

Sundaram-Clayton Limited



37th Annual Report 1999

Sundaram-Clayton Limited**Board of Directors**

SURESH KRISHNA
Chairman

venu srinivasan
Managing Director

GOPAL SRINIVASAN
Joint Managing Director

K MAHESH

T K BALAJI

MICHAEL BROUGHTON

JULIAN HOLMES

MICHAEL CAPPARIS

ANTOINE DIPASQUALE

D E UDWADIA

D D UDESHI

Alternate to Mr. Michael Broughton

B M MIRZA

Alternate to Mr. Michael Capparis

S K WARRIOR

Alternate to Mr. Julian Holmes

D B ENGINEER

Alternate to Mr. Antoine DiPasquale

Executive Director

H LAKSHMANAN

President - Brakes Division

C NARASIMHAN

Executive Vice President - Brakes Division

N RAGHUNATHAN

Vice President - Finance

V N VENKATANATHAN

L VENKATESAN

Secretary

P SRINIVASAN

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch
Greens Dugar
Greens Road
Chennai 600 006

STATE BANK OF MYSORE
Whites Road Branch
Chennai 600 014

Auditors

SUNDARAM & SRINIVASAN
Chartered Accountants
Chennai 600 018.

Listing of shares with :

Madras Stock Exchange Ltd, Chennai.
National Stock Exchange Ltd, Mumbai.
The Stock Exchange, Mumbai.

Registered Office

"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

Share Transfer Department

Tel : 3742939 / 3741889

Fax : 044-4846939

Factories

Padi, Chennai 600 050

Belagondapalli, Hosur - 635 114

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Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS

	Rupees in lakhs									
Year ended	1990	1991	1992	1993	1994	1995	1996	1997	1998*	1999
Profit and Loss Account										
Sales	6295	7609	8824	6538	8613	12455	17484	21066	13000	16000
Other Income	126	250	173	283	105	287	575	942	937	1318
Total Income	6421	7859	8997	6821	8718	12742	18059	22008	13937	17318
Gross Profit before Interest, depreciation & tax	862	1051	1340	1168	1593	2560	3056	4126	1708	2624
Depreciation	271	259	252	212	222	229	301	587	410	577
Profit before Interest & tax	591	792	1088	956	1371	2331	2755	3539	1298	2047
Interest	414	414	463	380	276	183	97	222	35	-61
Profit before taxation	177	378	625	576	1095	2148	2658	3317	1263	2108
Profit after taxation	8	103	160	175	455	1212	1668	1947	975	1583
Balance Sheet										
Net Fixed assets	2008	1817	1591	1386	1658	2287	3388	4940	5266	6492
Investments	1799	1812	1812	1951	2222	4364	4442	4353	4839	4352
Net current assets	3128	4128	3790	3459	2910	3324	3835	2845	2195	3036
Total	6935	7757	7193	6796	6790	9975	11665	12138	12300	13880
Share capital	948	948	948	948	948	948	948	1897	1897	1897
Reserves & surplus	3097	3072	3091	3121	3334	7573	8764	9202	9480	10718
Net Worth	4045	4020	4039	4069	4282	8521	9712	11099	11377	12615
Loan funds	2890	3737	3154	2727	2508	1454	1953	1039	923	1265
Total	6935	7757	7193	6796	6790	9975	11665	12138	12300	13880
EPS (Rs) @	0.04	0.54	0.84	0.92	2.40	6.39	8.79	10.26	6.17 #	8.35
DPS (Rs) @	0.60	0.75	0.75	0.75	1.25	2.00	2.00	2.70	2.00	3.00
Book value per share (Rs) @	21.33	21.19	21.29	21.45	22.57	44.92	51.20	58.52	59.98	66.51
Return on capital employed (ROCE) %	8.6	10.8	14.6	13.7	20.2	27.8	25.5	29.7	12.7 #	15.6
Return on net worth (RONW) %	0.2	2.6	4.0	4.3	10.9	18.9	18.3	18.7	10.3 #	13.2
Fixed assets turnover (No. of times)	3.0	4.0	5.2	4.4	5.7	6.3	6.2	5.1	3.0 #	2.7
Working capital turnover (No. of times)	1.9	2.1	2.2	1.8	2.7	4.0	4.9	6.3	6.2 #	6.1
Gross profit as % of total income	13.4	13.4	14.9	17.1	18.3	20.1	16.9	18.7	12.3	15.2
Net profit as % of total income	0.1	1.3	1.8	2.6	5.2	9.5	9.2	8.8	7.0	9.1

@ adjusted for bonus issue.

ROCE is profit before interest and taxation divided by average networth plus loan funds.

RONW is profit after tax divided by average networth.

Fixed assets turnover is sales divided by average net fixed assets as at the end of the year.

Working capital turnover is sales divided by average net current assets as at the end of the year.

★ Figures for ten months ended 31st March 1998.

Figures are annualised.

Sundaram-Clayton Limited**Notice to the Shareholders**

NOTICE is hereby given that the thirty seventh annual general meeting of the company will be held at The Music Academy, 306, T T K Road (Mowbrays Road), Chennai 600 014 on Friday, the 24th September 1999, at 10.15 a.m. to transact the following business:

ORDINARY BUSINESS

- 1. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT the audited balance sheet as at 31st March, 1999 and the profit and loss account of the company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

- 2. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT pursuant to the recommendation of the directors, a dividend of Rs. 3.00 per share absorbing a sum of Rs.569.03 lakhs be and is hereby declared on 1,89,67,584 equity shares of Rs. 10/- each fully paid up, comprised in the paid up equity share capital of the company viz., Rs. 1,896.76 lakhs, for the year ended 31st March 1999 and the same be paid to shareholders whose names appear in the register of members of the company on 10th September 1999.

- 3. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT Mr T K Balaji, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

- 4. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT Mr K Mahesh, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

- 5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby re-appointed as auditors of

the company to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the company on such remuneration as may be fixed in this behalf by the board of directors of the company.

SPECIAL BUSINESS

- 6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT Mr Antoine Di Pasquale be and is hereby appointed as a director of the company liable to retire by rotation.

- 7. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

RESOLVED THAT subject to the provisions of sections, 198, 269, 311 and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr Venu Srinivasan as managing director for a further period of five years from 23rd May 1999 and the remuneration payable to Mr Venu Srinivasan, managing director, upon such re-appointment as set out in the agreement dated 12th April 1999 entered into between the company and Mr Venu Srinivasan, copy of which is placed before the meeting and initialled by the chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the board of directors be and is hereby authorised to vary, from time to time, the percentage and quantum of commission payable to the managing director, provided that the total remuneration payable whether by way of salary, perquisites or commission and other allowances, shall not exceed five per cent of the net profits of the company in any financial year.

RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the board of directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 / Income tax Act, 1961 and / or the rules and regulations made thereunder and / or such guidelines as may be announced by the Central Government from time to time.

By order of the Board

Chennai
13th August, 1999

P SRINIVASAN
Secretary

Registered Office:
"Jayalakshmi Estates"
8 Haddows Road, Chennai 600 006



Sundaram-Clayton Limited

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS AS THE CASE MAY BE OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY AND THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT IS SIGNED OR A NOTARIALY CERTIFIED COPY OF THAT POWER OR AUTHORITY SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.**
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under item nos. 6 & 7 as set out above is annexed hereto.
3. The register of members and the share transfer books of the company will remain closed from 10th September 1999 to 24th September 1999, both days inclusive.
4. The dividend on the equity shares as recommended by the Board of Directors when declared, will be made payable on or after 24th September 1999 to those shareholders (or their mandatees) whose names appear in the register of members of the company on 10th September 1999.
5. The dividend is exempt from tax under section 10(33) of the Income Tax Act, 1961, in the hands of the shareholders.
6. The dividend declared for the year ended 31st May 1994, which remained unclaimed has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said period may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, Tamil Nadu, "Shastri Bhavan", 26, Haddows Road, Chennai 600 006.
7. Consequent upon the amendment to section 205A read with Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st May 1995 and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government.
8. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim to the company by surrendering the unencashed warrants immediately.
9. For any queries on the Depository system members may contact any Depository Participant or the Shares department at the Registered Office of the company.
10. Members are requested to notify immediately any change in their address to the company.
11. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
12. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and handover the slip at the entrance of the meeting hall.

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Sundaram-Clayton Limited**Explanatory statement pursuant to section 173(2) of the Companies Act, 1956**

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 13th August 1999 and shall be taken as forming part of the notice.

Item No.6

Mr Antoine Di Pasquale was appointed as a director of the company with effect from 30th October 1998 in the casual vacancy caused by the resignation of Mr George Eric Nutter. In terms of section 262 of the Companies Act, 1956 Mr Antoine Di Pasquale will hold office only upto the date of this annual general meeting, when Mr George Eric Nutter would have retired in the normal course.

Notice has been received from a member of the company under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr Antoine Di Pasquale for the office of director and to move the resolution as set out in item no.6 of this notice.

The directors recommend the resolution for approval of the shareholders.

Mr Antoine Di Pasquale is deemed to be concerned or interested in the resolution.

Item No.7

In term of appointment of Mr. Venu Srinivasan as Managing Director expired on 22nd May 1999. In terms of article 138 of the articles of association of the company Mr Venu Srinivasan was re-appointed by the board of directors as managing director for a further period of five years from 23rd May 1999.

The last re-appointment and the remuneration payable to Mr Venu Srinivasan were approved by the shareholders at the annual general meeting held on 23rd November 1994. The remuneration payable to Mr Venu Srinivasan was enhanced from Rs.60,000 to Rs.1,00,000 per month in terms of resolution passed at the 33rd annual general meeting of the company held on 10th November 1995.

The board of directors has proposed to pay the same remuneration as approved by the shareholders on the re-appointment of Mr Venu Srinivasan, managing

director, which is within the limits prescribed under schedule XIII to the Companies Act, 1956.

Necessary agreement was executed by the company with Mr Venu Srinivasan giving effect to the abovesaid proposal. Details of the remuneration as contained in the agreement dated 12th April 1999 entered between him and the company are as under:

Salary : Rs. 1,00,000 (Rupees one lakh only) per month

Commission : Not exceeding two percent of the net profits of the company for a financial year, as may be decided by the board of directors for each financial year.

Perquisites**I. Housing**

Housing I : The company shall provide its own furnished accommodation for the managing director free of rent.

Housing II : In case no accommodation is owned by the company:

- a. the expenditure on hiring furnished accommodation for the managing director will be subject to a ceiling of sixty per cent of the salary; or
- b. the managing director shall be entitled to house rent allowance subject to a ceiling of sixty per cent of the salary.

Explanation: The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the managing director.

II. Medical Reimbursement

Expenses incurred for the managing director and his family, including premium for medical insurance.



Sundaram-Clayton Limited

III. Leave Travel Concession

Leave travel concession for managing director and his family, once in a year, incurred in accordance with the rules of the company.

Explanation : For the purposes of medical reimbursement and leave travel concession, family means the spouse, dependent children and dependent parents of the managing director.

IV. Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

V. Personal accident insurance

Personal accident insurance for an amount, the annual premium of which does not exceed Rs.10,000/-

VI. Company's contribution to provident fund and superannuation fund which shall not, in the aggregate exceed 27% of the salary or such other higher rate as may be notified by the Central Government from time to time.

VII. Gratuity as per rules of the company, not exceeding half a month's salary for each completed year of service.

VIII. Earned leave : On full pay and allowances as per rules of the company, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.

IX. The managing director shall be provided with car for use on company's business, and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the company to the managing director.

X. The managing director shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the company's business.

XI. The managing director so long as he functions as such, shall not be paid any sitting fees for attending meetings of the board of directors or committees thereof.

In the event of loss or inadequacy of profits for any financial year, the board of directors shall revise the remuneration payable to managing director, during such financial year, in such manner as agreed to between the board of directors and the managing director and within the limits prescribed in this behalf under Schedule XIII to the Companies Act, 1956.

In compliance with the provisions of Sections 269, 309, 310 & 311 of the Companies Act, 1956, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director, who are brothers and Mr T K Balaji director being a relative of both of them are / may be deemed to be concerned or interested in this resolution.

This may be treated as an abstract of the respective agreement / supplemental agreements between the company and Mr Venu Srinivasan, managing director pursuant to section 302 of the Companies Act, 1956.

Inspection of documents

The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the company on any working day between 10.00 a.m. and 12.00 noon.

By order of the Board

Chennai
13th August, 1999

P SRINIVASAN
Secretary

Registered Office:
"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

Sundaram-Clayton Limited



Directors' report to the Shareholders

The directors have great pleasure in presenting the 37th annual report and the audited accounts for the year ended 31st March 1999.

2. FINANCIAL HIGHLIGHTS

Details	Rupees in lakhs	
	Year ended 31.3.1999	Ten months period ended 31.3.1998
Sales and other income	17,318.41	13,937.25
Gross profit before interest and depreciation	2,684.45	1,708.14
Interest (Net)	—	34.58
Depreciation	576.62	409.84
Profit before tax	2,107.83	1,263.72
Provision for taxation	525.00	288.00
Profit after tax	1,582.83	975.72
Add: Tax relating to earlier years	287.54	—
Surplus brought forward from previous year	464.46	582.84
Investment allowance reserve withdrawn	—	27.50
Debenture redemption reserve withdrawn	—	252.00
Total	2,334.83	1,838.06
Tax relating to earlier years	—	281.31
Transfer to general reserve	1,050.00	675.00
Proposed dividend	569.03 (30%)	379.35 (20%)
Tax on dividend	62.59	37.94
Surplus in Profit & Loss Account	653.21	464.46
	2,334.83	1,838.06

3. DIVIDEND

The directors have pleasure in recommending a dividend of 30% for the year ended 31st March 1999. The dividend, if approved by the shareholders, would absorb Rs.569.03 lakhs and be paid to all shareholders whose names stand on the register of members on 10th September 1999.

4. PERFORMANCE

During the year under review, heavy and medium segments of the commercial vehicle industry registered a negative growth of 10% in sales over that of the previous year.

The company was able to achieve a turnover of Rs.160 crores during the year 1998-99 as against Rs.130 crores for the ten months ended 31st March 1998.

The company's foundry at Belagondapalli near Hosur commenced production from January 1999 onwards. The performance of the foundry division improved during the year with sales reaching 4389 tonnes as compared to 3515 tonnes during the previous ten months ended 31st March 1998. Orders placed by Hyundai during the year have contributed for the increase in turnover of the division substantially and also for the improvement in its profitability.

In November 1998, the company won the prestigious Deming Prize for total quality - company wide quality control, instituted by Japanese Union of Scientists and Engineers (JUSE). Our company is the first to receive the award in India and Asia and the fourth company to get the award outside Japan. The prize is not just a recognition of quality, but of the organisation itself.

5. OUTLOOK

In the first quarter of the current financial year 1999-2000, the commercial vehicle sales witnessed refreshing improvement by recording a growth of 45% over the corresponding quarter of 1998-99. Similar improvement is seen in the sales of light commercial vehicles also. It is expected that the estimated growth in 1999-2000 in this segment would be around 10% over that of the previous year. All these augur well for the company's profitability in the current year.

The company plans to have in-house alloying with a view to reduce cost and improve quality. The company also expects to supply increased volumes of castings in 1999-2000 to its customers like Tata Cummins, Hyundai and Ford India Limited.

6. FINANCE

The company has planned for an investment of around Rs.27 crores to augment foundry capacity and for updating manufacturing process, quality improvements and better infrastructure in both the divisions. This investment will be met out of internal resources.



Sundaram-Clayton Limited

7. SUBSIDIARY AND ASSOCIATE COMPANIES

The sales of our associate company TVS-Suzuki Ltd (TSL) increased by 29% to Rs.1313.07 crores as against Rs.1018.62 crores in the previous year 1997-98. Net profit after tax went up by 19% from Rs.68.76 crores to Rs.82.09 crores. The board of directors of TSL has recommended a dividend of 70% for the year ended 31st March 1999.

TVS Electronics Limited, our subsidiary closed its accounting year for a period of nine months from 1st April 1998 to 31st December 1998. During this period the turnover of the company was Rs.84.64 crores and the net profit after tax was Rs.1.09 crores. The company declared a dividend of 5% for the nine months ended 31st December 1998.

As part of its plan to restructure its business activity TVS Finance Ltd, our wholly owned subsidiary has discontinued its hire-purchase and leasing activities. This company will henceforth operate as an investment outfit.

Anusha Investments Limited, another wholly owned subsidiary of our company has declared an interim dividend of 43% for the year 1998-99.

8. DIRECTORS

Mr George Eric Nutter and Mr Frederick W Jaqua resigned from the board in October 1998. The board of directors place on record their appreciation of the services rendered by Mr Nutter and Mr Jaqua during their tenure as directors of the company.

Mr Antoine Di Pasquale was appointed as a director in the casual vacancy caused by the resignation of Mr G E Nutter with effect from 30th October 1998. In terms of section 262 of the Companies Act, 1956 Mr Antoine DiPasquale will hold office only upto the date of the ensuing annual general meeting, when Mr Nutter would have retired from office. Notice has been received from a member of the company signifying his intention to propose the appointment of Mr Antoine DiPasquale as a director of the company in the ensuing annual general meeting.

M/s. T K Balaji and K Mahesh, directors will be retiring at this annual general meeting and are eligible for re-appointment.

The board of directors at their meeting held on 12th April 1999 re-appointed Mr Venu Srinivasan as managing director for a further period of five years from 23rd May 1999 on the same remuneration as earlier fixed by the board and approved by the shareholders. The resolution approving his appointment and payment of remuneration is being placed

before the shareholders at the ensuing annual general meeting.

9. AUDITORS

M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the ensuing annual general meeting and are eligible for re-appointment.

10. STATUTORY STATEMENTS

As required by section 212 of the Companies Act, 1956, a statement showing the company's interest in the subsidiaries is enclosed with the balance sheet of the company.

As per the requirements of 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, the information regarding conversion of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure I to this report.

The particulars required pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in annexure II to this report.

Status on Y2K Compliance is given in annexure III to this report.

11. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from M/s.T V Sundram Iyengar and Sons Limited, Madurai, and American Standard Inc., USA.

The directors thank the vehicle manufacturers, distributors, vendors, bankers, financial institutions and deposit holders for their continued support and assistance.

The directors place on record their appreciation for the sincere efforts of all the employees, but for which the company would not have won the Deming Prize.

The directors also thank the shareholders for their continued faith in the company.

Chennai
13th August 1999

By order of the Board
SURESH KRISHNA
Chairman

Sundaram-Clayton Limited



Annexure I to Directors' report for the year ended 31st March 1999

Information as required under section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

1. Measures taken:

Introduction of round coil type heaters in eight electrical furnaces.

Replacement of asbestos roof sheets by transparent FRP sheets to save power for lighting in daytime in foundry.

Improving the power factor of distribution system from 0.94 to 0.95 by replacing faulty capacitors.

Switching over from electric heating to steam heating in hot water boilers.

Introduction of fuel economiser in steam boiler and diesel generator to reduce consumption.

Reduction of energy consumption in package AC units by providing thermostat control.

The above measures have resulted in savings of approximately Rs.11.28 lakhs.

2. Proposed measures:

Change over from LDO to Furnace oil in reverberatory furnace for melting aluminium ingots.

Introduction of thermic fluid heating instead of electric heating in plating shop.

Switch over from water cooled to air cooled condensers for package ACs.

Provision of FRP induced draft cooling tower for central AC plant.

The above measures are expected to result in annual saving of approximately Rs.56.45 lakhs.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

(1) Specific areas in which R & D is carried out by the company.

Existing activities:

- a) Customer oriented product development including compressor for tractor, exhaust brake assembly.
- b) Development of air filter with twist lock arrangement for better serviceability and maintenance.
- c) Development of new wedge brake actuator to improve brake system efficiency.
- d) Introduction of study on flow analysis using simulation techniques for better die design.

(2) Benefits derived as a result of R & D:

The development of products like exhaust brake assembly, improved air filter, new wedge brake actuator will lead to increase in business in the Indian Market.

Development of products like push pull valve for exports market will lead to our participation in the International Market.

(3) Future plan of action:

- a. Concentrated efforts in the sphere of value engineering using modern techniques.
- b. Developing more products for exports.
- c. Develop new technology product like air processing unit.

(4) Expenditure in R & D:

Rs. in lakhs

Capital expenditure	89.22
Recurring expenditure (including salaries)	354.39
	<u>443.61</u>

Total expenditure as a percentage of turnover 2.8%

Technology absorption, adaptation and innovation:

a) Efforts in brief:

- i. Systematic training of personnel in the management of new products development for introduction of quality products with reduced lead time and cost.
- ii. Implementation of solid modelling and finite element analysis to implement value engineering idea in the new product development.

b) Benefits derived as a result of the above facts:

- i. Developed products to meet customer requirements with reduced time.
- ii. Increase in design capabilities using solid modelling.

c) Details relating to imported technology:

Manufacture of type 12 and type 12/16 wedge brake chamber and actuators respectively.

Year of import : 1994

Has technology been fully absorbed : Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

EXPORT ACTIVITIES:

- a. Exports during the year ended 31st March 1999 amounted to Rs.484.15 lakhs as against Rs.419.44 lakhs for the ten months period ended 31st March 1998.
- b. Expanding the product base and increasing the penetration through an optimal mix of pricing and promotions.

Total foreign exchange used and earned:

a) Foreign exchange used	Rs.1724.72 lakhs
b) Foreign exchange earned	Rs.484.15 lakhs

By order of the Board

Chennai
13th August 1999

SURESH KRISHNA
Chairman