

|     |   |  |     |   |
|-----|---|--|-----|---|
| MD  | ✓ |  | BKC | ✓ |
| CS  | ✓ |  | DPY | ✓ |
| RO  | ✓ |  | DIY | ✓ |
| TRA | ✓ |  | AC  | ✓ |
| AGM | ✓ |  | SH  | ✓ |
| YE  | ✓ |  |     | ✓ |



A n n u a l  
R e p o r t  
1 9 9 7 - 9 8



SHRI YASHOVARDHAN BIRLA  
CHAIRMAN

**BIRLA YAMAHA LTD.****BOARD OF DIRECTORS**

Shri Yashovardhan Birla  
 Shri N.P. Ghuwalewala  
 Shri C.P. Shah  
 Shri S. Kato  
 Shri F. Tamura  
 Shri K. Suzuki  
 Shri T. Nakamura  
 Shri R.S. Sharma

Chairman

Alternate Shri Darius E. Udawadia  
 Alternate Smt. Lena Kasbekar  
 Alternate Shri Dilip D. Udeshi  
 Alternate Shri Nimesh Kampani  
 Managing Director

**AUDITORS**

Lodha & Company

**BANKERS**

Canara Bank  
 Punjab & Sind Bank  
 Punjab National Bank

**REGISTERED OFFICE**

Dalamal House, 1st Floor,  
 Nariman Point,  
 Mumbai - 400 021.

**HEAD OFFICE**

A-7, Ring Road,  
 South Extension, Part-I,  
 New Delhi - 110 049.

**FACTORY**

Lal Tappar,  
 P.O. Resham Mazri,  
 Dehradun,  
 Uttar Pradesh - 248 140.

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**BIRLA YAMAHA LTD.****NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of BIRLA YAMAHA LIMITED will be held on Tuesday, 15th September, 1998 at 2.30 P.M. at Jai Hind College Auditorium, 23-24, Church Gate, 'A' Road, Sitaram Devram Marg, Mumbai - 400 020 to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. R.S. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T. Nakamura, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix Auditors' remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:  
 "RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311 of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the increase in remuneration and perquisites of Mr. R.S.Sharma, as Managing Director of the Company, as set out in the draft Supplementary Agreement between the Company and Mr. R.S. Sharma placed before this Meeting and initialled by the Chairman for the purpose of identification be and is hereby approved."  
 "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to enter into a Supplementary Agreement on behalf of the Company with Mr. R.S. Sharma in terms of the aforesaid draft."

for BIRLA YAMAHA LIMITED

Place : Mumbai  
 Date : 17th June, 1998

R.S. Sharma  
 Managing Director

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 1st September, 1998 to 15th September, 1998 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
4. Members are requested to bring their copy of Annual Report at the meeting.
5. Members desiring any information regarding accounts, are requested to write to the Company at least 7 days before the date of the Meeting, so as to enable the Company to keep the information ready.
6. All documents referred in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 A.M. to 1.00 P.M. up to the date of Annual General Meeting, except on Sundays and other holidays.
7. Members are requested to notify immediately change in their address, if any, to the Company at its Registered Office by quoting their folio numbers.
8. Members are requested to intimate their Bank Account details so that the same can be printed on the dividend warrant, to avoid the incidence of fraudulent encashment of the dividend warrant.

**ANNEXURE TO THE NOTICE**

(Explanatory Statement under Section 173(2) of the Companies Act, 1956).

**Item No. 6**

Mr. R.S. Sharma was appointed as Managing Director of the Company w.e.f. 27.06.95 at a salary of Rs. 25,000/- p.m. in the scale of Rs. 25,000-2,500-35,000. Increments subject to the approval of the Board of Directors of the Company plus perquisites.

At present Mr. R.S. Sharma is getting a basic salary of Rs. 35,000/- p.m. and as such has already achieved the maximum salary scale approved by the members in the Tenth Annual General Meeting held on 25th September, 1995.

## BIRLA YAMAHA LTD.

At the Board meeting held on 17th June, 1998, the Board of Directors of the Company proposed to increase the remuneration and perquisites payable to Mr. R.S. Sharma as set out in the draft Agreement. The remuneration and perquisites payable to Mr. R.S. Sharma are in conformity with the requirements of Schedule XIII to the Companies Act, 1956. Consequently no approval of the Central Government is required for the proposed increase in the remuneration.

The Material provisions of the draft Supplementary Agreement are as under:

- A1. Salary : Rs. 37,500/- per month in the scale of Rs. 35,000-2,500-50,000. Increments shall be subject to the approval of the Board of Directors.
2. Commission : @ 1% of the net profit of the Company for each financial year or part thereof, computed in the manner laid down under section 309 of the Companies Act, 1956 and in any case, shall not exceed 50% of the aforesaid salary.

### B. Perquisites :

#### (i) Housing

- a) The expenditure by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60 per cent of the basic salary.
- b) Free furnished accommodation in case the accommodation is owned by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to a ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water & furnishing will be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of the basic salary.

- ii) Medical Reimbursement - Expenses incurred by the Managing Director and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) Leave Travel Assistance/Reimbursement - For the Managing Director and his family once in a year in accordance with the Rules specified by the Company, subject to a ceiling of one month's salary in a year or

three months' salary over a period of three years.

- 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 - Premium not to exceed Rs. 4,000/- per annum.
- vi) Provident Fund & Superannuation Fund - Contribution to Provident fund, Superannuation Fund or Annuity Fund under the Company's Rules to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- vii) Gratuity - Gratuity in respect of the period of appointment not exceeding half month's salary for each completed year of service subject to a ceiling of Rs. 2,50,000/- (Rupees Two lacs fifty thousand).
- viii) Leave Encashment - In accordance with the rules specified by the Company.
- ix) Car and Telephone - Provision of one car with driver for use for Company's business and telephone at the residence will not be considered as perquisite. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Managing Director.

In case of absence or inadequacy of profit in any financial year, Mr. R.S.Sharma, as such "Managing Director" of the Company will be entitled to receive the remuneration as specified above as minimum remuneration.

Consent of the members is sought to the proposed increase in the remuneration of the Managing Director as aforesaid.

Mr.R.S. Sharma is interested in the Resolution at Item No. 6 since it relates to his remuneration.

Your Directors recommend the resolution for your approval.

for BIRLA YAMAHA LIMITED

Place : Mumbai  
Date : 17th June, 1998

R.S.Sharma  
Managing Director

**BIRLA YAMAHA LTD.****DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in presenting their Thirteenth Annual Report on the operation of the Company together with the Audited Accounts for the financial year ended on 31st March, 1998.

**FINANCIAL RESULTS**

|  | (Rs. in lacs)                  |                                |
|--|--------------------------------|--------------------------------|
|  | For the year<br>ended 31.03.98 | For the year<br>ended 31.03.97 |
| Sales & other income                       | 7155.14                        | 7641.54                        |
| Profit before interest<br>and depreciation | 1383.77                        | 1412.32                        |
| Interest (Net)                             | 65.73                          | 119.62                         |
| Profit before depreciation                 | 1318.04                        | 1292.70                        |
| Depreciation                               | 202.27                         | 228.16                         |
| Profit after depreciation                  | 1115.77                        | 1064.54                        |
| Add/(Less) : Prior<br>period adjustments   | 4.35                           | (1.36)                         |
| Profit before tax                          | 1120.12                        | 1063.18                        |
| Provision for taxation                     | 399.00                         | 62.00                          |
| Profit after tax                           | 721.12                         | 1001.18                        |

A sum of Rs. 100 lacs has been transferred to General Reserve during the year.

**OPERATIONS**

During the year, the Company produced 36378 Nos. of gensets/engines. Sales and other income during the year was Rs. 71.55 crores as against Rs. 76.42 crores during the previous year. Profit before tax has increased from Rs. 10.63 crores to Rs. 11.20 crores, showing an increase of 5.36% over last year.

The Company has earned a net profit of Rs.7.21 crores after making provision for taxation of Rs.3.99 crores.

The year 1997-98 witnessed a general slack in the demand of consumer durables. Another factor that added to this was the currency crisis in South East Asian Countries which led to decline in exports.

You will be glad to know that your Company has been discharged from the purview of the Board for Industrial & Financial Reconstruction (BIFR) during the year and the Company is no more a Sick Industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985.

**DIVIDEND**

Your Directors are pleased to recommend a maiden dividend of 11% for the year ended 31st March, 1998 on the enhanced paid up Equity Capital on pro-rata basis.

**PROSPECTS**

Your Company is on the verge of achieving ISO Certification and this would certainly help the Company in its marketing activities and enhancing corporate image. A new four stroke model, namely LG 700K has been launched. This Kerosene driven four stroke model is expected to fill the long standing gap in the lower segment of our four stroke range of generators.

**DIRECTORS**

The nomination of Mr. A.C.Tiwari, Special Director has been withdrawn by the Board for Industrial & Financial Reconstruction (BIFR), since the Company has been discharged from the purview of BIFR. The directors wish to place on record their appreciation for the valuable guidance rendered by Mr. A.C.Tiwari during his tenure as Director of the Company.

The nomination of Mr.S.Ghosh, nominee of General Insurance Corporation of India has also been withdrawn by the General Insurance Corporation of India. The directors wish to place on record their appreciation for the valuable guidance rendered by Mr. S.Ghosh during his tenure as Director of the Company.

Mr.R.S. Sharma retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. T. Nakamura retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

**AUDITORS**

M/s Lodha & Co., Chartered Accountants, Auditors of the Company holds office until the conclusion of the forthcoming Annual General Meeting and is recommended for re-appointment. The observations of the Auditors in their Report, Annexure thereto and Notes attached to the Accounts are self-explanatory and/or are suitably explained in the Notes to the Accounts.

**INDUSTRIAL RELATIONS**

The Company enjoyed harmonious relation with employees throughout the year.

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

The particulars of energy conservation as prescribed, have not been provided as our industry is not specified in the Schedule.



**BIRLA YAMAHA LTD.**

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The Details regarding Technology Absorption as per Form 'B' are enclosed.

Your Company was a net foreign exchange earner in the year 1997-98 as the outgo was Rs. 4.89 crores through imports and royalty etc. and inflow was Rs. 7.21 crores through exports.

**PARTICULARS OF EMPLOYEES**

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

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere appreciation for the continued co-operation, guidance and assistance provided by the Central Government, Government of Uttar Pradesh and the Financial Institutions and Banks.

Your Directors wish to express their thanks to the collaborator, M/s Yamaha Motor Company Ltd., Japan for the co-operation and assistance extended by it at all times and for the special efforts for the development of the new model LG 700 K.

The Directors also wish to place on record their deep sense of appreciation for the dedicated services rendered by the officers, staff and workers of the Company.

The Board takes this opportunity to express its deep gratitude for the continuous support received from the shareholders.

for and on behalf of the  
BOARD OF DIRECTORS

Place : Mumbai  
Date : 17th June, 1998

Yashovardhan Birla  
Chairman

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**BIRLA YAMAHA LTD.****ANNEXURE TO DIRECTORS' REPORT**

Additional information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31.03.98.

| Sl. No. | Name                 | Qualification             | Age (Years) | Designation                    | Experience (Years) | Date of Commencement of employment | Remuneration drawn (in Rupees) | Last Employment held (Name of Employer/ Designation) |
|---------|----------------------|---------------------------|-------------|--------------------------------|--------------------|------------------------------------|--------------------------------|--|
| 1.      | SHARMA R.S.          | B.Sc. (Engg.) Hons.       | 47          | Managing Director              | 24                 | 10.04.95                           | 10,61,977/-                    | Escorts Ltd., Associate Vice President               |
| 2.      | RAJAGOPALAN S.       | AMIE, PGDM                | 48          | Vice President (Technical)     | 30                 | 12.05.86                           | 3,80,207/-                     | Ideal Jawa (P) Ltd., Mysore. QC Manager              |
| 3.      | GILL S.S.            | B.E. (Mech.)              | 44          | Vice President (C.P.)          | 22                 | 01.12.94                           | 3,74,082/-                     | Hero Honda Motors Ltd., Sr. Div. Mgr.                |
| 4.      | KAPOOR SANDEEP       | B.Tech. (Mech.), M.B.A.   | 33          | Dy. General Manager (Mktg.)    | 10                 | 22.02.97                           | 3,07,688/-                     | HOPE, Divisional Manager (TAG)                       |
| 5.      | GOEL B.              | B.E. (Electrical)         | 43          | Dy. General Manager (Material) | 23                 | 17.07.96                           | 3,00,045/-                     | Escorts Communications Ltd., Divisional Manager      |
| *       |                      |                           |             |                                |                    |                                    |                                |  |
| 6.      | IYER SHIV SHANKER    | B.Sc., PGDII              | 38          | Dy. General Manager (Mktg.)    | 13                 | 01.05.97                           | 2,02,648/-                     | Geep Inds. Syndicate Ltd., (Sales & Marketing)       |
| *       |                      |                           |             |                                |                    |                                    |                                |  |
| 7.      | KUMAR VINOD          | M.B.E., B.A. (Hons.) Eco. | 41          | Vice President (Marketing)     | 21                 | 02.06.97                           | 1,96,923/-                     | BPL Refrigerations Ltd., DGM                         |
| *       |                      |                           |             |                                |                    |                                    |                                |  |
| 8.      | MAHESHWARI P.K.      | B.E. (Mech.)              | 43          | General Manager (Materials)    | 21                 | 16.08.90                           | 1,38,608/-                     | Bihar Alloys Steels Ltd., D.G.M. (Production)        |
| *       |                      |                           |             |                                |                    |                                    |                                |  |
| 9.      | DAYAL H.S.           | M.E. (I.C. Engg.)         | 57          | Vice President (Works)         | 32                 | 13.08.94                           | 1,38,557/-                     | LML LTD., DGM  |
| *       |                      |                           |             |                                |                    |                                    |                                |  |
| 10.     | AGGARWAL LALIT MOHAN | B.E. (Mech.), B.Sc.       | 55          | Vice President (R&D)           | 30                 | 27.01.97                           | 80,883/-                       | Amforge Inds. Ltd., V.P. (Operations)                |

\* Indicates employment for the part of the year.

**Notes :**

- The Remuneration as shown above includes Salary, Company's Contribution to Provident Fund & Superannuation Scheme, House Rent Allowance, Expenditure by the Company on Accommodation, Leave Travel Assistance, Medical and other facilities.
- The above details are of those employees who were employed throughout the accounting year and in receipt of remuneration not less than Rs.3,00,000/- per annum and who were employed for the part of the year and in receipt of remuneration of not less than Rs.25,000/- per month.
- No appointment except Serial No.1 is contractual.
- None of the employee is a relative of any Director of the Company.