



*Annual Report
1999-2000*

K. G. Khosla Compressors Limited
(A Kirloskar Group Company)

K. G. Khosla Compressors Limited

(An ISO 9001 Company)

25th Annual Report and Accounts for the year 1999-2000

Report Junction.com

CONTENTS

Board of Directors	1
Notice	2-3
Directors' Report	4-7
Auditors' Report	8-9
Balance Sheet	10
Profit and Loss Account	11
Schedules and Notes forming part of Accounts	12-25
Balance Sheet Abstract	26
Cash Flow Statement	27-28
Statement under Section 212 of the Companies Act, 1956	29
Subsidiary - Khosla Indair Limited	30-40

Board of Directors :

Mr. Sanjay C. Kirloskar	Chairman
Mr. Rahul C. Kirloskar	
Mr. Ravi Shankar Raman	Nominee of ICICI
Mr. M. Raghavendra	Nominee of GIC
Mr. H.R. Mustikar	Managing Director

Mr. G.P. Kulkarni	Company Secretary
-------------------	-------------------

Bankers :

Punjab National Bank
ICICI Bank Ltd.

Auditors :

M/s. Raghu Nath Rai & Co. Chartered Accountants

Regd. Office :

Plot No. 1,
Hadapsar Industrial Estate,
Pune - 411 013
Telefax : 020-6812822
E-mail : kgkcl@kpcl.pnq.co.in

Corporate Office :

2/1, Deshbandhu Gupta Road,
P.N.B. House, 1st Floor,
New Delhi - 110 055
Phone : 011-7515125
Fax : 011-7516641
E-mail : kgkcl@del3.vsnl.net.in

Works :

18.8 Km Delhi-Mathura Road,
Faridabad - 121 003 (Haryana)
Phones : 0129-5275682, 84, 85
Fax : 0129-5275351
E-mail : mail@khsolacompressors.com

Branches :

New Delhi, Mumbai, Calcutta, Chennai, Bangalore,
Hyderabad, Baroda, Dibrugarh and Tiruchengode

K. G. Khosla Compressors Limited**NOTICE**

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of K.G. Khosla Compressors Limited will be held on Tuesday the 26th day of September, 2000 at 11.00 A.M. at the Registered office of the Company at Plot No. 1, Hadapsar Industrial Estate, Pune - 411013, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000 and the Auditors' and Directors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. R.C. Kirloskar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that in pursuance of Section 293 (I) (d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow from time to time, subject to such restrictions as may be imposed, for the purpose of carrying on the business of the Company, an amount of upto Rs. 70 Crores (Rupees Seventy Crores) notwithstanding that the moneys so borrowed together with the moneys already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up Share Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose"

6. 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, Banks, 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. 7000 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

Registered Office :
Plot No. 1,
Hadapsar Industrial Estate
Pune - 411013
Date : July 28, 2000

G.P. Kulkarni
Company Secretary

K. G. Khasla Compressors Limited**Notes :**

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 & 6 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 August 22, 2000 to September 21, 2000 (both days inclusive).
5. All documents referred to in the accompanying Notice and 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**

The Board of Directors can borrow money for carrying on business of the Company to the extent of aggregate of paid up share capital and free reserves. The shareholders have approved the Borrowing upto Rs. 3500 lacs.

The resolution at item No. 5 seeks to enhance the limit to Rs. 7000 lacs for which the approval of shareholders is solicited.

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

Item No. 6

During the course of business, the Company is required to create charges/mortgages/hypothecation in favour of Company's bankers, financial institutions for the loans availed by the Company.

Considering the above, the resolution is proposed to authorise the Board of Directors of the Company to create mortgages etc. upto an amount of Rs. 7000 lacs.

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

By Order of the Board of Directors

Registered Office :

Plot No. 1,
Hadapsar Industrial Estate
Pune - 411013
Date : July 28, 2000

G.P. Kulkarni

Company Secretary

K. G. Khosla Compressors Limited**DIRECTORS' REPORT**

The Directors have pleasure in presenting their 25th Annual Report together with the audited Statement of Accounts of the Company for the year ended March 31, 2000.

FINANCIAL RESULTS

The Financial Results for the year ended March 31, 2000 are summarised below :-

	1999-2000 (Rs.)	1998-1999 (Rs.)
Gross Profit (before Depreciation & taxation)	3,14,57,192	4,32,08,284
Deducting therefrom :		
Depreciation	51,00,234	46,95,677
Provision for Taxation	57,82,000	1,33,17,000
	2,05,74,958	2,51,95,607
Adding thereto :		
Income-tax for earlier years	(37,585)	26,545
Provision no longer required	—	7,04,175
Balance brought forward	1,16,39,321	1,04,87,224
	3,21,76,694	3,64,13,551
Appropriations		
Proposed Dividend	1,02,49,300	1,02,49,300
Tax on Dividend	22,54,846	10,24,930
Surcharge on Dividend		
Tax for Previous Year	1,02,493	—
General Reserve	80,00,000	1,35,00,000
Balance carried forward to Balance Sheet	1,15,70,055	1,16,39,321
	3,21,76,694	3,64,13,551

Note :

The Financial Results for the year 1999-2000 are not comparable with the results of previous year as it includes turnover from Plant II i.e. the Air Compressor Division of Kirloskar Pneumatic Co. Limited which was taken on license in October, 1999.

LICENSING ARRANGEMENT

During the year, Company has entered into a Licensing Arrangements with Kirloskar Pneumatic Co. Limited to take on licence their Air Compressor Division. This arrangement was made effective from 20th October, 1999.

The combined operations would yield considerable

benefit such as synergy of operations, better product mix and improved performance. The Company would be able to consolidate its market position and have improved profitability. The Company has obtained all necessary permissions and approvals to carry on the business on licence basis.

The operations of this unit have been integrated and the Company is confident that the benefits of synergy would start accruing from Financial Year 2000-2001 being full year's operations.

OPERATIONS

During the year under review, the Company achieved a turnover of Rs. 6825 Lacs (previous year Rs. 4320 lacs) This includes turnover of Rs. 2904 Lacs from Plant II which is taken on licence during October, 1999. Hence, the turnover is not comparable with that of previous year.

The combined operations of the Company resulted in profit before tax of Rs. 264 Lacs.

DIVIDEND

The Directors recommend 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.

SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956. the details in respect of Khosla Indair Limited, a wholly owned Subsidiary Company, are annexed to and form part of the Annual Report.

FIXED DEPOSITS

During the year, your Company introduced Fixed Deposit Schemes. Due to adverse market conditions, the response to the schemes was not encouraging.

DEBENTURES

The Company has redeemed all the 15% Non-Convertible Debentures which were sent to the Company for redemption by the Debenture-holders. However, 80 Debenture-holders with a total amount of Rs. 58,725 have not yet surrendered the Debenture Certificates to the Company for redemption.

PROSPECTS

After the continuous recessionary trends, there has been signs of revival. The Economy, with industrial growth rate of around 7% is on the progressive path.

K. G. Khasla Compressors Limited

With the focussed attention by the Government on Infrastructure Sector, the demand for capital goods industry is likely to be more and hence the Company expects to achieve better turnover in the current year.

As explained earlier, the synergy of operations of both the plants would ensure consolidation of market position. The Company now offers practically all ranges of Compressors for multiple applications.

Your Company has also chalked out definite plans to introduce various new models.

FINANCE

During the year under review, the Company obtained a Term Loan of Rs. 1500 Lacs from ICICI Limited.

Similarly, the Company has availed Working Capital facilities from ICICI Bank Limited to the extent of Rs. 1370 Lacs (Fund based Rs. 520 lacs and non fund based Rs. 850 lacs).

DEMATERIALISATION

During the year, your Company has entered into the Agreements with both the depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As such, the shares of your Company are now available for dematerialisation.

Communication regarding dematerialisation of shares was individually sent to all the Shareholders.

As of now, over 13% of Share Capital of your Company is held in demat form. While it is not compulsory to hold shares in dematerialised form, considering its advantages, it is advisable to held shares in demat form.

USE OF 'KIRLOSKAR' BRAND NAME

The Company has entered into a Licence Agreement with Kirloskar Proprietary Limited to use the brand name 'Kirloskar' on its products, letter heads etc.

This will benefit the Company to promote its products in the market.

DIRECTORS

Mr. Rahul C. Kirloskar retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Sunil Shah Singh, Director of the Company, resigned on May 26, 2000. The Board wish to place on record its deep sense of appreciation for the valuable services rendered by him during his tenure.

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.

YEAR 2000 (Y2K) PREPAREDNESS LEVEL :

The Company has passed the Y2K transition without any disruption.

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 reappointment. 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 pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is given in the annexure forming part of the Report.

AUDITORS' REPORT

With reference to note C-2 of Schedule O to the accounts referred to by the Auditors in their Report, the Directors wish to state that the said note is Self-explanatory.

ACKNOWLEDGEMENT

The Directors take this opportunity to express their gratitude for the valued and timely support from ICICI Limited, Punjab National Bank & ICICI Bank Limited 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

S.C. KIRLOSKAR

Chairman

Pune

Date : June 29, 2000

K. G. Khasla Compressors Limited**ANNEXURE TO THE DIRECTORS' REPORT**

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, 2000.

A) CONSERVATION OF ENERGY**(a) Energy Conservation measures taken**

Installation of lower capacity water pumps, at H.B. testing & tubewells high efficiency motors on centre lathes at machine shop, installation of automatically operated panel to reduce energy losses & limit the power factor to optimum level.

(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 small range of screw compressors, Diesel screw compressor & oil free screw compressor.

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

To meet the complex demand of various customers.

3. Future plan of action

The Development of Gas Compressor is continued alongwith specific Screw

Compressor.

4. Expenditure on R&D

a) Capital	Rs. Nil
b) Recurring	Rs. 46,02,268
c) Total	Rs. 46,02,268
d) Total R&D expenditure as a percentage of total turnover	0.67%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts in brief, made towards technology absorption, adaptation and innovation**

Development of a few models of Gas compressor is in progress. The activities such as Pattern & sample casting of main frame, forging of crank shaft, development of main bearing etc. are complete.

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

Better 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.
- If not fully absorbed, areas where this has not taken place, reasons therefor 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 substantial exports. However, efforts are being made for increasing exports.

(b) Total foreign exchange used and earned

Foreign Exchange outgo	Rs. 1,85,92,568
Foreign Exchange earned	Rs. 50,75,346

For and on behalf of the Board of Directors

Pune

Date : June 29, 2000

S.C. Kirloskar
Chairman

K. G. Khasla Compressors Limited

STATEMENT SHOWING THE NAMES AND OTHER DETAILS OF THE EMPLOYEES, AS REQUIRED PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

EMPLOYED THROUGHOUT THE FINANCIAL YEAR:

Sr. No.	Name of the Employee	Designation and Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of commencement of Employment	Age (Yrs.)	Particulars of the previous employment
1.	Mr. A.R. Sathe	Sr. V.P. Finance	7,00,930	B.Com (Hon) LLB, CA	24	1st July, 1994	48	Executive-Finance Kirkoskar Pneumatics Co. Ltd. Pune

EMPLOYED FOR PART OF THE YEAR :

Sr. No.	Name of the Employee	Designation and Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of commencement of Employment	Age (Yrs.)	Particulars of the previous employment
1.	Mr. H.R. Mustikar	Managing Director	12,01,797	D.M.E.	33	6th July, 1999	54	President. Demag Kirkoskar Compressors Ltd.
2.	Mr. S.B. Singh	Managing Director	4,19,540	B.Tech (Hons.)	33	9th June, 1993	55	Group General Manager, Ingersoll Rand India Ltd. Mumbai
3.	Mr. A.A. Tikekar	Executive V.P.	4,97,507	BE(Mech.)	34	15th Oct., 1999	53	Executive Vice President. Kirkoskar Oil Engines Ltd. Pune

Notes:

1. None of the employees above mentioned is a relative of any Director of the Company.
2. Nature of employment except Mr. H.R. Mustikar, MD & Mr.S.B. Singh, Ex MD, in all case is non-contractual.
3. Remuneration as shown includes Salary, HRA, Company's contribution to Provident fund, Leave Travel Assistance, Medical facilities, Contribution to Superannuation Fund, Commission, Furnishing Allowance, Rent Free Accomodation, Payment to Clubs, Perquisites and other benefits as per Income-tax Act, 1961.

K. G. Khosla Compressors Limited**AUDITORS' REPORT TO THE MEMBERS**

We have audited the attached Balance Sheet of **K.G. Khosla Compressors Limited** as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date and report that :-

1. As required by the Manufacturing and other Company's (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of such books.
- c) The report on the accounts of Plant at Pune audited by the Branch Auditors has been forwarded to us and has been dealt with by us in preparing our report.
- d) The Balance Sheet & Profit & Loss account referred to in this report are in agreement with the books of account.
- e) In our opinion, the Profit & Loss account and Balance Sheet comply with the accounting standards referred to in sub section 3(c) of Section 211.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account subject to:
 - i) Retention Money being treated as Sales on its realisation. (Note No. C-2 of Schedule 'O')

and read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view

- i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2000 and
- ii) in so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date

For **Raghu Nath Rai & Co.**
Chartered Accountants

New Delhi
Dated : June 29, 2000

(Prem Prakash)
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

1. The Company has maintained proper records to show full particulars including quantitative details and situation of all Fixed Assets of the Company and which have been physically verified by the management during the year.
2. None of the Fixed Assets have been revalued during the year.
3. The Stocks of Finished Goods, Spare Parts and Raw Materials have been physically verified at the end of the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of Stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. In order to comply with AS-2 issued by ICAI, excise duty has been included in closing stock. The same has no material impact on the profit of the year.

K. G. Khasla Compressors Limited

7. According to the information and explanations given to us, the Company has not taken any loans, Secured or Unsecured from firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370 are no longer applicable to a Company.
8. According to the information and explanations given to us, the Company has not granted any loans, Secured or Unsecured to the Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provision of Section 370 are no longer applicable to the companies.
9. In respect of Loans and Advances in the nature of loans, where interest and repayment terms have been stipulated, the parties have generally repaid the principal amount as stipulated and are also generally regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchase of stores, raw material including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
11. According to the explanations given to us, there has been no transactions of purchase of goods, materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw-materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regards to the deposits accepted from the Public.
14. Reasonable records have been maintained by the Company for the sale and disposal of realisable scrap where significant. There are no by-products arising out of the manufacturing process of the Company.
15. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
16. The Company is not required to maintain cost records under Section 209 (1) (d) of the Companies Act, 1956.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been deposited in time during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2000, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, and the records of the Company examined by us, no personal expenses of the employees or directors have been charged to the revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (O) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **Raghu Nath Rai & Co.**
Chartered Accountants

New Delhi
Dated : June 29, 2000

(Prem Prakash)
Partner