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BIRLA YAMAHA LTD.

15th ANNUAL REPORT 1999-2000



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BIRLA YAMAHA LTD.**BOARD OF DIRECTORS**

Shri Yashovardhan Birla
 Shri F.D. Neterwalla
 Shri C.P. Shah
 Shri A. Endo
 Shri K. Suzuki
 Shri F. Tamura
 Shri Koichi Iwahara
 Shri R.S. Sharma

Chairman

Alternate Shri Harminder Chawla
 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

STOCK EXCHANGES

1. Mumbai Stock Exchange Association Limited
 Phiroze Jeejeebhoy Towers
 Dalal Street, Mumbai - 400 001
2. Delhi Stock Exchange Association Limited
 3/1, Asaf Ali Road,
 New Delhi - 110 002
3. Calcutta Stock Exchange Association Limited,
 7, Lyons Range,
 Calcutta - 700 001

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BIRLA YAMAHA LTD.**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of BIRLA YAMAHA LIMITED will be held on Thursday, 28th September, 2000 at 4.00 P.M. at Ashoka-Hall, Arcadia, NCPA Marg, Nr. New Oberoi, Nariman Point, Mumbai-400021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2000.
3. To appoint a Director in place of Mr. C.P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To appoint a Director in place of Mr. A. Endo who holds office upto the date of this Annual General Meeting by reason of Section 262 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. A. Endo as a candidate for the office of Director.

for BIRLA YAMAHA LIMITED

Mumbai
28th July, 2000

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 COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 11th September, 2000 to 28th September, 2000 (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 as regards the 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 A.M. to 1 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.
9. Members are requested to avail the facility of nomination by sending the required details in prescribed form i.e. Form No. 2B under the companies (Central Government's) General Rules and Forms, 1956.

ANNEXURE TO THE NOTICE

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

Item No. 5

Mr. A. Endo was appointed as a Director of the Company at the meeting of the Board of Directors held on 12th October, 1998 to fill the casual vacancy caused by the resignation of Mr. F. Tamura. Mr. F. Tamura, in whose place Mr. A. Endo was appointed as Director would have held office up to the date of this Annual General Meeting, had he not resigned. Pursuant to Section 262 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company, Mr. A. Endo holds office up to the date of this Annual General Meeting. A notice in writing from a member signifying his intention to propose the name of Mr. A. Endo as a candidate for the office of Director has been received by the Company alongwith a deposit of Rs.500/- pursuant to Section 257 of the Companies Act, 1956. The appointment of Mr. A. Endo as Director would be in the best interest of the Company, and your Board recommends his re-appointment. Mr. A. Endo is interested in the Resolution since it relates to his re-appointment.

for BIRLA YAMAHA LIMITED

Mumbai
28th July, 2000

R.S. SHARMA
Managing Director

BIRLA YAMAHA LTD.**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report on the operation of the Company together with the Audited statement of Accounts for the financial year ended on 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For the year ended 31.03.2000	For the year ended 31.03.1999
Sales & other income	7057.38	6936.71
Profit before interest and depreciation	1364.05	1252.78
Interest (Net)	106.54	106.25
Profit before depreciation	1257.51	1146.53
Depreciation	243.90	245.59
Profit after depreciation but before tax	1013.61	900.94
Provision for taxation	385.29	280.00
Profit after tax	628.32	620.94
Excess/ (short) provision for tax of earlier years	(16.71)	111.23
Net Profit	611.61	732.17

A sum of Rs. 500.00 lacs has been transferred to General Reserve during the year.

OPERATIONS

During the year under review, the Company produced 39595 Nos. of gensets/ engines and sold 37934 Nos. as against 35082 Nos. and 35126 Nos. of gensets/ engines produced and sold respectively during the financial year 1998-99. Sales & Other Income during the year was Rs.7057.38 lacs as against Rs.6936.71 lacs during the last year. Despite stagnant domestic market and declining exports, sales volume registered an increase of 8% over the corresponding figure of the last year. The Company has earned a profit of Rs.628.32 lacs after making provision for taxation of Rs.385.29 lacs.

During the year, the Company successfully launched pumpsets and sprayers which received favourable response in the rural market.

A new unit at Paonta Sahib (Himachal Pradesh) also started functioning resulting in greater flexibility in operations and thereby improving the bottom line.

ERP system from Baan was successfully implemented. With this, the total operations of the Company including

Purchases, Manufacturing, Distribution, Finance and Accounts have been integrated and are working on line on computers.

DIVIDEND

Your Directors are pleased to recommend a dividend of 11% on the Equity Shares of the Company for the year ended 31st March, 2000. The proposed dividend, if approved at the forthcoming Annual General Meeting of the Company, shall be paid to those shareholders/beneficial owners whose names appear in the Register of Members as on the date of Fifteenth Annual General Meeting.

FUTURE PROSPECTS

In June, 2000, the Company has launched a complete new range of Gensets named as 'ECOGEN' series. Because of low emission technology incorporated in these gensets, they will be fully emission compliant as per the norms laid down by the Central Pollution Control Board and will also be in line with the international emission norms.

The Company is planning to further strengthen the manufacturing facilities at Paonta Sahib (Himachal Pradesh) in order to rationalise product mix and optimise resources at the manufacturing plants.

DEMATERIALISATION OF SHARES

You will be pleased to know that the shares of your Company have been activated for dematerialisation on National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) w.e.f 1st April, 2000. M/s Alankit Assignments Ltd. has been appointed as Registrar & Transfer Agent to offer Depository Services connected with the Electronic Transfer of Shares. The Securities and Exchange Board of India (SEBI) has made it mandatory to trade the securities of your Company in dematerialised form w.e.f 28th August, 2000 for all investors.

LISTING

The securities of your Company continue to be listed with the Mumbai Stock Exchange, Delhi Stock Exchange and Calcutta Stock Exchange, apart from being traded in the National Stock Exchange. The annual listing fees have been paid to all the stock exchanges where the securities of the Company are listed.

STATUS OF Y2K COMPLIANCE

Your Company has successfully rolled over to the new millennium. All systems have since been working properly.

DIRECTORS

Mr. A.Endo has been appointed as a Director of the Company at the meeting of the Board of Directors held on 12th October, 1998 to fill the casual vacancy caused by the resignation of Mr.F.Tamura, Director liable to retire by rotation. Mr.F.Tamura, in whose place Mr. A.Endo was appointed as Director would have held office up to the date of this Annual General Meeting had he not resigned. Pursuant to Section 262 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company, Mr. A.Endo holds office up to the date of this Annual General Meeting.

BIRLA YAMAHA LTD.

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

Mr.F.Tamura was again appointed as a Director of the Company at the meeting of the Board of Directors held on 26th October, 1999 to fill the casual vacancy caused due to the resignation of Mr. T.Nakamura, Director, whose term of office was liable to retire by rotation. Mr. F.Tamura holds the office only till the date upto which Mr. T Nakamura would have held the office.

Mr.C.P.Shah retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Koichi Iwahara has been appointed as a non retiring director of the Company to fill the casual vacancy caused due to the resignation of Mr.S.Kato, as per the provisions of Article 130 of the Articles of Association of the Company.

The Board while welcoming Mr.Koichi Iwahara, places on record its appreciation for the valuable guidance rendered by Mr.T.Nakamura & Mr.S.Kato during their tenure as Directors of the Company.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the public.

AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment. The observations of the Auditors in Auditors' Report and Notes attached to the Accounts are self-explanatory.

INDUSTRIAL RELATIONS

The wage agreement between the Company and the Trade Union expired on 31st December, 1999.

A fresh wage agreement for a period of 3 years w.e.f. 01.01.2000 with the workers union has been settled in an amicable manner without any loss of production. The agreement is expected to boost the productivity of the Company.

The Company enjoyed harmonious relation with its employees through out the year.

ANNEXURE TO DIRECTORS' REPORT

Additional information in respect of the employees who were employed throughout the year and drawing remuneration of Rs.600,000/- or more and also for those who were employed for part of the year and drawing monthly remuneration of Rs.50,000/- or more 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 31.03.2000.

Name	Qualification	Age (years)	Designation	Experience (Years)	Date of commencement of employment	Remuneration drawn (in Rs.)	Last employment held/name of the employer/designation
SHARMA R.S.	B.Sc (Engg.) Hons.	49	Managing Director	26	10.04.95	Rs.10,99,223/-	Escorts Ltd., Associate Vice President

Notes :-

1. The Remuneration as shown above includes Salary, Company's Contribution to Provident Fund & Superannuation Scheme, Commission on Net Profit, Expenditure by the Company on Accommodation, Medical and other facilities.
2. The appointment of Mr. R.S. Sharma is contractual.
3. None of the employee is a relative of any Director of the Company.

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 the Directors' Report.

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

The particulars of energy conservation as prescribed have not been provided as the Company's industry is not specified in the Schedule.

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

The foreign exchange outgo was Rs.703.70 lacs through imports, royalty, dividend, technical know how fees etc.as against inflow of Rs.442.21 lacs through exports.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the continuing co-operation and assistance extended by the Central Government, Government agencies, Government of Uttar Pradesh, Government of Himachal Pradesh, Financial Institutions, Banks, suppliers, dealers and other organisations in the working of the Company.

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.

The Directors also appreciate the dedicated and sincere 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

MUMBAI
29TH JUNE, 2000

YASHOVARDHAN BIRLA
CHAIRMAN

BIRLA YAMAHA LTD.**FORM - B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION IN 1999-2000.
RESEARCH AND DEVELOPMENT (R&D).****1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY**

- Development of pumpsets and spares
- Indigenisation of critical engine components
- Design and development of low emission technology
- Making the products ISI Certified

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D

- Latest technology products for farmers
- Compliance to emission norms
- Increased acceptance of ISI Certified products

3. FUTURE PLAN OF ACTION

- To widen the product range phase II
- Emission Compliance as per International Standards
- Low noise technology for Gensets

4. EXPENDITURE ON R & D (Rs. in lacs)

a. Capital	NIL
b. Recurring	11.68
c. Total	11.68
d. Total - R & D expenditure as a percentage of total turnover.	0.17%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation. : The Company has successfully absorbed the technology in optimising the designs of the existing range. The Company is committed to the preservation of the environment & therefore the Company is now gearing up to provide better & more environmental friendly products.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : Besides import substitution resulting in significant cost reduction, the above developments have helped the Company in overall improvement of quality and efficiency. The new products launched during the year have created new class of customers.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is furnished :
 - a. Technology Imported : Manufacture of Portable Gensets and Multi Purpose Engines.
 - b. Year of import : Technical Assistance Agreement dated 02.09.94.
Technical Assistance Agreement dated 25th January, 1998 for a new four stroke model.
 - c. Whether Technology has been fully absorbed : The technology has been fully absorbed for some of the models. For others it is in the process of being absorbed.
 - d. If not fully absorbed, areas where not taken place, reasons thereof and future plans of action. : Some of the critical items for the models where the technology has not been fully absorbed are under the process of indigenisation and the technology for such models will be fully absorbed in the next few years.