The United Western Bank Ltd.
Bank of Baroda
The Cosmos Co-operative Bank Ltd.
HDFC Bank Ltd.
Punjab National Bank
Banque Nationale De Paris

AUDITORS :

M/s. Dalal & Shah
Chartered Accountants

REGISTERED OFFICE :

Laxmanrao Kirloskar Road, Khadki,
Pune 411 003

LOCATION OF FACTORIES :

Pune
Ahmednagar
Nasik

KIRLOSKAR OIL ENGINES LIMITED

INFORMATION FOR SHAREHOLDERS

1. Date of book closure : 17th September, 1998 to 26th September, 1998 (both days inclusive)
2. Date and venue of the Annual General Meeting : Monday, 28th September, 1998, 10.30 a.m. at the Registered Office of the Company
3. Dividend payment : On or after 28th September, 1998, but within 42 days.
4. Listing on Stock Exchanges at :
 1. Pune Stock Exchange Ltd. PMT Commercial Building, Deccan Gymkhana, Pune 411 004.
 2. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
5. Registered Office : Laxmanrao Kirloskar Road, Khadki, Pune 411 003.
6. Address for correspondence by Shareholders : Secretarial & Legal Department, Kirloskar Oil Engines Limited, Laxmanrao Kirloskar Road, Khadki, Pune 411 003.

Phone No. (0212) 310341 (Extn. 4351/4354)

Fax No. (0212) 313208



ANNUAL REPORT 1997-98

A DECADE AT A GLANCE

(Rupees in Million)

Particulars	31st March									
	1989*	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross fixed assets	488.56	511.09	576.04	706.85	1000.62	1263.83	1499.72	2112.42	2366.66	2556.98
Net fixed assets	206.53	204.04	239.85	338.05	579.86	781.06	1170.08	1469.01	1583.59	1518.80
Net current assets	250.65	298.06	401.19	469.81	691.49	720.37	897.43	1304.72	2635.31	3614.32
Total capital employed	494.63	540.90	706.10	901.40	1435.52	1805.09	2498.21	3714.05	5147.94	6558.38
Shareholders' funds	216.71	240.29	294.34	322.28	504.47	725.05	862.49	1566.89	2000.63	3475.73
Sales	962.47	1409.86	1556.34	1820.41	2255.93	2910.05	4073.09	6138.96	6158.42	6313.52
Profit before tax	28.03	40.56	62.01	71.11	73.01	103.14	124.25	213.38	576.93	1716.87
Retained earnings	14.63	23.24	39.08	27.94	40.99	75.69	87.00	157.20	429.67	1429.64
Dividend -										
Equity & Preference	6.54	10.25	11.50	12.65	15.96	29.29	30.13	41.80	42.71	#60.65
Equity Dividend%	10	16	18	20	25	25	25	25	25	#35
FOB value of exports	37.53	109.66	74.22	79.63	154.30	109.99	220.99	193.56	150.80	169.14

* Nine months

Proposed : Equity shares only

NOTE :

In the above chart the figures for the year 1988 to 1994 relate to erstwhile Kirloskar Oil Engines Ltd., prior to its merger with Prashant Khosla Pneumatics Ltd.

KIRLOSKAR OIL ENGINES LIMITED

DIRECTORS' REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 1998

Your Directors have pleasure in submitting their Report along with the audited accounts for the year ended on 31st March, 1998.

01. Financial Results :

	(Rupees in 000's)	
	1997-98	1996-97
Income	8,196,024	6,893,927
Profit before taxation	1,716,870	576,934
Provision for taxation	220,500	96,500
Profit for the year	1,496,370	480,434
Other adjustments	(4,881)	6,480
Profit brought forward from previous year	60,622	61,986
Available surplus	1,552,111	544,629

02. Dividend and other appropriations :

Your Directors propose to appropriate the available surplus as follows :

	(Rupees in 000's)
1. Dividend at the rate of 35 % per annum on 17,216,644 equity shares for full financial year and Pro-rata dividend at the rate of 35 % on 1,799,718 equity shares.	60,655
2. Transfer to General Reserve	1,400,000
3. Tax on proposed dividend	6,066
4. Balance carried to Balance Sheet	85,390
	<u>1,552,111</u>

03. Operations :

During the year under review, your Company earned a total income of Rs. 8,196 million compared to Rs. 6,894 million earned during the previous year. However, the income from operations registered only a marginal growth from Rs. 6,158 million to Rs. 6,313 million. The recessionary trend continued during the year. The market sentiment was subdued.

In the Agricultural Sector (5-20 HP), the overall market situation showed a negative growth during the year due to delayed and unseasonal rains. Though the Power Generation sector (3-15 kVA) showed negative growth, your Company's growth in this segment was 6 %.

In the Tractor segment, the overall market grew by 18 % while your Company's growth was 24 %. Power Generation market was subdued and did not show signs of revival and registered a negative growth.

The recession in the Diesel Generating Sets market segment continued. Major industrial sectors like Cement and Steel suffered recessionary trends.

The Auto component market segment was subdued. However, the Company increased its market share by 2 percentage points in engine bearing industry by consolidating its presence in Tractor and Car (OEM) segments and by introducing 'ATX' - the new generation bearings.

ANNUAL REPORT 1997-98**04. Industrial Relations :**

Industrial relations continue to be cordial.

05. Subsidiaries :

Kirloskar Kisan Equipment Limited, (KKEL) is a wholly owned subsidiary of your Company.

Pursuant to Section 212 of the Companies Act, 1956, the audited accounts of Kirloskar Kisan Equipment Limited alongwith Annexures thereto are annexed to the Balance Sheet.

06. Directors :

Mr. M. L. Bhakta, Mr. C. V. Tikekar and Mr. D. L. Mirchandani, Directors of the Company, resigned from the Board during the year. Mr. Vijay Kirloskar resigned from the Board on 25th July, 1998. Mrs. Chanda Kochhar was nominated as Nominee Director in the place of Mr. Harish Bhargava on 8th April, 1998, by the Industrial Credit and Investment Corporation of India Ltd. The Board places on record its appreciation of the advice and counsel rendered by the retired Directors, to the Company.

Mr. Gautam Kulkarni has been coopted as Additional Director by the Board and appointed as Joint Managing Director on 20th August, 1998.

Mr. K. Gopalan and Mr. P. G. Pawar, Directors of the company retire by rotation at the ensuing Annual General Meeting. They are, however, eligible for re-appointment.

07. Auditors :

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

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

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

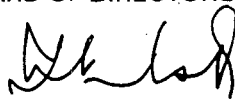
09. Particulars of employees :

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

10. Auditors' Report:

The Auditors have drawn attention of Members to Note No. 16 regarding amount due from Shivaji Works Ltd. This note is self explanatory.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


(ATUL C. KIRLOSKAR)
Chairman

Pune
21st August, 1998

KIRLOSKAR OIL ENGINES LIMITED

ANNEXURE—A to the Directors' Report to the Members for the year ended on 31st March, 1998 and forming a part thereof

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

Various measures taken to save electricity resulted in saving of approximately 379,000 units at the Company's Pune and Ahmednagar plants.

B. TECHNOLOGY ABSORPTION :

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

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

- Development of turbocharged version of naturally aspirated engine. Performance optimisation carried out for various applications. The engine will meet US tier II norms for exhaust emission. Endurance test completed.
- Research done to improve the life of tractor engine to suit Indian working conditions. Laboratory and field experiments carried out successfully.

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

- Production of low emission engines for various industrial and power generation applications.
- Improvement in quality, reliability and life of tractor engines.

(iii) Future Plan of action :

- To develop engines for applications like tractor, forklift and genset. It will satisfy the off highway exhaust emission norms of US tier I.

(iv) Expenditure on R & D :

	(Rs. in 000's)
— Capital :	1,111
— Recurring :	19,369
Total:	<u>20,480</u>

Total R & D expenditure as a percentage of total turnover : 0.33 %

(b) Technology absorption, adaptation and innovation :

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

- Innovative measures taken in design and development of air cleaners.
- Modifications carried out in fuel injector.

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

- Efficient air filtration system has increased the change-over period of filter element thereby reducing cost of engine maintenance and increased reliability.
- Standardisation.

ANNUAL REPORT 1997-98

(iii) Technology imported during the last 5 years :

Technology imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of actions
Validation of 4R1040 engine design and optimisation of fuel injection equipment at AVL, Austria	1995	Yes	-

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

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

- Strengthened business in South and Central America. Secured orders for engines from Guatemala, Honduras, Panama and Brazil.
- Supplied pumpsets to Iran under "Food for Oil" programme. Supply of diesel engine driven grinding mills to Togo as gift from the Government of India.
- Five new markets in Malawi, Tanzania, Namibia, Jordan and Brazil, explored.
- Genset building activity for overseas market restarted.
- Initiated exports of engine bearings to new markets in North America and Europe.
- Extensive market survey completed in select five countries in Africa to assess market opportunities.

(b) Total foreign exchange earned and used :

	(Rs. in 000's)
Used	403,654
Earned	171,960

KIRLOSKAR OIL ENGINES LIMITED

ANNEXURE - B

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' report for the year ended 31st March, 1998

Name & Age of the Employee	Designation / Nature of duty	Qualifications & Experience	Date of Joining	Remuneration Rs.	Particulars of last employment
Admane S. B. (65)	Engineer(Aircraft Maint.)	F.Y.B.Sc., Dip. In Automobile(26)	01.01.86	313,475	Engineer Incharge, Daver Aviation
Akolkar J.N. (41)	Sr. Manager	DME, DBM (18)	13.10.80	313,786	-
Anturkar.N.R. (41)	Sr. Manager (Prodn. - M.E.)	DME (16)	01.08.80	312,209	Dip. Trn., Vulcan Laval
Apte M.G. (56)	Sr. General Manager (Q.A.)	DME (31)	01.09.67	448,931	-
Athalye S.S. (54)	General Manager (Marketing)	B.E. (Mech.) (31)	01.10.69	386,861	-
Atre A.B. (42)	Sr. Manager	B.E. (Mech.) (19)	25.07.79	330,791	-
Bapat C.L. (37)	Sr. Manager (Finance)	B.Com., I.C.W.A. (18)	08.08.88	311,418	Cost Acct., Mahindra Owen Ltd.
Bekal S. (51)	Sr. Manager (Marketing)	B. Sc. (Engg.) (26)	15.05.74	550,214	Engineer, Hyderabad Malleable Products
Bhalerao D.N. (43)	Sr. Manager (Mktg. - Auto Comp.)	DME (17)	16.09.80	318,225	-
Bhalerao S.P. (49)	Sr. Manager (M.E.)	DME (26)	01.10.73	307,544	-
Bhat I.P. (50)	Sr. Manager (Valves)	DME, MTC (28)	16.04.95	398,220	W.M., GHC Automotive Pvt. Ltd.
Bokil S.R. (44)	Sr. Manager (Projects)	B.E. (Mech.) (22)	20.09.76	447,389	-
Bondre G.C. (47)	Sr. General Manager (Pattern Shop)	DME, DBM (28)	10.08.92	469,309	Deputy Manager, Telco
Chandrachud M.R. (46)	Sr. General Manager (L.E.)	B.E. (Mech.), MBA (22)	01.09.76	467,502	-
Chandratre Dr. K.R. (45)	Corporate Vice President & Company Secretary	M.Com., LL.B., F.C.S., Ph.D. (21)	22.06.87	1,245,741	Company Secretary, Thermax Private Ltd.
Chaphekar P.S. (50)	Sr. Manager (Q.A. - Valves)	Diploma in Mett. (29)	17.03.77	330,542	Shift Engineer, Thermo Touch
Chinchorkar J.S. (48)	Sr. Manager (L.E.)	B.E. (Elec.) (23)	15.10.75	335,513	-
Chitambar S.G. (57)	Executive Vice President (Auto Components)	B.E. (Mech.) (33)	01.07.64	1,401,558	Lecturer, Walchand College of Engineering
Choubal P.P. (53)	Sr. Manager (Materials)	B.Com., DME, DPE, DEE, AMIE (30)	01.09.68	319,620	-
Chowdhuri BKN (49)	Associate Vice President (Turbines)	LME (27)	03.05.89	698,797	Manager, Import Support, C.D.S. & S. (I) Ltd.
Dabir U.R. (Gr. Capt.) (49)	Manager (Aviation)	Graduate N.D.A., Dip. in Indl. Sec. & Labour laws (35)	12.04.75	354,482	Govt. Service
Damle J.V. (51)	Sr. Manager (Production)	DME, DPE (25)	01.12.73	357,720	-
Damle P.M. (47)	Sr. Executive (Product Support)	B.E. (Mech.) (27)	15.10.88	482,860	Regional Mktg. Manager, C.D.S. & S. (I) Ltd.
Dani A.D. (51)	Vice President (R&E)	M.Sc. (Machine Tool Tech.), University of Birmingham (29)	15.04.78	877,937	Sr. Design Engineer, Mahindra Owen Ltd.
Date S.J. (46)	Sr. Manager (Corporate Q.A.)	B.E. (Mech.) (25)	01.09.73	311,175	-
Deodhar M.V. (36)	Sr. Manager (Prodn. - L.E.)	DME (15)	14.09.83	308,754	-
Desai P.M. (47)	Sr. General Manager (Mfg. Engg.)	DME (24)	18.02.74	440,962	-
Desai Y.H. (39)	Sr. Manager (Marketing - S.E.)	B.E. (Mech.) (16)	02.07.82	310,628	-
Deshmukh S.R. (50)	Vice President (EDP)	M.Sc., B.Tech. (Mech.) (25)	22.02.92	870,201	Systems Manager, Kirloskar Cummins Ltd.
Deshpande D. B. (45)	Sr. Manager (Product Support)	B.A. (Eco.) (23)	18.06.90	340,311	Manager, C.D.S. & S. (I) Ltd.
Deshpande N.M. (34)	Engineer (Aircraft Maint.)	AMACSI (11)	12.12.94	349,311	Pawan Hans Ltd.
Deshpande R.R. (44)	Associate Vice President (Mats. & Mfg.)	B.E. (Mech.) (21)	02.07.77	639,253	-
Deshpande S.W. (42)	General Manager (Production - Valves)	DME (19)	20.08.79	346,908	-
Deshpande U.P. (48)	General Manager (Mfg. Engg.)	B.E. (Mech.) (27)	22.02.73	354,678	Tech. Asst., Cooper Engg. Ltd.
Dhamal A.G. (46)	Sr. Manager (Prod. Engg. Dept.)	DME (23)	01.04.75	330,477	-
Diwani M.D. (51)	Executive (Bearings)	B.E. (Mett.) (23)	01.10.75	339,333	-
Dixit V.P. (51)	Vice President (L.E.)	B.E. (Mech.) (24)	01.04.88	707,688	Chief Executive, Mahila Udyog Ltd.
Dol M.K. (54)	Sr. Manager (H.R.)	M.P.M., LL.B. (35)	15.07.63	323,014	-
Dudhwale S.M. (53)	Associate Vice President (Projects)	DME	01.07.96	673,705	Vice President (Operations), The Mysore Kirloskar Ltd.
Francis Ameet * (42)	Sr. Manager (Marketing - S.E.)	B.A., MBA (22)	30.03.93	155,553	Div. Sr. Sales Mgr., Usha International Ltd.
Gadgil S.G. (56)	Vice President (Marketing - L.E.)	B.E. (Elec.) (32)	07.01.91	928,408	Regional Manager, C.D.S. & S. (I) Ltd.
Gaikwad B.D. (45)	General Manager (Prodn. - M.E.)	B.E. (Mech.) (15)	13.07.82	336,734	-
Gandhe V.A. (46)	Sr. Manager (R&E)	B.E. (Mech.) (22)	07.07.76	310,782	-
Gawri P.K. * (46)	Sr. Pilot (Aviation)	M.Sc. (24)	25.08.97	242,135	Govt. Service
Gheewala P.K. * (60)	Sr. General Manager (Q.A.)	DME (36)	01.03.62	450,990	-
Godse G.M. (43)	Sr. Manager (Prodn. - Brgs.)	B.E. (Mett.) (19)	10.10.79	307,964	-
Gokhale M.R. (47)	Sr. Manager (Q.A.)	B.E. (Mech.) (25)	14.04.94	326,616	Dept. Mgr., (Rel. Support), Bajaj Auto Ltd.
Gore S.N. * (57)	Sr. Manager (R&E)	DME (31)	01.09.66	130,811	-
Gupta B.B. (57)	Sr. Manager (Finance)	M.Com. (34)	11.11.76	312,944	Jr. Clerk, Times of India
Gupte U.D. (48)	Sr. Manager (Finance)	B.Sc., C.A. (20)	01.03.78	328,675	-
Harolikar R.L. (47)	General Manager (R&E)	M.Tech., MET (21)	23.09.77	348,197	-
Havaldar A.V. (48)	Sr. Manager (ADD)	B.E. (Mech.) (24)	01.01.74	323,230	-
Hivarekar A.V. (50)	Sr. Manager (Design-M.E.)	B.E. (26)	01.02.74	308,683	Trn. Engr., Kirloskar Pneumatic Co. Ltd.
Hole M.T. (58)	General Manager (M.E.)	DME (33)	15.09.83	400,100	Unit Manager, Kirloskar Cummins Ltd.
Inamdar S.C. (45)	Executive (Projects)	B.E. (Mech.) (23)	01.08.75	454,106	-
Inamdar S.D. (53)	Sr. Manager (Finance)	B.A., B. Com. (34)	01.12.64	336,589	-
Inamdar S.P. (40)	General Manager (Mfg. Engg.)	M. Tech. (16)	15.09.82	336,308	-
Inamdar V.K. (49)	Sr. Manager (Materials)	B.E. (Mech.) (25)	01.12.73	325,845	-
Jamadagni D.G. (46)	Sr. Manager (Q.A.)	B.E. (Mech.) (23)	30.08.75	314,856	-
Jamenis A.R. (54)	Executive Vice President (Engines)	B.E. (Mech.) (32)	01.02.68	1,509,232	Apprentice Mech. Engineer, Everest Refrigerants Ltd.
Jamkar B.V. (40)	Sr. Manager (R&E)	DME (18)	19.09.80	303,028	-
Jarandikar R.R. (57)	Sr. Executive (Bearings)	DME (31)	01.10.67	501,263	-
Jawalkar S.S. (50)	Executive (Q.A.)	DME, DPE (27)	12.04.71	361,764	-
Jeevankumar K. * (54)	Sr. Manager (Q.A.)	DME, DMM (35)	05.05.70	244,343	Inspector-E.I.D. Parry Ltd.
Joglekar S.V. * (52)	Sr. General Manager (Exports)	B.Sc., DBM, MBM (25)	18.09.73	245,975	-
Jogi V.M. (55)	Sr. Executive (Core Shooting Dept.)	DME (31)	24.01.73	459,338	Asst. Mech. Engineer, Jawahar Engrs. Pvt. Ltd.
Joshi A.S. (56)	Sr. Pilot (Aviation)	Graduate - N.D.A. (35)	01.10.91	477,651	Govt. Service
Joshi D.D. (45)	Sr. Manager (Marketing)	B.E. (Mech.) (20)	27.07.78	303,153	-
Joshi G.R. (54)	Sr. Manager (Materials)	DME (32)	01.08.66	512,286	-
Joshi K.M. (47)	Associate Vice President (M.E.)	B.E. (Mech.), MMS, DBM (23)	19.04.90	665,336	Mktg. Manager, Kirloskar Cummins Ltd.