

# Annual Report 1998-99

BPL Refrigeration

1998-99

BELIEVE IN THE BEST.  
BELIEVE IN THE BEST.

**BPL**

Believe in the Best

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## MISSION STATEMENT

BPL is committed to achieve a leadership position in all its business groups through utilization 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 their money.

## 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 laws, rules and customs of the land and to ensure the conduct of all Company activities will always be to the highest ethical standards.

TPG Nambiar  
*Chairman*

# ANNUAL REPORT 1998 - 99

## BOARD OF DIRECTORS

TPG Nambiar, *Chairman*

Ajit G Nambiar, *Vice-Chairman*

KPR Nambiar

MA Uppal

Viswanath Nambiar

Rajeev Chandrasekhar

TC Chauhan

R Venkataraghavan, *ICICI Nominee*

MK Tribhuvan, *Director & Chief Operating Officer*

## AUDITORS

M/s. T Velu Pillai & Co.,  
Chartered Accountants, Bangalore

## BANKERS

State Bank of Mysore

Union Bank of India

Bank of Baroda

Credit Lyonnais

Citibank NA

## REGISTERED OFFICE

1D, Kadugodi Sadaramangala Industrial Area  
Whitefield Road, Whitefield, Bangalore 560 066

## FACTORIES

MOULDING & TOOL ROOM COMPLEX

1D, Kadugodi Sadaramangala Industrial Area  
Whitefield Road, Whitefield, Bangalore 560 066

N H Bye Pass Road, Chandranagar, Palakkad 678 007

## REFRIGERATOR PLANT

1A, Kadugodi Sadaramangala Industrial Area  
Whitefield Road, Whitefield, Bangalore 560 066

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# PIRECTORS' REPORT TO THE MEMBERS

Your Directors take pleasure in presenting the Twelfth Annual Report on business and operations of the Company together with the audited statement of accounts for the period ended 31st March, 1999.

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	Period ended 31.03.99 (6 months)	Period ended 30.09.98 (18 months)
Sales	7303.09	27093.42
Profit before Financial Expenses & Depreciation	629.43	1367.19
Financial Expenses	1352.21	4264.17
Depreciation	435.03	1252.63
Loss for the Period	(1157.81)	(4149.61)
Add : Profit & Loss account brought forward	(3979.27)	170.34
Balance carried over	<u>(5137.08)</u>	<u>(3979.27)</u>

## OPERATIONS

The sluggish business environment which was experienced by most of the industries for a major part of the financial year, the general slackness of demand in the white goods market during the second half of the fiscal year 1998-99 and labour unrest created by a section of workers had adversely affected the performance of your Company. These factors resulted in a lower than expected turnover of Rs.7303.09 lacs and a profit before interest and depreciation of Rs.629.43 lacs. After providing for financial expenses of Rs.1352.21 lacs and depreciation of Rs.435.03 lacs, your Company has posted a loss of Rs. 1157.81 lacs. However, your Company's prudent financial management, cost containment policies and re-structuring of high cost debts, have helped the Company to restrict the losses to a much lower level than in the previous year.

Against all these odds, your Company was able to retain its leadership in terms of market share in a shrinking frost-free segment through aggressive innovation and introduction of new models with value added features.

## DIVIDEND

Since the Company has not made any profit during the period under review, the Directors have not recommended any dividend.

## AMALGAMATION OF THE COMPANY WITH BPL SANYO UTILITIES AND APPLIANCES LIMITED

Your Directors had at their meeting held on 4th August, 1999 approved the Scheme of Amalgamation of the Company alongwith BPL Sanyo Finance Limited and Alpha Securities Limited into BPL Sanyo Utilities and Appliances Limited with effect from 1st April, 1999. Members would have already received the notice of the Court convened meeting of the Shareholders of the Company to be held on 22nd October, 1999. The Amalgamation of the Company with BPL Sanyo Utilities and Appliances Limited is expected to benefit the Shareholders in several ways, as the amalgamated Company will be a strong entity both in terms of turnover and asset base.

## DEMATERIALIZATION OF SHARES

During the period, your Company entered into an agreement with National Securities Depository Limited (NSDL) to facilitate holding and trading of its shares in the electronic form. Your Company has paid the one time custody



charges to NSDL on behalf of all the shareholders of the Company, which reduces to a great extent the burden on the shareholders to pay annual custody charges to the Depository Participants in respect of their holdings in the dematerialised form. As on date, nearly 50% of the Equity has been dematerialised.

### **STATUS ON Y2K COMPLIANCE**

In order to mitigate Y2K risks, the Company has initiated a well researched Y2K Management Plan consisting of five phases including contingencies for high risk areas. The progress, besides being managed by a designated team, is also being reviewed at the Board level. The Company is dependent upon suppliers of critical materials and services, compliance by whom is critical to the Company's business.

The Company is maintaining a continuous follow up with them as to the status of their Y2K compliance and is developing contingency plans to minimise the risks of disruption to its operations due to Y2K non-compliance by them. The Company is confident of successfully dealing with all Y2K related problems, for which the Company is likely to incur a total cost of Rs.40 lacs.

### **PUBLIC DEPOSITS**

There were no deposits due for repayment by 31st March, 1999 and hence there are no claims pending for payment as on that date.

### **PARTICULARS OF EMPLOYEES**

Information to be provided under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is attached to and forms part of this Report.

### **INDUSTRIAL RELATIONS**

During the period under review the Company faced an Industrial unrest from a section of the workers at the Whitefield unit. The Company however continued to operate its plant.

### **CONSERVATION OF ENERGY**

Manufacturing operations of the Company are not energy intensive. The total power requirements of the Company are assessed at 3MW at peak production levels, all of which is captive generation. Your Company continued its attempts to optimise energy utilisation.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the period under review, there was no Foreign Exchange Earnings. However, Foreign Exchange utilised was Rs. 1010 lacs.

### **CONTRIBUTION TO EXCHEQUER**

The Company's contribution to the Government Revenues during the period under review, by way of all taxes and duties was over Rs. 1580 lacs.

### **RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

Your Company has been continuously developing new refrigerator models and upgrading existing models in accordance with customer preferences and market requirements. The Company has patented a product that allows conversion of freezer to refrigerator compartment, thus offering the customer extra refrigerator space. Besides this, your Company has also developed two new models (230 litre and 320 litre capacities) to take advantage of the emerging opportunities in the market. These are both frost-free refrigerators with vastly improved looks and features which is sure to be well appreciated and accepted by the market.

Over and above all this, your Company has also taken initiative to enter into the Non-CFC technology with Sanyo's collaboration. This process is expected to be completed by mid 2000. The Total expenditure incurred on R & D for the period ended 31st March, 1999 amounted to Rs.15 lacs which is 0.210% of the turnover.

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. TPG Nambiar and Mr. KPR Nambiar, retire by rotation and are eligible for re-election.

### **AUDITORS**

M/s T Velu Pillai & Co., Chartered Accountants, Bangalore, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

### **ACKNOWLEDGEMENT**

The Board acknowledges the support received from the collaborators, SANYO, Japan and the continued co-operation received from dealers, suppliers, banks, financial institutions, employees and our valued shareholders.

For and on behalf of the Board of Directors

Bangalore  
October 12, 1999

**TPG NAMBIAR**  
*Chairman*

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## NNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial period ended 31st March, 1999.

Sl. No.	Name	Designation and nature of work	Age in Years	Gross Remuneration (Rupees)	Qualification	Total Experience in years	Date of Commencement of employment	Previous Employment and position held
1	M K Tribhuvan	Director & Chief Operating Officer	45	5,40,000	B.Tech (Mech.) PGDBM (IIM)	23	12.12.1996	Crompton Greaves Limited, Chief Executive
2	D Madhusudhana Reddy	Head - Operations	35	3,13,148	BE (Mech) PGD Indl. Engg.	12	11.09.1998	Blue Star Limited, General Manager

### Notes :

1. All appointments are contractual. Other terms and conditions are as per Company's Rules.
2. None of the above employees are related to any of the Directors of the Company.
3. Gross Remuneration received includes Salary, Bonus, Medical Expenses, Company's Contribution to Provident Fund and Superannuation Fund and monetary value of perquisites as per Income Tax Rules.

For and on behalf of the Board of Directors

Bangalore  
October 12, 1999

**TPG NAMBIAR**  
*Chairman*