

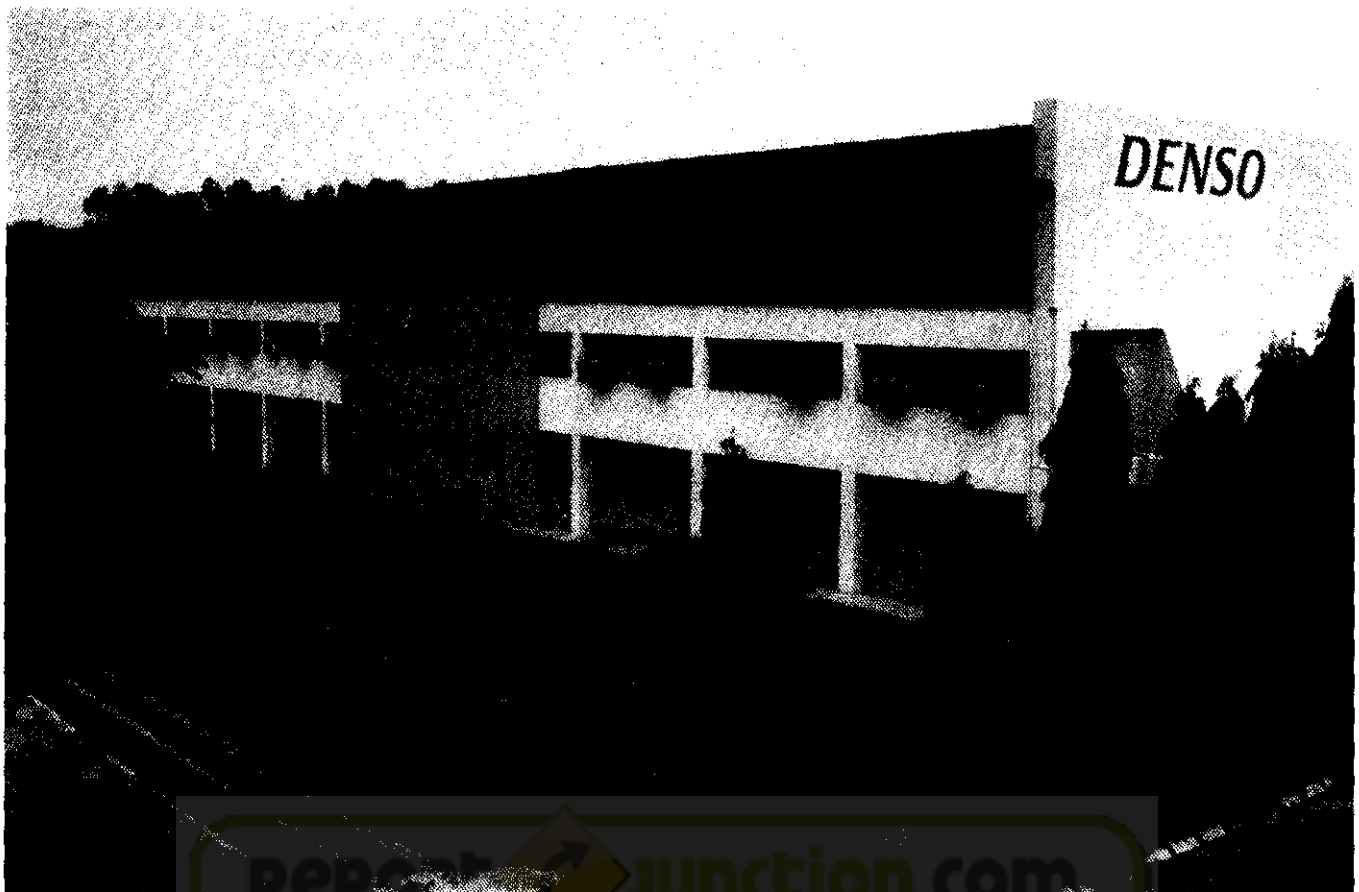


**FIFTEENTH
ANNUAL REPORT**

1999-2000

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DENSO INDIA LIMITED



DENSO INDIA PLANT AT TILPATTA

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Fifteenth Annual General Meeting
 at FICCI Auditorium, Tansen Marg,
 New Delhi - 110 001
 on Wednesday, 2nd August, 2000 at 11:00 a.m.

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. Takao Yamaguchi

DIRECTORS

Mr. O. Ogawa

Mr. K. Matsumoto

Mr. K. Ando

(Alternate to Mr. K. Matsumoto)

Mr. Hajimu Mitsunari

Mr. M. Fukuyama

(Alternate to Mr. Hajimu Mitsunari)

Dr. Krishan Kumar

Mr. J.S. Bajjal

Mr. Yasushi Nei

(Alternate to Mr. O. Ogawa)

COMPANY SECRETARY

Mr. Lalit Prabhakar

AUDITORS

Price Waterhouse,
Chartered Accountants,
New Delhi

REGISTERED OFFICE

S-10, Dharma Bhawan,
Green Park Extension,
New Delhi - 110 016

WORKS

Noida-Dadri Road,
P.O. Tilpatta,
Tehsil-Dadri,
District Gautam Budh Nagar,
Uttar Pradesh - 203 207



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Company shall be held on Wednesday, 2nd day of August, 2000 at 11.00 a.m. at FICCI Auditorium, Tansen Marg, New Delhi to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit and Loss Account for the year ended March 31, 2000 and the Audited Balance Sheet as at that date together with the reports of the Directors and Auditors thereon.
2. To recommend and declare dividend for the financial year ended 31st March, 2000.
3. To appoint Auditors of the Company in place of those retiring and to fix their remuneration. The present Auditors are eligible for reappointment.
4. To elect a Director in place of Dr. K. Kumar who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to Section 269, 309 and 310 of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956 and subject to approval by the shareholders in the General Meeting, Clause B of the terms of appointment relating to salary of Mr. T. Yamaguchi, Managing Director of the Company be and is hereby revised from Rs. 756000/- p.a. to Rs. 1200000/- p.a. w.e.f. 1st April, 2000, other terms and conditions as agreed upon vide resolutions passed by the Board of Directors at its meeting held on April 30, 1999 and the General Meeting resolution passed on 5th August, 1999 shall remain the same.

RESOLVED FURTHER THAT the Board of

Directors of the Company be and are hereby authorised to vary the remuneration of Mr. T. Yamaguchi subject to the limits specified and according to provisions of Section (s) 198, 269, 309 & 310 and Schedule XIII to the Companies Act, 1956 and variation in the applicable statutes from time to time.

RESOLVED FURTHER THAT the above remuneration shall constitute the minimum remuneration payable in case of absence or inadequacy of profits during the tenure of Mr. T. Yamaguchi, Managing Director of the Company.

RESOLVED FURTHER THAT copy of the above resolution certified by Mr. Lalit Prabhakar, Company Secretary be furnished to statutory and other regulatory authorities as may be required with regard to the same.

By Order of the Board

Place : New Delhi
Date : 30th June, 2000

Lalit Prabhakar
Company Secretary

NOTES :

- (A) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item no. 5 above, is annexed below.
- (B) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (C) The Register of Members of the Company will be closed from 27th July, 2000 to 1st August, 2000, both days inclusive.
- (D) Members are requested to intimate any change of registered address (including PIN code number) to the Registered Office of the Company.



ANNEXURE TO NOTICE

THE EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 RELATING TO THE ITEMS AS STATED IN THE ACCOMPANYING NOTICE IS AS FOLLOWS:

In view of the excellent performance of the Company during the financial year 1999-2000, the Company has decided to alter the Clause B of the terms and conditions of appointment of Mr. T. Yamaguchi, Managing Director of the Company by increasing the salary from the present level of Rs. 756000/-per annum to Rs. 1200000/- per annum respectively w.e.f. 1st April, 2000.

All other terms and conditions as approved by the Board vide its resolution dated 30th April, 1999 and as approved by the shareholders at the Annual General Meeting held on 5th August, 1999 remain the same.

The Board recommends the resolution to the Members for their approval.

No Director other than Mr. T. Yamaguchi is interested in the above resolution.

By Order of the Board

Place : New Delhi
Date : 30th June, 2000

Lalit Prabhakar
Company Secretary





DIRECTORS' REPORT

Your Directors are pleased to present their Annual Report for the year ended March 31, 2000.

HIGHLIGHTS :

1999-2000 was a better year for the auto industry with our annual Net Sales growing by handsome 16.4% and profits as a percentage to net sales is 1.1%.

The financial results of the Company are summarised below:-

	Rs.'000 for the year ended 31.03.00	Rs.'000 for the year ended 31.03.99
Gross Sales	195,41,54	168,00,58
Sales (Net of Excise)	166,34,56	142,92,02
Gross Profit (before depreciation and miscellaneous expenditure write-off)	10,53,00	6,62,50
(% on Net Sales)	(6.33)	(4.63)
Depreciation & Miscellaneous expenditure written off	8,68,68	6,42,00
Profit for the year before Taxation	1,84,32	20,50
Tax Provision	41,00	2,20
Profit after Tax	1,43,32	18,30

Despite a modest increase in the profits, the Directors' are pleased to recommend dividend at 5% for the year 1999-2000.

OPERATIONS :

After a recessionary trend, the Auto Industry witnessed a sharp increase both in terms of volumes and Sales. Auto Major Maruti Udyog Limited continues to occupy the premier position despite decline in market share from a peak of 82% to 68% notwithstanding the increase

in volumes. Hero Honda Motors Limited continues its dominating position in the Two Wheeler segment posting an increase of 44% over the previous year.

Improved deliveries to meet the higher customer requirements enabled the Company to meet its ambitious sales target. Production increases over the previous year under various categories of products ranged from 10% to 35%.

In order to meet the increased demand levels, the capital expenditure programme was completed with a capital infusion from Denso Japan and its associates and as a result the Interest and Financial charges were reduced.

The cost to the Company on account of exchange rate fluctuation was Rs. 3.57 crores, which works out to 13.27% (annualised) on f.o.b. cost at 6 months usance payment terms as compared to our average cash credit rate of 15%.

The personnel costs have risen marginally on account of increases in manpower and structured salary & wage increases.

Selling, General and Administration expenses have been controlled through tighter controls.

The stress on indigenisation is being maintained and efforts are on to break into areas of difficult indigenisation, i.e. where volumes and technology were constraints.

The Company's negotiations with one of its major customers for a price increase with retrospective effect from 1st April, 1999 are in the process of being finalised. The impact thereof shall be accounted for in the accounts as and when it is finally determined on completion of the negotiation process.

OUTLOOK :

Current Operations :

The buoyancy in the Automobile Industry is expected to continue and our major customers have indicated higher requirements for the current year. The current year Net Sales has been projected at Rs. 213 crores (growth of 28% over 1999-2000) based on customer projections and should be achieved barring unforeseen circumstances.

With the completion of the expansion cum modernisation plan of the Company, its benefits for the full year shall be reflected in the current year. With stress



on tighter cost controls, reduction in debt and the advantage of low interest charge financing, the margins are expected to improve based on the achievement of the projected Net Sales.

EXPANSION, CAPITAL INVESTMENT & FUNDING :

The expansion cum modernisation plan of the Company has been completed. During the year the Company has invested Rs. 11.5 crores in Plant and Machinery comprising of Rs. 3.73 crores for new products, Rs. 5.48 crores for inhouse activities and Rs. 2.29 crores for jigs and tools.

The Company issued 97,50,000 equity shares of Rs. 10/- each at a premium of Rs. 30/- per share to Denso, Japan and its associates and collected a sum of Rs. 39 crores.

MARKETING ARRANGEMENTS :

The process of shifting of personnel and other activities related to the marketing department has been completed. The new Company Denso Sales India Private Limited is now fully operational.

Y2K COMPLIANCE :

The Company's detailed programme for the Year 2000 (Y2K) related issues was a great success and the Company was fully Y2K compliant and the programme covered not only the key suppliers but other business associates as well.

FIXED DEPOSITS :

The Company has not invited or availed Fixed Deposits from the public during the year under review.

SHARE CAPITAL :

During the year the Company issued 97,50,000 equity shares of Rs.10/- each at a premium of Rs. 30/- to Denso Corporation, Japan, Sumitomo Corporation, Japan, ASMO Co. Ltd. and Maruti Udyog Limited by way of a Preferential Issue adding Rs. 9,75,00,000 to the Paid-up Equity Share Capital of the Company.

DIRECTORS :

Mr. T. Inaguma, the Alternate Director to Mr. K.

Matsumoto has left for Japan after completing his assignment in India. Mr. K. Ando was appointed as an Alternate Director to Mr. K. Matsumoto w.e.f. 17th December, 1999.

As Mr. O. Ogawa, Director of the Company is not expected to visit India in the near future, Mr. Y. Nei has been appointed as an alternate director to Mr. O. Ogawa.

Dr. K. Kumar retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

DIVIDEND :

The Directors are pleased to propose dividend of 5% on paid up value of equity shares. This will absorb Rs. 99.20 lacs out of current year profits. Dividend payable on the equity shares issued to Denso Corporation, Japan, Sumitomo Corporation, Japan, ASMO Co. Ltd., Japan and Maruti Udyog Limited against the Preferential Issue shall be payable pro-rata from 28-01-2000.

A concomitant dividend tax @20% plus surcharge thereon, on Dividend declared shall also be appropriated out of available profits.

AUDITORS :

Messrs Price Waterhouse, Chartered Accountants, New Delhi, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with the provisions of Section 224 (1-B) of the Companies Act, 1956.

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

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of this Report.

PERSONNEL :

The Statement showing particulars of employees as required under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended to date, forms an integral part of this report.

DENSO

ACKNOWLEDGEMENTS :

Your Directors take this opportunity to thank the customers, vendors, shareholders, the bankers, the Central and State Governments and other agencies for their continued support, co-operation and contribution during the year under review. Your Directors place on record their deep appreciation of the managements of Denso Corporation, Japan, Sumitomo Corporation, Japan, Maruti Udyog Limited and ASMO Co. Ltd. for their assistance and support during the year. Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

New Delhi
24th May, 2000

T. Yamaguchi
Managing Director

