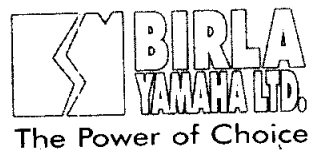




SIXTEENTH  
Report  junction.com  
ANNUAL

R E P O R T

2000-2001



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

Mr. Yashovardhan Birla  
 Mr. F.D. Neterwalla  
 Mr. D.K. Agarwal  
 Mr. C.P. Shah  
 Mr. A. Endo  
 Mr. K. Suzuki  
 Mr. F. Tamura  
 Mr. Koichi Iwahara  
 Mr. S.L. Khunteta

Chairman

Alternate Mr. Harminder Chawla

Alternate Mr. Junzo Saito

Whole Time Director & President

**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,  
 Uttranchal

**STOCK EXCHANGES**

1. The Stock Exchange, Mumbai  
 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 Sixteenth Annual General Meeting of the Members of BIRLA YAMAHA LIMITED will be held on Friday, the 14th September, 2001 at 3.30 P.M. at Vista Hall, Center Point, World Trade Centre, Center-1, 30th Floor, Cuffe Parade, Mumbai - 400 005 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2001 and 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, 2001.
3. To appoint a Director in place of Mr. F. Tamura 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 consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. D.K. Agarwal, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. D.K. Agarwal for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. S.L. Khunteta who was appointed as a director of the Company to fill the casual vacancy caused by the resignation of Mr. R.S. Sharma and who vacates office at this meeting under Section 262 of the Companies Act, 1956, but being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, 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(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the members be and is hereby granted to the appointment of Mr. S. L. Khunteta as Whole Time Director &

President of the Company for a period of 5 years with effect from 1st February, 2001 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. S. L. Khunteta placed before this Meeting and initialled by the Chairman for the purpose of identification."  
"RESOLVED FURTHER that an Agreement be entered into by the Company with Mr. S.L. Khunteta in terms of the aforesaid draft."

for BIRLA YAMAHA LIMITED

Mumbai  
28th June, 2001

S.L. KHUNTETA  
Whole Time Director & President

**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 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 Wednesday, the 5th September, 2001 to Friday, the 14th September, 2001 (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 intimate the Company queries, if any, regarding accounts at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.
5. Members are requested to notify immediately change in their address, if any, to the Company at its Registered Office/respective Depository participants in case of shares held in dematerialised form.
6. 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. 5**

Mr. D.K. Agarwal was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 20th January, 2001, under Article 136 of the Articles of Association of the Company. Under the provisions of Section 260 of the Companies Act, 1956, he would hold office only up to the date of forthcoming Annual General Meeting.

Mr. D.K. Agarwal, Chartered Accountant, aged about 60 years has got an industrial experience of more than 36 years and worked at senior level with large industrial houses.

As required by Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the name of Mr. D. K. Agarwal as a candidate for the office of Director.

**BIRLA YAMAHA LTD.**

The appointment of Mr. D.K. Agarwal as Director would be in the best interests of the Company, and your Board recommends his appointment.

None of the Directors except Mr. D.K. Agarwal is interested in the Resolution since it relates to his appointment.

**Item No. 6**

Mr. S.L. Khunteta has been appointed as a Director of the Company at the meeting of the Board of Directors held on 20th January, 2001 to fill the casual vacancy caused by the resignation of Mr. R. S. Sharma, from the post of Managing Director as well as Director of the Company, in whose place Mr. S.L. Khunteta was appointed as Director. Mr. Sharma would have held office up to the date of the forthcoming Annual General Meeting, had he not been resigned. Pursuant to Section 262 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company, Mr. S.L. Khunteta holds office up to the date of the forthcoming Annual General Meeting.

Mr. S.L. Khunteta, Chartered Accountant, aged about 57 years, has got an industrial experience of more than 30 years and worked at senior level with large industrial houses in India and abroad. He has got working experience of more than 14 years with Birla group.

As required by Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying her intention to propose the name of Mr. S.L. Khunteta as a candidate for the office of Director.

The appointment of Mr. S.L. Khunteta as Director would be in the best interests of the Company, and your Board recommends his appointment.

None of the Directors except Mr. S.L. Khunteta is interested in the Resolution.

**Item No. 7**

Mr. S.L. Khunteta was appointed as Whole Time Director & President of the Company in the meeting of the Board of Directors held on 20th January, 2001 for a period of 5 years w.e.f. 1st February, 2001.

Consent of the Members is sought to the appointment of Mr. S.L. Khunteta as Whole Time Director & President of the Company for a period of 5 years w.e.f. 1st February, 2001 on the terms & conditions as set out in the draft Agreement.

The Material provisions of the draft Agreement are as under:

**A. Basic Salary:** Rs.50,000/- per month in the scale of Rs.50,000-5000-75,000. Increments shall be subject to the approval of the Board of Directors.

**B. Perquisites****i) Housing-**

- The expenditure by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60 per cent of the basic salary.
- Free furnished accommodation in case the accommodation is owned by the Company.
- In case no accommodation is provided by the Company, entitlement to house Rent allowance subject to the 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.

- Medical Reimbursement-Expenses incurred by the Whole Time Director & President and his family, subject to the ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
- Leave Travel Assistance/Reimbursement - For the Whole Time Director & President and his family once in a year in accordance with the Rules specified by the Company, subject to the ceiling of equivalent to one month's basic salary in a year or three months' basic salary over a period of three years.
- Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
- 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.
- Gratuity-Gratuity in respect of the period of appointment not exceeding half a month's basic salary for each completed year of service subject to a ceiling of Rs.2,50,000/- (Rupees Two Lacs fifty thousand only).
- Leave Encashment-In accordance with the Rules specified by the Company. However, encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- Car and Telephone - Provision of one car with driver for use on 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 Mr. S. L. Khunteta.

In case of absence or inadequacy of profit in any financial year, Mr. S. L. Khunteta, Director, as such "Whole Time Director & President" of the Company will be entitled to receive the remuneration as specified in Part II of the Schedule XIII of the Companies Act, 1956 as minimum remuneration.

The remuneration payable to Mr. S.L. Khunteta being in conformity with the provisions of Schedule XIII to the Companies Act, 1956, the approval of the Central Government to the payment of such remuneration, is not required.

The terms of appointment of Mr. S. L. Khunteta and the remuneration payable to him as set out above in relation to Item 7 of the Notice may be treated as an abstract of the terms of the draft agreement for the purpose of Section 302 of the Companies Act, 1956.

None of the Directors except Mr. S.L. Khunteta is interested in the Resolution at item 7 since it relates to his appointment.

Your Directors recommend the Resolution for your approval.

for BIRLA YAMAHA LIMITED

Mumbai  
28th June, 2001

S.L. KHUNTETA  
Whole Time Director & President

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

Your Directors have pleasure in presenting the Sixteenth Annual Report on the operations of the Company together with the Audited statement of Accounts for the financial year ended on 31st March, 2001.

**FINANCIAL RESULTS**

	(Rs. in lacs)	
	For the year ended	For the year ended
	31.03.2001	31.3.2000
Sales & other Income	7222.38	7058.03
Profit before interest and depreciation	1121.86	1364.05
Interest (Net)	95.31	106.54
Profit before depreciation	1026.55	1257.51
Depreciation	253.88	243.90
Profit after depreciation but before Tax	772.67	1013.61
Provision for taxation	260.31	385.29
Profit after tax	512.36	628.32
Excess/(short) provision for tax of earlier years	—	(16.71)
Net Profit	512.36	611.61

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 42041 Nos. of gensets/engines and sold 41907 Nos. of gensets/engines as against 39595 Nos. and 37985 Nos. of gensets/engines produced and sold respectively during the corresponding period of last year. Sales & Other Income during the year was Rs 7222.38 lacs as against Rs. 7058.03 lacs during the last year. The Sales volume registered an increase of 10% over the corresponding figure of the last year. The Company has earned a profit of Rs. 512.36 lacs after making provision for taxation of Rs. 260.31 lacs as against a profit of Rs.628.32 lacs earned during last year. Despite of increase in sales, there has been a decline in profits as compared to the last year. The profit of last year includes an extra ordinary income of Rs.115 lacs earned against a pending litigation at Supreme Court, in which decree was executed in favour of the Company. The other reasons for decline in profits during the year was substantial increase in share of institutional sales in the total turnover of the Company, which was made on lower margins. Moreover during the year there was an upward wage revision, given once in three years and further the increase in rates of power tariff leading to increase in cost of production and thereby reducing the profits.

The Paonta Sahib (Himachal Pradesh) unit had also started functioning at a higher level resulting in greater flexibility in operations and thereby improving the bottom line.

**DIVIDEND**

Your Directors are pleased to recommend a dividend of 12% (Rs.1.20 per Share) on the Equity Shares of the

Company for the year ended 31st March, 2001. 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 14th September, 2001.

**FUTURE PROSPECTS**

After the successful implementation of ISO-9002, your Company is set to qualify for esteemed ISO-14001 certification, for which the Company has already got in principle approval, which would certainly help the Company in its marketing activities and enhancing the corporate image.

During the year, the Company has successfully achieved the conformity of production (COP) Phase - I (June, 2000) & type approval phase - II (June, 2001) of exhaust pollution norms released by Central Pollution Control Board (CPCB). This will help the Company to provide more power and better quality and technologically upgraded product to the customer at the same cost. The Company has also successfully inducted with CPCB regarding the management of noise norms. All this has resulted in enormous saving in foreign exchange.

The Company introduced a latest generation 500 watts inverter incorporating various customer friendly features in the Delhi market. It is also planning to introduce this product at other places in the near future. The Company is putting special efforts to provide instant service to the customer at his doorstep & has adopted the franchisee route to cater to customer service requirements.

The Company is also planning to shortly introduce the 1.5 HP Multi Purpose Engine to cater to the low end of the market.

**LISTING**

The securities of your Company continue to be listed with The Stock Exchange, Mumbai, Delhi Stock Exchange and Calcutta Stock Exchange, apart from being permitted for trading at the National Stock Exchange. The annual listing fees till the financial year 2001-2002 have been paid to all the stock exchanges where the securities of the Company are listed.

**DIRECTORS**

Mr. R. S. Sharma, Managing Director of the Company resigned from the office of Managing Director and Director of the Company and his resignation was accepted in the board meeting held on 20th January, 2001 and was relieved on 29th January, 2001.

The Directors wish to place on record their appreciation for the valuable services rendered by Mr. R. S. Sharma during his tenure as Managing Director of the Company. Consequent upon the resignation of Mr. R. S. Sharma, Mr. S. L. Khunteta has been appointed as director of the Company to fill the casual vacancy caused by the resignation of Mr. R. S. Sharma. Mr. S.L. Khunteta holds the office only up to the date to which Mr. R.S. Sharma would have held the office and therefore, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. S.L. Khunteta has also been appointed as Whole Time Director and President of the Company w.e.f. 01.02.2001

## BIRLA YAMAHA LTD.

subject to your approval for which necessary resolution is incorporated in the enclosed notice convening the Sixteenth Annual General Meeting.

Mr. D. K. Agarwal has been appointed as an additional director of the Company in the board meeting held on 20th January, 2001, and holds office upto the date of forthcoming Annual General Meeting.

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

### NOTE ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, the Corporate Governance Code is applicable to your Company w.e.f. 1st April, 2001. Steps have already been initiated to implement the provisions of Corporate Governance. This will be fully implemented in the current financial year. The steps which have already been taken to implement the Corporate Governance Code are given here in below:

#### 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency and accountability, in all facets of its operations, in all interactions with its shareholders, employees, government and lenders.

#### 2. BOARD OF DIRECTORS

The Board consists of nine directors (one chairman, one whole-time director and seven non-executive directors). During the year 2000-01, the board met 4 times on : 29th June, 2000, 28th July, 2000, 23rd October, 2000 & 20th January, 2001.

#### 3. AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors consist of 3 directors, all of them are non-executive directors, namely, Mr. D.K.Agarwal, Mr. C.P. Shah and Mr. F.D. Neterwalla. The Chairman of the Audit Committee is Mr. D.K.Agarwal. The constitution of Audit Committee also meets with requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

Terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchanges that inter alia, include overseeing financial reporting processes, reviewing with the management, external and internal auditors, adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings and follow up thereon.

#### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee constituted by the Board of Directors comprises of four directors, namely, Mr. Y.V.Birla, Mr. S.L.Khunteta, Mr. F.D.Neterwalla and Mr. Harminder Chawla. The Committee inter alia, approves issue of duplicate share certificates and reviews all matters connected with the securities transfer. The Committee also looks into

redressing of shareholders/investors complaints like transfer of shares, non-receipt of balance-sheet, non-receipt of dividends etc. The Committee oversees the performance of overall improvement of the quality of investor services.

### PUBLIC DEPOSITS

The Company has not accepted any deposit with in the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

### AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company hold office till the conclusion of the forthcoming Annual General Meeting and are 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.

As regards item no. 2(f)(i) in the auditors' report, the discussions are going on with Yamaha Motor Co. Ltd., Japan to sort out the issue pertaining to royalty amounting to Rs.140.48 lacs of earlier years. Discussions are also going on with the respective Companies for waiver of interest amounting to Rs.86.57 lacs of earlier years on loans taken from Bodies Corporate. The Board of Directors are of the opinion that the Company may not be required to pay the royalty amounting Rs.140.48 lacs and interest amounting to Rs.86.57 lacs pertaining to the earlier years. Hence, no provision has been made.

### INDUSTRIAL RELATIONS

The Company enjoyed harmonious relation with its 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 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.398.79 lacs through imports, royalty, dividend, technical knowhow fees as against inflow of Rs.446.11 lacs through exports.

### PARTICULARS OF EMPLOYEES

None of the employees is in receipt of remuneration for the year, which in aggregate was more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2001 the applicable accounting standards had been followed along with proper explanation relating to material departures;

**BIRLA YAMAHA LTD.**

- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts for the financial year ended 31st March, 2001 on a going concern basis.

Pradesh, Government of Uttaranchal, Government of Himachal Pradesh, Financial Institutions, Banks, Suppliers 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.

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**

**ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the continuing co-operation and assistance rendered by the Central Government, Government agencies, Government of Uttar

MUMBAI  
28TH JUNE, 2001

YASHOVARDHAN BIRLA  
CHAIRMAN

**FORM - B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION IN 2000-01.****RESEARCH AND DEVELOPMENT (R&D)****1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY**

- Design and development of low emission technology
- Design and development of post exhaust treatment system
- Indigenisation of all engine components
- Noise management and control
- Development of Pumpsets and spares

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

- Compliance to mandatory emission norms
- Reduction in price with more power and better quality to customer
- Technology upgraded product to meet the competition

**3. FUTURE PLAN OF ACTION**

- Low noise technology for gensets
- implementation of emission compliance
- further upgradation of technology of engines
- Alternative source of energy/Hydrogen fuel cells

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

a. Capital	12.15
b. Recurring	17.26
c. Total	29.41
d. Total - R & D expenditure as a percentage of total turnover.	0.42%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts in brief, made towards technology absorption, adaptation & innovation. : The Company has successfully redesigned the engines as per international emission norms. The Company is committed to take care of the environment and give the customer the latest technology 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.
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 31.08.84 and New 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 all the models. In house R & D has further upgraded the technology.
  - d. If not fully absorbed, areas where not taken place, reasons thereof and future plans of action. : Not applicable.