



VIKRANT TYRES LTD.



BOARD OF DIRECTORS

B.S. Patil, IAS

Chairman

Srawan Kumar Bagla

R. Balasubramanian

IDBI Nominee

Om Prakash Khaitan

G.K. Lokare, IAS

Karna Singh Mehta

C.K. Neelakanta Raj, IAS

C. Gopal Reddy, IAS

B.R. Sethi

LIC Nominee

Swaroop Chand Sethi

Bharat Hari Singhania

Raghupati Singhania

Vikrampati Singhania

Arun Kumar Bajoria

President

Auditors

M/s K.P. Rao & Company

Chartered Accountants

54, Chamaraja Road

Fort Mohalla

Mysore-570 004

Bankers

Indian Bank

Syndicate Bank

State Bank of India

Punjab National Bank

State Bank of Mysore

Vijaya Bank

Corporation Bank

REGISTERED OFFICE :

"VIKRANT HOUSE"

No. 54, I Main Road,

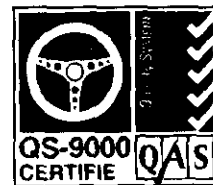
V.V. Mohalla

Mysore-570 002

ADMN. OFFICE / FACTORY

K.R.S. Road, Metagalli

Mysore - 570 016



FINANCIAL HIGHLIGHTS

	1999-00	1998-99
	Rs. in crores (10 million)	
SALES AND EARNINGS		
Gross Sales	363.30	377.22
Other Income	1.93	5.46
Operating Profit	33.22	40.06
Interest	7.45	12.89
Profit Before Depreciation & Tax	25.77	27.17
Profit After Tax	14.55	17.50
CAPITAL EMPLOYED		
Gross Fixed Assets	290.48	222.20
Net Fixed Assets	179.84	119.51
Net Current Assets	93.50	80.60
Total	273.34	200.11
SHARE HOLDERS' FUND		
Share Capital	25.63	25.63
Capital Reserves	1.26	1.26
Other Reserves	100.70	91.98
Total	127.59	118.87
DIVIDEND		
Amount	5.13	5.13
On Equity Share	20%	20%



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2000.

Operations

The turnover for the year under review was Rs. 363.30 Crores and Operating Profit Rs. 33.22 Crores. After providing for financial charges, depreciation and tax, the Net Profit was Rs. 14.55 Crores. The Company has been able to achieve a steep reduction in financial costs as a result of better working capital management and judicious funds utilisation.

The year witnessed a good growth in the commercial tyre sector and your Company was able to maintain its market share. The operations of the Company would have been better but for the loss of production and sales due to a 45 days illegal strike resorted to by workmen during July-August 1999. During the year, the sales and distribution of the Company have been synergised with J.K. Tyre. This has resulted in cost savings in this area.

The thrust on infrastructure development is expected to increase the overall economic activity in the country. This should improve the freight movement which in turn would propel the demand for automobile tyres in the coming years.

Appropriations

Taking into account the surplus of Rs. 11.87 Crores brought forward from the previous year, the amount available for appropriation is Rs. 26.42 Crores. This is proposed to be appropriated as under :

	(Rs. in Crores)
General Reserve	8.00
Proposed Dividend including Dividend Tax	5.83
Surplus carried to Balance Sheet	12.59

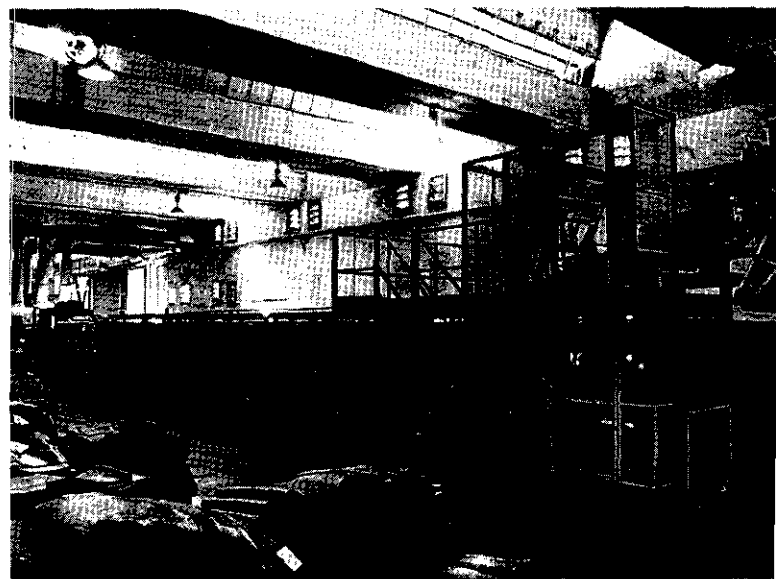
Dividends

Your Directors paid an interim dividend of Rs. 1.50 per Equity Share for the year under review. Your Directors recommend a final Dividend of Re. 0.50 per Equity Share which together with the Interim Dividend aggregates to Rs. 2 per Equity Share. The Dividends inclusive of Dividend Tax of Rs. 0.70 Crores will absorb Rs. 5.83 Crores.

Exports

Exports during the year at Rs. 67.87 Crores accounted for 19% of the total turnover. The Company received Certificate of Merit from CAPEXIL for yet another year, as a recognition of its export efforts.

Mixing Line



Modernisation

The first phase of Modernisation and Balancing Scheme is nearing completion. An investment of Rs. 156.87 crores has been made upto the end of this financial year. This will result in increased output, better efficiencies and superior quality products. This will further improve the overall performance of the Company.

During the year, the state-of-the-art All Steel Truck/Bus Radial Plant started production. The products of your Company, with most modern technology from Continental AG, Germany, the technical collaborators, have been well accepted in the market and are performing excellently.



Customer Meet

Industrial Relations

The workmen resorted to a 45 days illegal strike during July - August 1999 resulting in loss of production. Barring this, industrial relations remained cordial.

Your Directors are confident that the workforce of the Company at all levels would continue to respond to the challenges the business is passing through in the highly competitive environment. They should realise the need for change in mindsets and adopt a new work culture for attaining efficiencies all around.

Year 2000 (Y2K) Compliance

All the IT related activities (both hardware and software) of the Company were made Y2K compliant by 31st July 1999 and the roll-over to year 2000 was smooth. All systems/equipments are functioning in a normal manner.

Directors

Shri B S Patil, IAS and Shri C K Neelakanta Raj, IAS were nominated as Directors by KSIIDC in place of Shri N Viswanathan, IAS, who also ceased to be the Chairman, and Shri B K Das, IAS respectively. Shri R Balasubramanian was nominated on the Board by IDBI in place of Shri K.V. Chandrasekhara.

The Directors place on record their appreciation of the valuable services rendered by Shri N Viswanathan, IAS, Shri B K Das, IAS, and Shri K.V. Chandrasekhara during their respective tenures.

Shri G K Lokare, IAS was appointed as an Additional Director by KSIIDC. He holds office up to the date of ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director at the ensuing Annual General Meeting.

Shri Srawan Kumar Bagla, Shri Vikrampati Singhania and Shri Arun Kumar Bajoria, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s K P Rao & Co., Chartered Accountants, Mysore, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The appointment of Auditors is required to be made by a Special Resolution

pursuant to Section 224A of the Companies Act, 1956. The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

Cost Audit

Cost Audit for the year ended 31st March 2000 will be conducted by the Cost Auditor and his report will be submitted to the Department of Company Affairs, Government of India.

Particulars of Employees

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules 1975 as amended regarding employees is given in



Inside view of All Steel Truck/Bus Radial Plant

Annexure "B" to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Company's Mysore address.



Raghupati Singhania visiting Truck Radial Plant

Acknowledgements

The Board places on record its appreciation for the valuable inputs in critical areas provided by J.K. Industries Ltd. The Board also acknowledges the support and cooperation extended by Financial Institutions, Banks, Government of Karnataka and the Technical Collaborators, M/s Continental AG. The Directors wish to thank all the Shareholders, State Transport Undertakings, Dealers and the valued Customers for their patronage and support. The Board also conveys its appreciation of work put in by the employees at all levels.

For and on behalf of the
Board of Directors

Place : Bangalore
Date : 14th June, 2000

B S PATIL
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988.

A. CONSERVATION OF ENERGY

The Company has taken various measures for effecting improvement in Conservation of Energy including replacement of obsolete high energy consuming and low productivity machinery by new and more efficient machinery, re-insulation of various pipelines and elimination of leakages, providing transparent sheets and also improving northlight, replacement of energy inefficient electrical fittings with lamps.

B. AREA OF ADDITIONAL INVESTMENT AND PROPOSAL

Installation of devices to ensure energy efficiency, processes etc. is being planned.

POWER AND FUEL CONSUMPTION

1. ELECTRICITY : 1999-2000 1998-99

a) Purchased :

Units (Kwh in Lacs)	233.45	170.73
Total Amount (Rs. Lacs)	1007.65	770.64
Rate per Unit (Rs.)	4.32	4.51

b) Own Generation :

Diesel Generator :

Units (Kwh in Lacs)	140.90	165.96
Units (Kwh)/Ltr. of Diesel	3.18	3.21
Cost per Unit (Rs.)	3.79	3.12

2. FURNACE OIL :

Quantity (KL)	10844	10910
Total Cost (Rs. Lacs)	959.23	687.64
Average Rate (Rs./Litre)	8.85	6.30

3. CONSUMPTION PER UNIT OF PRODUCTION:

i) Electricity (Kwh/MT)	1225	1152
ii) Furnace Oil (Ltr./MT)	355	373

C. TECHNOLOGY ABSORPTION

1) RESEARCH & DEVELOPMENT (R&D)

a) Area of R&D Activities :

During the year, the focus of R&D activity was to develop All Steel Truck Radials for the Indian market.

