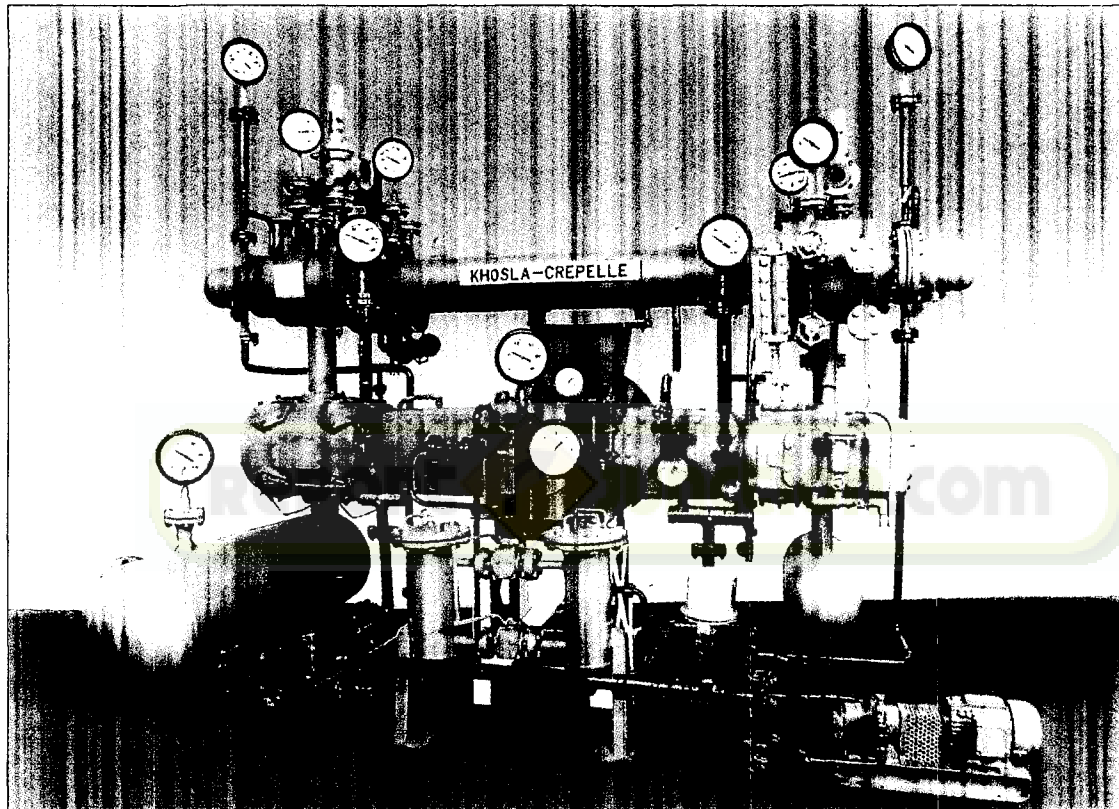


# Annual Report 1997-98

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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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"/>

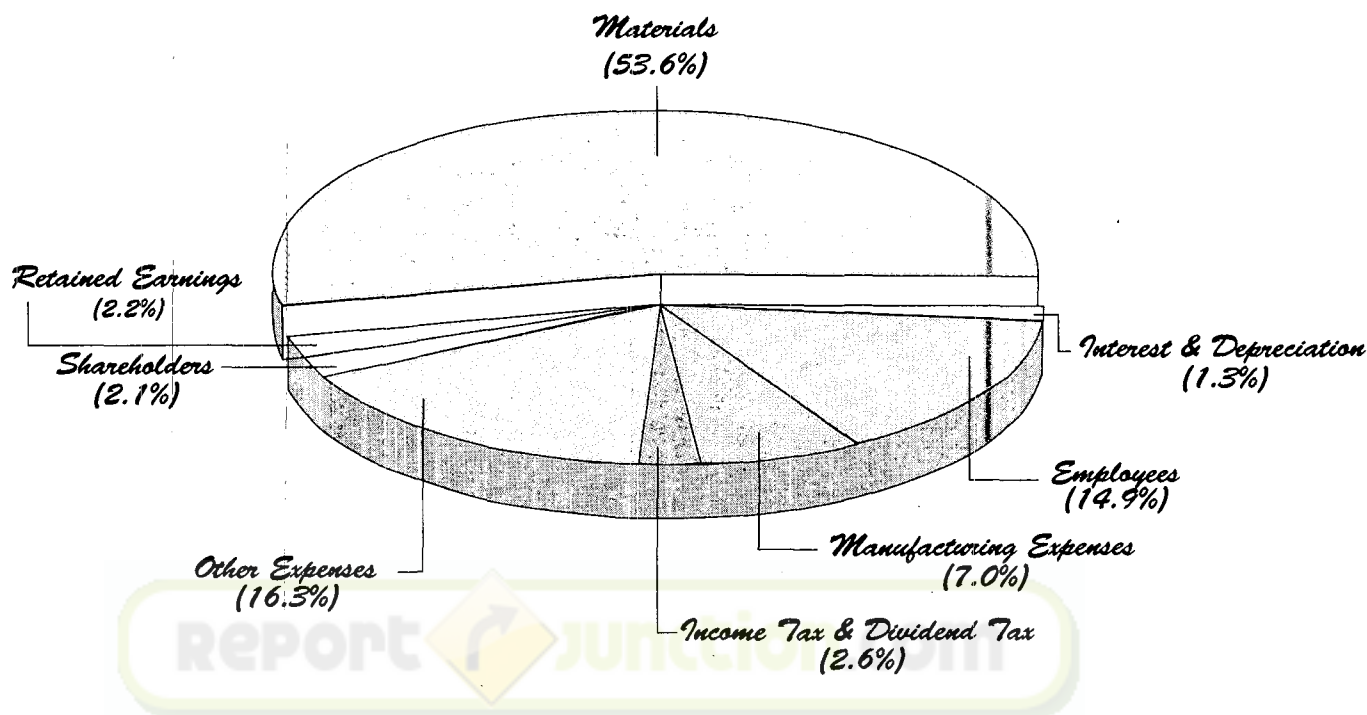


PACKAGED OIL FREE AIR COMPRESSOR FOR REFINERY (2HY2 BIST)



*K. G. Khosla Compressors Limited*

## Distribution of Income (1997-98)



(Rs. in Lacs)

Sr. No.	Particulars	1997-98	1996-97
1.	Sales	4753.38	4601.02
2.	Other Income	98.52	222.05
3.	Total Income	4851.90	4823.07
4.	Raw Materials Consumed	2601.07	2599.38
5.	Employee Expenses	725.32	742.73
6.	Manufacturing Expenses	337.38	274.79
7.	Other Expenses	790.51	703.13
8.	Interest	25.72	72.49
9.	Depreciation	39.35	33.30
10.	Profit Before Tax	332.55	397.25
11.	Income Tax & Wealth Tax	115.00	44.00
12.	Profit After Tax	217.55	353.25
13.	Dividend	102.49	-
14.	Dividend Tax	10.25	-

# K.G. Khosla Compressors Limited

## 23rd Report of the Directors and Accounts for the year ended 31st March, 1998

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BOARD OF DIRECTORS	
Mr. B.N. Kalyani	Chairman
Mr. K.G. Khosla	
Mr. Sanjay C. Kirloskar	
Mr. Rahul C. Kirloskar	
Mr. Ravi Shankar Raman	Nominee of ICICI
Mr. Deepak Khosla	
Mr. M. Raghavendra	Nominee of GIC
Mr. S.B. Singh	Whole-time Director
Mr. G.P. Kulkarni	Company Secretary
<b>Regd. Office :</b>	
Munot Bhavan, 2nd Floor, 321/1, Shanti Nagar Society, Timber Market Road, Bhawani Peth, Pune - 411 042	
<b>Investors' Service Centre :</b>	
2/1, Deshbandhu Gupta Road, P.N.B. House, 1st Floor, New Delhi - 110 055 Phone : 7515125 Fax : 011-7516641 Gram : KHOSLACO	
<b>Works :</b>	
18.8 Km Delhi-Mathura Road, Faridabad - 121 003 (Haryana) Phones : 0129-275682, 84, 85 Fax : 0129-275351	
<b>Branches :</b>	
New Delhi, Mumbai, Calcutta, Chennai, Bangalore, Hyderabad, Baroda, Pune, Dibrugarh	

## NOTICE

Notice is hereby given that the **23rd Annual General Meeting** of the Shareholders of **K.G. Khosla Compressors Limited** will be held on Thursday, the 10th day of September, 1998 at 11:00 A.M., at **Lakaki Hall, Mahratta Chamber of Commerce & Industries, Tilak Road, Pune-411002**, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Auditors and Directors.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. K.G. Khosla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rahul C. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification, the following Resolution, as a Special Resolution:-  
"RESOLVED that M/s. Raghu Nath Rai & Co., Chartered Accountants, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

RESOLVED FURTHER Mr. S.B. Singh, Whole-time Director, be and is hereby authorised to fix their remuneration."

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:-  
"RESOLVED that pursuant to Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company do pay to the Directors, who are not in the whole time employment of the Company, further remuneration by way of commission for 5 years from the financial year 1997-98 onward, provided, however, that commission shall not exceed 5% on the net profits of the Company or as may be approved by the Central Government computed in the manner laid down in Section 349 and 350 of the Companies Act, 1956.
7. 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 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the following manner:

The first sentence in Article 90 ; viz.

'Unless otherwise determined by the Company in General Meeting, each Director shall be entitled to receive out of the funds of the Company for his services in attending meeting of the Board or a Committee of the Board, a sum not exceeding Rs. 500/- as fee for each meeting of the Board or a Committee of the Board attended by him as may be determined by the Board of Directors from time to time.'

be deleted AND the following sentence be added;

"Subject to the provisions of Section 310 of the Act, the remuneration of a Director for his services in attending the meeting of Board of Directors or Committee thereof, shall be a sum not exceeding Rs.1,000/- for each meeting attended by him or such other amount as may be fixed by the Board of Directors from time to time, subject to the limit prescribed by the Central Government in this regard."

8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution, as a Special Resolution :

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to acquire/purchase any of its own fully paid shares on such terms and conditions and upto such limits as may be prescribed by law from time to time; provided that acquisition/purchase of such fully paid Equity Shares of the Company be not construed as reduction of Equity Share Capital which is subject to the provisions of Sections 100 to 104 and 402 of the Companies Act, 1956 for the time being in force and the Board of Directors be and is hereby authorised to do all such acts and things as may be necessary to give effect to this resolution."

9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:





"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof) the Articles of Association of the Company be and is hereby amended as under:

After Article 5, the new Article 5A be added—

**5A Power to buy back Shares:**

The Board of Directors shall have power, subject to and in accordance with the applicable provisions of the Act, to purchase from time to time any of its own fully paid shares whether or not they are redeemable and may make payments out of capital in respect of such purchases."

10. 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 Section 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 and in supersession of the earlier resolutions and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Mr. S.B. Singh as the Managing Director of the Company for a period of five years beginning from 31st July, 1998 on the terms and conditions including remuneration as set out as under:

**Salary :** Rs.5,76,000/- per annum at Rs.48,000/- per month including dearness and all other allowances.

**Commission :** One per cent of the net profits of the Company, subject to a ceiling of Rs.2,40,000/- per annum.

**Leave :** One month's paid privilege leave for each 11 months of service. Unavailed leave may be accumulated upto a maximum of 3 months. The leave not availed of shall not be allowed to be encashed.

**Perquisites :** Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

**Category - A**

**Housing :** The expenditure incurred by the Company on hiring the unfurnished accommodation subject to the following ceilings

- i) In case the accommodation is provided in Delhi, Mumbai, Calcutta or Chennai—60% of the salary over 10% payable by the Managing Director.
- ii) In any other case, 50% of salary over 10% payable by the Managing Director.
- iii) In case no accommodation is provided, the Managing Director shall be entitled to House Rent Allowance as per ceiling laid down in A i & ii above.

**Medical Reimbursement :** Reimbursement of all medical expenses incurred for self and family as per

the schemes of the Company.

**Leave Travel Concession:** For self and family as per the rules of the Company.

**Club Fees :** Fees of clubs, subject to maximum of two clubs. This will not include admission and life membership fees.

**Personal Accident Insurance :** Premium on suitable personal accident insurance coverage shall be taken by the Company.

**Category - B**

**Contribution to Provident Fund, Superannuation Fund or Annuity Fund :** As per the prevailing rules of the Company

**Gratuity :** As per Payment of Gratuity Act, 1972 as amended from time to time.

**Category - C**

Provision of Car with Driver for Company's business.

Telephone, telefax and other communication facilities at residence for Company's business. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to vary, alter, amend any of the terms and conditions including revision in remuneration ; of the Managing Director from time to time as they may, at their sole discretion, deem fit and proper PROVIDED, however, that the remuneration payable to the Managing Director and any revision thereof shall be within the limits specified in schedule XIII to the Companies Act, 1956 including any amendment thereto.

RESOLVED FURTHER that additional medical expenditure of Rs.1,17,134 incurred by Mr. S.B. Singh be and is hereby approved, ratified and confirmed.

RESOLVED FURTHER that in case of loss or inadequacy of profits in any financial year of the Company during the tenure of the Managing Director, the remuneration payable by way of salary and perquisites would be determined in accordance with schedule XIII to the Companies Act, 1953."

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

"RESOLVED that consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company,

on such movable and immovable properties of the Company, both present and future, and the whole of the undertaking of the Company together with a power to takeover the management of the Company in certain events, to or in favour of Financial Institutions, Investment Institutions, Bank, Mutual Funds, Trusts and other bodies corporate, to secure rupee term loans, working capital facilities, foreign currency loans and other facilities including Bank Guarantees, Bills discounting, Letters of Credit of an aggregate value not exceeding Rs. 2500 lacs together with interest thereon at the agreed rates, further interest, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange of foreign currencies and all other monies payable by the Company to the Financial Institutions, Banks under Agreements, Loan Agreements, Letters of Sanction, Trust documents to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Financial Institutions, Investment Institutions, Banks, Mutual Funds, Trusts, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above Resolution."

By Order of the Board of Directors

**G.P. Kulkarni**

*Company Secretary*

**Registered Office :**

Munot Bhavan, 2nd Floor,  
321/1, Shanti Nagar Society,  
Timber Market Road, Bhawani Peth,  
Pune-411042.

Date: July 31, 1998

**Notes :**

1. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 in respect of item Nos. 5 to 11 of the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
3. The Proxy Form duly executed and properly stamped should reach the Company at its Registered Office at least 48 hours before the time of the Meeting.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from September 8, 1998 to September 10, 1998 (both days inclusive).
5. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of the Annual General Meeting.
6. Members are requested to notify immediately any change in their address to the Company's Registered Office with their ledger folio number(s).

## Annexure to the Notice

### Explanatory Statement

(Pursuant to Section 173 (2) of the Companies Act, 1956)

**Item No. 5**

A Special Resolution is required for appointment of Auditors where Public Financial Institutions hold, in aggregate, not less than 25% of the Subscribed Share Capital as in the case of your Company.

As required, M/s. Raghu Nath Rai & Co., have forwarded a certificate to the Company stating that the appointment, if made, will be within the limit specified in sub-section (1-B) of Section 224 of the Companies Act, 1956.

The Directors recommend the appointment of M/s. Raghu Nath Rai & Co., as Auditors of the Company.

None of the Directors is, in any way, concerned or interested in the Resolution.

**Item No. 6**

The Company was in continuous losses during the past 8 years. The successful implementation of revival plan enabled the Company to wipe out all losses and earn reasonable profits. One of the important reason for the success is relentless efforts taken and timely guidance provided by the Directors of the Company. They also have onerous responsibilities under the various Acts.

In token of recognition of this, it is proposed to pay commission to Directors, who are not in full time employment of the Company, for five years from the financial year 1997-98 onward. The payment of commission is further subject to the approval of Central Government.

All the Directors except Mr. S.B. Singh, Whole Time Director may be deemed to be concerned or interested in this resolution.

**Item No. 7**

The existing Article 90 of the Articles of Association of the Company provides for payment of sitting fees to Directors for the meeting of the Board or Committee, attended by them to the extent of Rs.500/- per such meeting. Any increase in the sitting fees, is required to be determined by the General Meeting. Board of Directors, at their meeting



## K.G. Khosla Compressors Limited

held on 12th August, 1997 have passed a resolution increasing the sitting fees to Rs.1000/- subject to the approval of shareholders.

Considering the valuable time given by the Directors and timely guidance provided, it is proposed to increase the sitting fees payable from existing Rs.500/- to Rs.1000/- hence, the resolution.

All the Directors except Mr. S.B. Singh, Whole Time Director, may be deemed to be concerned or interested in this resolution.

### Item No. 8

The Companies Act, 1956 restricts the purchase of its own shares by a Company.

The Central Government is planning to revamp the existing Act so as to incorporate various legislative changes. The Committee appointed by the Government has also suggested, among other things, to allow Companies to buy back their own shares subject to such conditions as would be introduced.

The buy back of shares ensures proper deployment of surplus funds advantageously. This also serves as a positive message to the investment community about the management's perception about the Company's share price.

Hence, it is proposed to seek the approval of the members for buy back of shares. However, it is clearly understood that the buy back of shares should not be construed as reduction of capital and would be effective only on promulgation of Act to that effect.

The Board of Directors of your Company recommend the resolution as set out in item no. 8 of the Notice for your approval.

None of the Directors is, in any way, concerned or interested in this resolution.

### Item No. 9

It is proposed to add new Article 5A after Article 5 as set out at item no. 9 of the Notice to enable the Company to purchase any of its own fully paid shares from time to time in accordance with law as may be then prevailing. The resolution confers the authority to the Board of Directors for this purpose.

As per the provisions of Section 31 of the Companies Act, 1956, a company may, by Special Resolution, alter its Articles of Association.

The Board of Directors of your Company recommend the Resolution as set out at item no. 9 of the Notice for your approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

### Item No. 10

Mr. S.B. Singh was appointed as President of the Company in 1993. Subsequently, Mr. S.B. Singh was appointed as Whole Time Director w.e.f. 28.9.1994.

During the tenure of Mr. S.B. Singh, the operations of the Company have improved considerably. As against continuous losses, the Company has earned profit from financial year 1996-97. Your Company has wiped out all losses.

One of the important reason for this turnaround of the Company is the leadership qualities and efforts put in by Mr. S.B. Singh.

The Board of Directors at their Meeting held on 31st July, 1998 has appointed Mr. S.B. Singh as the Managing Director of the Company with a remuneration as set out in the resolution, subject to the approval of shareholders.

In view of the foregoing, the Board of Directors of your Company recommend the resolution as set out in item no. 10 of the Notice, for your approval.

None of the Directors, except Mr. S.B. Singh, is in any way concerned or interested in this resolution.

The Resolution and the Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956.

### Item No. 11

The Company's bankers have enhanced the credit facilities sanctioned to the Company as under :

Punjab National Bank : For working capital facilities of Rs.1780 lacs.

The above facilities were, inter alia, to be collaterally secured by second charge on the fixed assets of the Company.

For creation of second charge in favour of the Banks, consent of the members is required under Section 293(1)(a) of the Companies Act, 1956.

Considering further enhancement of facilities and for availing new credit facilities, the resolution is proposed to authorise the Board of Directors to create mortgages etc., upto an amount of Rs. 2500 lacs.

None of the Directors is, in any way, concerned or interested in this Resolution.

By order of the Board of Directors

**G.P. Kulkarni**

*Company Secretary*

### Registered Office :

Munot Bhavan, 2nd Floor,  
321/1, Shanti Nagar Society,  
Timber Market Road, Bhawani Peth,  
Pune-411042.

Date: July 31, 1998

## DIRECTORS' REPORT

The Directors have pleasure in presenting their 23rd Annual Report together with the audited Statement of Accounts of the Company for the year ended March 31, 1998.

### FINANCIAL RESULTS

The Financial Results for the year ended March 31, 1998 are summarised below :-

	1997-98 (Rs.)	1996-97 (Rs.)
Gross Profit (before depreciation & taxation)	3,71,89,796	4,30,54,725
<b>Deducting therefrom:</b>		
Depreciation	39,34,912	33,30,215
Provision for Taxation	1,15,00,000	44,00,000
	<b>2,17,54,884</b>	<b>3,53,24,510</b>
<b>Adding thereto :</b>		
Income Tax for earlier years	—	16,35,681
Provision no longer required	38,10,689	—
Balance Brought forward	1,95,881	(3,32,55,977)
	<b>2,57,61,454</b>	<b>37,04,214</b>
<b>Appropriations:</b>		
Debenture Redemption Reserve	—	35,08,333
Proposed Dividend	1,02,49,300	—
Tax on Dividend	10,24,930	—
General Reserve	40,00,000	—
Balance carried forward to Balance Sheet	1,04,87,224	1,95,881
	<b>2,57,61,454</b>	<b>37,04,214</b>

### IMPLEMENTATION OF REVIVAL PLAN

As you are aware, the Company started incurring losses since the year ended 31st March, 1991. There was labour unrest during the year 1991-92 resulting in a lock out for over nine months.

As a part of Revival Plan prepared in consultation with the Financial Institutions, various corrective steps were taken; such as:

- To improve the working of the Company, Kalyani Steels Ltd.(KSL) and Kirloskar Pneumatic Co. Ltd.(KPCL) joined hands with the Management.
- KSL and KPCL were allotted 6,00,000 equity shares each at Rs. 20/- per share (Premium of Rs. 10/- per

share) on Preferential Allotment Basis aggregating Rs.240 Lacs.

- Outstanding Loans and Interest aggregating Rs.773 Lacs due to Financial Institutions, were converted into equity shares and debentures.
- Rights Issue was made to the existing shareholders at a premium of Rs.10/-, aggregating Rs.598 Lacs.

With financial discipline and strict implementation of Revival Plan, your Company has wiped out all accumulated losses as on March 31, 1997.

The Directors wish to acknowledge that this was made possible because of timely guidance and support given by the Financial Institutions, relentless efforts put in by employees at all levels and continued support of all shareholders.

### OPERATIONS

During the year under review, the Company achieved a turnover of Rs.4,753 lac (previous year Rs.4,601 lac), registering a growth of 3% over previous year. The operations of the Company resulted in profit before tax of Rs.333 lac as against Rs.397 lac during the previous year. The profitability is affected due to continued financial crunch in the market.

### DIVIDEND

After successful implementation of revival plan, your Company has started earning profits since previous year. The profit for previous year was utilised to wipe out all losses. Considering the profit earned during the year, the Directors have recommended payment of dividend of Re.1/- per equity share for the consideration of shareholders. Dividend, if approved, would amount to Rs.1,02,49,300/-.

### ACQUISITION OF SHARES

The Company has received a copy of 'Letter of Offer' for acquisition of 20,51,000 Equity Shares of the Company by Kirloskar Pneumatic Co. Ltd., at a price of Rs.21/- per share; under Securities Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 1997. All the members of the Company would individually receive the 'Letter of Offer.'

### SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956, the details in respect of Khosla Indair Ltd., a wholly owned





## K.G. Khosla Compressors Limited

subsidiary Company are annexed to and form part of the Annual Report.

### FIXED DEPOSITS

The Company has repaid all public fixed deposits which had matured and were claimed by the depositors. However, 49 depositors with a total deposit of Rs.2.46 lac have not claimed or renewed their deposits for more than 12 months. Company has sent reminders to such depositors.

### DEBENTURES

The Company has redeemed all the 15% Non-Convertible Debentures which were sent to the Company for redemption by the Debenture-holders. However, 81 Debenture-holders with a total amount of Rs.63,725 have not yet surrendered the Debenture Certificates to the Company for redemption.

During the year under review, Company has redeemed the Optionally Partly Convertible Debentures from Financial Institutions to the extent of Rs.73,83,442/-.

### PROSPECTS

The Country witnessed slowdown in industrial growth continuously for the second year. Due to this, large infrastructure projects have been delayed considerably. This has affected the growth and Order Board position.

However, certain measures have been announced for the growth of infrastructure sector in the Union Budget announced in June, 1998. With more projects coming up, your Company expects to do better.

The Company has entered into a License Agreement with IHI Company, Japan, to manufacture Reciprocating Process Gas Compressors. The Director are pleased to report that IHI in consortium with the Company has received the first major order for 3 gas compressors for Gas Lift Facilities, ONGC, Pakhajan Project.

### DIRECTORS

Mr. K.G. Khosla and Mr. Rahul C. Kirloskar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under 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, 1998, pertaining to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo is given in the Annexure to this Report and forms a part of this Report.

### AUDITORS

The Auditors of your Company, M/s. Raghu Nath Rai & Co., Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate pursuant to Section 224(1-B) of the Companies Act, 1956 has been received.

### PERSONNEL

During the year under report, the relations with employees remained cordial. The Directors take this opportunity to place on record their appreciation for the devoted services rendered by the employees at all levels.

### PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees), Rules, 1975, is given in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining the said Annexure may write to the Company Secretary at the Registered Office of the Company.

### AUDITORS' REPORT

Note No. C-2 in schedule O of Accounts is self-explanatory and therefore no comments are called for on their observations.

### ACKNOWLEDGMENT

The Directors take this opportunity to express their gratitude for the valued and timely support from the Company's Bankers and Financial Institutions and wish to place on record their appreciation for the continued trust and confidence in the Company by its large number of members, depositors, customers and suppliers.

For and on behalf of the Board of Directors

**B.N. KALYANI**

*Chairman*

Pune

Date : June 29, 1998

**Statement showing the particulars as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 1998.**

#### **A) CONSERVATION OF ENERGY**

##### **(a) Energy Conservation measures taken**

A number of steps have been taken for the conservation of energy specially in the areas of optimising usage of power and fuel. Efforts are continuing to eliminate leaks, ensuring effective heat transfer as well as minimum transmission losses.

##### **(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy**

Installation of modern energy efficient and productive machine tools.

##### **(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

As we manufacture a very wide and diverse range of custom engineered compressors, it is difficult to calculate the impact of energy consumption measures on the cost of production.

##### **(d) Total energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the schedule thereto**

Not Applicable.

#### **B) TECHNOLOGY ABSORPTION**

##### **(e) Form 'B'**

Form for disclosure of particulars with respect to absorption of Research and Development (R&D).

##### **1. Specify areas in which R&D carried out by the Company**

Development of specific Screw Compressors to meet market requirement.

##### **2. Benefits derived as a result of the above R&D**

Cost effective compressors being placed in market place.

##### **3. Future plan of action**

In addition to the existing Gas Compressors range, the IHI Gas Compressors range has been taken up for development.

#### **4. Expenditure on R&D**

a) Capital	Nil
b) Recurring	Rs. 2,57,396
c) Total	Rs. 2,57,396
d) Total R&D expenditure as a percentage of total turnover	0.05%

#### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

##### **1. Efforts in brief, made towards technology absorption, adaptation and innovation**

Compressors for Oxygen plants successfully developed.

##### **2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

Increased market share.

##### **3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished**

- Technology imported :  
IHI - Japan for Gas Compressors.
- Year of import :  
1997
- Has technology been fully absorbed :  
Under absorption. Major critical components like crank cases, crankshafts, connecting rods, cross-heads & valves are under manufacturing stage.
- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action :  
Absorption started in late 1997 - Over a period of time it will be fully absorbed.

#### **C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

##### **(a) Activities relating to exports, initiative taken to increase exports; development of new export markets for products and services; and export plans**

So far, the Company does not have any worthwhile exports. However, efforts are being made for increasing exports.

##### **(b) Total foreign exchange used and earned**

Foreign Exchange outgo	Rs.1,43,74,829
Foreign Exchange earned	Rs. 83,55,130

For and on behalf of the Board of Directors

**B.N. KALYANI**

Chairman

Pune

Date : June 29, 1998