

Annual Report 1997-98

*BPL Sanyo Utilities
and Appliances Limited*

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of BPL SANYO UTILITIES AND APPLIANCES LIMITED will be held on Friday, the 25th September, 1998 at 10.00 A M at Curunanak Bhavan, No. 6, Miller Tank Bund Area, Vasanthnagar, Bangalore 560 052 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr LH Bhatia, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr MK Narayanan, who retires by rotation, and being eligible, offers himself for re-election.
5. To appoint a Director in place of Mr TC Chauhan, who retires by rotation, and being eligible, offers himself for re-election.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT, Mr R Murali be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation.

8. To consider and if thought fit, to pass with or without modification, the following as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) and re-enactment thereof, for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company, be and is hereby altered as follows:

- A) That after the existing Article 1(d), the following Articles shall be inserted namely:

- 1(e) 'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof, for the time being in force.
- 1(f) 'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- 1(g) 'Beneficial Owner' shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- 1(h) 'Shareholder' or 'Member' means the duly registered holder of the shares from time to time and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- B) That the existing Article 5(b) be substituted with the following new Article:

"5(b) Except as ordered by a Court of competent jurisdiction or by Law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof."

- C) That after the existing Article 5(d), the following Articles shall be inserted:

"5(e) The Shares in the Capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form."

"5(f) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the Depositories and/or to offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any."

"5(g) The Company shall keep a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996, with details of shares held in material and dematerialized forms in any media as may be permitted by Law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India, a Branch Register of Members resident in that State or Country."

- D) 1) That the existing Article "8" be substituted with the following new Article:

"8 The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered on the Register of Members in respect thereof."

- 2) That the following Article be inserted after the existing Article 8(C):

"8(C)(i) Nothing contained in the foregoing Article shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of Depository."

- 3) That the following Article be inserted after the existing Article 8(F):

"8(F)(i) In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply."

By Order of the Board

Bangalore
June 16, 1998

UN Kini
Company Secretary

REGISTERED OFFICE

No.1-B, Sadaramangala Industrial Area,
Whitefield, Bangalore 560 066.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement relating to the Special Business specified above, pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this Notice.
3. Members / Proxies should bring the Attendance Slip sent herewith duly filled in, for attending the meeting.
4. Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1998 to 25th September, 1998 (both days inclusive), for the purpose of payment of Dividend.
5. Dividend on Shares as recommended by the Board of Directors, if declared at the Meeting, will be paid to those members whose names appear in the Register of Members as on the date of the Annual General Meeting.
6. Pursuant to Section 205 A of the Companies Act, 1956, the unclaimed dividend for the financial years 1992-93 and 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrant for the said years are requested to claim the amount from the Registrar of Companies (Karnataka), E-Wing, 2nd Floor, Kendriya Sadan, Koramangala, Bangalore 560 034.

The Company will be transferring during November 1998, the unclaimed dividend relating to the financial year 1994-95 to the General Revenue Account of the Central Government. Members who have a valid claim are requested to claim the dividend from the Company for that year, immediately.
7. Members / Proxies attending the Annual General Meeting on Friday, 25th September, 1998, may be aware that the Management of the Company has discontinued the distribution of Gifts / Coupons.
8. Members are requested to address all their correspondence

including share transfer matters and change in their address to:

INVESTORS' SERVICE CELL, BPL Sanyo Utilities and Appliances Limited, 'Dynamic House' No. 64, Church Street, Bangalore 560 001. Ph: 080-5587787, 5588388 Fax: 080-5598969
OR

Alpha Systems Private Limited (Unit : BPL Sanyo Utilities and Appliances Limited), No.30/1, Leemans Complex, IV Floor, Cunningham Road, Bangalore 560 052
Phone Nos. : 080-2200142, 2255186 Fax No.: 080-2259373

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all material facts relating to the Special Business under Item Nos.7 and 8 mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO.7

Mr R Murali is a Chartered Accountant by profession and has wide and varied experience in Finance Management and Administration. He has been associated with BPL Group since 1984. Presently, Mr R Murali is the Sr.Vice President-Corporate Finance and Commercial Head of BPL Limited. Mr Murali was co-opted as an Additional Director on the Board of the Company on 16th June, 1998 and in terms of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, he holds office till the ensuing Annual General Meeting.

The Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr Murali for the office of the Director of the Company.

Your Directors recommend the resolution set out in Item No.7 for your approval. None of the Directors of the Company, except Mr Murali, may be considered to be concerned or interested in the resolution.

ITEM NO.8

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository System, your Company is proposing to enter into an agreement with National Securities Depository Limited (NSDL), to facilitate holding and trading of the Company's Equity Shares in the electronic form. Accordingly, some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer/ transmission and dealing in shares thereof, have been amended to facilitate the Depository System. A few Articles in the Articles of Association which were in line with the erstwhile provisions of the Companies Act, 1956, may be in conflict with the provisions of the Depositories Act, 1996 and therefore, the relevant Articles are being amended.

Your Directors recommend the resolution as set out in Item No. 8, for your approval. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board

Bangalore
June 16, 1998

UN Kini
Company Secretary

REGISTERED OFFICE

No.1-B, Sadaramangala Industrial Area,
Whitefield, Bangalore 560 066.

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MISSION STATEMENT

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

BPL is committed to achieve a leadership position in all its business groups through utilisation of the best and most appropriate technologies, applying the finest manufacturing disciplines and most efficiently marketing high quality products and services to consistently give its customers the best value for money.

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GUIDING PRINCIPLES

- To ensure customer confidence through product quality, efficient marketing and effective service.
- To continually enhance the Company's worth to its shareholders and investors through sound investments and profitable operations.
- To demonstrate a real concern for its employees and to constantly improve the quality and value of their jobs and career advancement.
- To be a good corporate citizen, who contributes positively to its community by protecting the environment and working for public welfare.
- To respect the law, rules and customs of the land and to ensure that the conduct of all Company activities are always to the highest ethical standards.



TPG NAMBIAR
Chairman



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CORPORATE DESCRIPTION

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BPL Sanyo Utilities and Appliances Limited is a part of the BPL Group, India's largest consumer electronics entity. The BPL Group is a Rs.30 Billion (US \$ 750 Million) diversified group with products in the business of entertainment electronics, home appliances, soft energy, telecom products and services, information technology and components etc. BPL Sanyo Utilities and Appliances Limited, the home appliances segment of the Group, manufactures Washing Machines, Vacuum Cleaners and Microwave Ovens, in technical collaboration with Sanyo, Japan. The Company posted a turnover of Rs.1,765 Million (US \$ 44.13 Million) and profit after tax of Rs.88.7 Million (US \$ 2.23 Million) in 1997 - 98.

BPL Sanyo Utilities and Appliances Limited is one of the leading players in the home appliances market. The Company now has an installed capacity to manufacture 400,000 washing machines, 100,000 each of microwave ovens and vacuum cleaners at its integrated state-of-the-art facility at Bangalore. The Company has the widest range of washing machines in India and is a dominant player in the microwave oven market. What drives the Company's competitive edge is the fact that BPL Group has integrated backwards more aggressively than any other Indian manufacturer. Most of the components used in the manufacture of washing machines, the mainstay of the Company - starting from motors to switches and plastic mouldings - are made within the Group.

- The Company has a market share of 26 per cent in the automatic segment of washing machines - the market leader - and a similar market share in the semi-automatic segment. The 50 per cent market share for microwave ovens makes the Company's models the largest selling in India.
- The Company's stock is quoted on the Bangalore, Delhi, Mumbai and the National Stock Exchanges. The promoters hold 69 per cent of the equity.
- The stated objective of the Company is to deliver a superior long-term value to its shareholders.

B OARD OF DIRECTORS

Board of Directors

TPG Nambiar, *Chairman*

Ajit G Nambiar, *Vice Chairman*

MK Narayanan

TC Chauhan

Bharat M Mehta

LH Bhatia

PM Kale, *ICICI Nominee*

R Murali

M Sasi, *Finance Director*

Viswanath Nambiar, *Managing Director*

Company Secretary

UN Kini

Auditors

Kumbhat & Co.,
Chartered Accountants,
Bangalore

Bankers

Punjab National Bank

State Bank of India

Bank of Baroda

The Sanwa Bank Limited

UTI Bank Limited

State Bank of Mysore

Registered Office and Works

No. 1-B, Sadaramangala Industrial Area,
Whitefield, Bangalore 560 066

Corporate Office

'Dynamic House' No. 64,
Church Street,
Bangalore 560 001

HIGHLIGHTS OF 1997 - 98

- The Company registered a post-tax profit of Rs.887 lacs.
- In doing so, the Company sold more Washing Machines and Microwave Ovens than ever before.
- The Board has recommended a dividend of 20 per cent for 1997-98. Thus, the Company has a track record of dividend for six consecutive years.
- There has been a growth in profitability despite a slackness in the appliances market and discontinuance of the assembly of colour televisions by the Company from June, 1997. This caused a decline in the total turnover by 30 per cent.
- The Company went through a restructuring of its manufacturing operations by integrating the manufacturing facilities for home appliances under one roof.
- The Company introduced three new models of washing machines during 1997-98, which were well received in the market.

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POST-BALANCE SHEET DATE DEVELOPMENTS

The First Quarter

By the time this report reaches you, the Company will have finished its working for the first quarter of 1998-99. The total turnover (provisional) for the first quarter of 1998-99 is expected to be Rs.2,600 lacs, approximately.

Next Results

The Company expects to announce the unaudited quarterly results for the rest of 1998-99 as follows:

- Second quarter – between 15 and 31 October 1998
- Third quarter – between 15 and 31 January 1999

The audited results of the Company for the financial year 1998-99 will be announced by 31st May, 1999 which will include the results for the fourth quarter of 1998-99.