

BPL REFRIGERATION LIMITED

ANNUAL REPORT 1999-2000



Believe in the Best

Mission Statement

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.

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

Corporate Information

BOARD OF DIRECTORS

TPG Nambiar, *Chairman*

Ajit G Nambiar, *Vice-Chairman*

KPR Nambiar (*till 31.10.2000*)

MA Uppal

Viswanath Nambiar (*till 31.10.2000*)

Rajeev Chandrasekhar (*till 20.06.2000*)

TC Chauhan

PJV Sarma, *ICICI Nominee*

LH Bhatia (*w.e.f. 27.11.2000*)

R Murali (*w.e.f. 27.11.2000*)

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

Citibank NA

REGISTERED OFFICE

I-D, Kadugodi, Sadaramangala Industrial Area
Whitefield Road, Whitefield, Bangalore 560 066

FACTORIES

MOULDING & TOOL ROOM COMPLEX
I-D, Kadugodi, Sadaramangala Industrial Area
Whitefield Road, Whitefield, Bangalore 560 066

N H Bye Pass Road, Chandranagar,
Palakkad 678 007

REFRIGERATOR PLANT

I-A, Kadugodi, Sadaramangala Industrial Area
Whitefield Road, Whitefield, Bangalore 560 066

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NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of BPL Refrigeration Limited will be held on Wednesday, the 27th day of December, 2000 at 10.30 AM at Gurunak Bhavan, No.6, Miller Tank Bund Area, Vasanth Nagar, Bangalore 560 052, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000, the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ajit G Nambiar, Director, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. T C Chauhan, Director, who retires by rotation and being eligible, offers himself for re-election.
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 as an ORDINARY RESOLUTION:

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

6. To consider and if thought fit, to pass with or without modification(s), 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.

7. To consider and if thought fit, to pass with or without modification(s), the following as a SPECIAL RESOLUTION:

RESOLVED THAT, subject to the approval of the Central Government under Section 21 of the Companies Act, 1956, the name of the Company be changed from BPL Refrigeration Limited to B S Refrigerators Limited from the date of issue of fresh Certificate of Incorporation, consequent to change of name, by the Registrar of Companies, Karnataka and accordingly, the name BPL Refrigeration Limited, wherever appears in the Memorandum and Articles of Association of the Company, be substituted by the name B S Refrigerators Limited.

8. To consider and if thought fit, to pass with or without modification(s), 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(i)(b), the following Articles shall be inserted namely:

1(i)(c) '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(i)(d) 'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

1(i)(e) '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(i)(f) '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.

1(i)(g) 'Registered Owner' means a depository whose name is entered as such in the register of the Company.

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

"5b. 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 recognize 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(b), the following Articles shall be inserted:

"5c. 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."

"5d. 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."

"5e. 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) That the existing Article "8" be deleted.

- E) 1) That after the existing Article 13(c), the following Articles shall be inserted:

"13(c)(i) 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."

"13(c)(ii) 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."

- 2) That the following Article be inserted after the existing Article 13(f):

"13(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."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT, in modification of the resolution recorded at the Court convened meeting of the Shareholders held on 22nd October, 1999, under Section 391 and all other applicable provisions of the Companies Act, 1956, approving the Scheme of Amalgamation of BPL Refrigeration Limited (BRL), BPL Sanyo Finance Limited (BSFL) and Alpha Securities Limited (ASL) with BPL Sanyo Utilities and Appliances Limited (BSU) (now BS Appliances Limited), consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company to effect material alterations to the said Scheme of Amalgamation submitted in the Honourable High Court of Karnataka including the power to exclude any Company

involved in the Scheme of Amalgamation, withdraw from the Scheme of Amalgamation, if necessary, and also to do all such acts, deeds, and things as may be considered necessary in connection therewith.

By Order of the Board

Bangalore
November 30, 2000

M K Tribhuvan
Director & Chief Operating Officer

Registered Office:
No.1-D, Kadugodi Sadaramangala Indl. Area,
Whitefield Road, Whitefield, Bangalore 560 066

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special business to be transacted at the meeting is annexed to this notice.
2. 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 OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members / Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from 22nd December, 2000 to 27th December, 2000 (both days inclusive).
5. The Company has transferred unclaimed dividends declared upto the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Karnataka, E-Wing, Kendriya Sadan, Koramangala, Bangalore 560 034.
6. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) to facilitate holding and trading of Company's Shares in the Electronic Form. **SEBI has made it mandatory that w.e.f. 8th May 2000, the Equity Shares of the Company shall be traded in dematerialized form only.** Shareholders who are holding Shares in physical form may open a Beneficiary Account with any of the Depository Participants and dematerialize their Share Certificate(s).

ANNEXURE TO NOTICE

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice and should be considered as forming part of the Notice.

Item Nos.5 & 6

Mr. LH Bhatia and Mr. R Murali were co-opted as Additional Directors of the Company at the Board Meeting held on 27th November, 2000, pursuant to Article 23 of the Articles of Association of the Company.

Mr. LH Bhatia, aged 54 years, is an Electrical Engineer with a Post Graduate Degree in Electronics. He also holds a post Graduate Diploma in Marketing Management from the Jamnalal Institute, Mumbai. Mr. Bhatia who has been associated with BPL for nearly three decades, is at present the Managing Director of BST Limited, engaged in the manufacture of Audios. He also holds directorships of a few other Companies. Mr. Bhatia has widely travelled both overseas and in India and possesses varied experience in the areas of Marketing, Sales and General Management.

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. At present, Mr. R Murali is the Sr. Vice President-Corporate Finance and Commercial Head of BPL Limited.

The Company has received Notices from Members under Section 257 of the Companies Act, 1956 signifying their intention to propose the

appointments of Mr. LH Bhatia and Mr. R Murali as Directors of the Company. The Board of Directors recommends the ordinary resolutions as set out at Item Nos. 5 & 6 for adoption, by the members.

None of the Directors of the Company, except Mr. LH Bhatia and Mr. R Murali may be considered to be concerned or interested in the resolutions relating to their appointments.

Item No.7

The name of the Company is proposed to be changed to B S Refrigerators Limited. The Registrar of Companies - Karnataka has confirmed the availability of the proposed new name vide their letter No. JTA-III/CN/32006/98-99 dated 19/10/2000. Section 21 of the Companies Act, 1956 provides that the name of the Company may be changed subject to the consent of the members by way of a Special Resolution in the General Meeting and the approval of the Central Government.

Your Directors recommend the resolution as set out in Item No.7, for approval of Members. None of the Directors of the Company is in any way 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 has entered into agreements with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), 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, are being 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.

A copy of the Memorandum and Articles of Association of the Company proposed to be amended is open for inspection by the members during office hours at the Registered Office of the Company.

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.

Item No.9

The Shareholders of BPL Sanyo Utilities and Appliances Limited (BSU) (now BS Appliances Limited), BPL Sanyo Finance Limited (BSFL), Alpha Securities Limited (ASL) & your Company, had at the Court convened meetings of the respective Companies approved the Scheme of Amalgamation of BSFL, ASL & your Company with BSU with effect from 1st April, 1999. BSFL, BSU & your Company had also obtained the consent of the unsecured creditors to the amalgamation at their respective Court convened meetings, besides obtaining the consent of the secured creditors, separately.

Subsequently, petitions were filed in the Honourable High Court of Karnataka for its final orders to the Scheme of Amalgamation under Section 391 of the Companies Act, 1956. Although the unsecured creditors of BPL Sanyo Finance Limited had unanimously approved the Scheme of Amalgamation at the Court convened meeting of BSFL held on 28th October, 1999, a few unsecured creditors of BSFL have now filed objections in the Honourable High Court of Karnataka for amalgamating BSFL with BSU, which has resulted in a delay in sanctioning of the Scheme of Amalgamation. Hence, the High Court has been approached to exclude BSFL from the amalgamation.

The Exclusion of BSFL from the Scheme of Amalgamation will not result in any change in the Swap ratios of the Shareholders of your Company and ASL.

The Board therefore, recommends the proposed resolutions set out in Item No.9 of the Notice. None of the Directors of the Company is interested in this resolution.

By Order of the Board

Bangalore
November 30, 2000

M K Tribhuvan
Director & Chief Operating Officer

Registered Office:
No.1-D, Kadugodi Sadaramangala Indl. Area,
Whitefield Road, Whitefield, Bangalore 560 066

Directors' Report

To the Members,

Your Directors take pleasure in presenting the Thirteenth Annual Report on business and operations of the Company together with the audited statements of account for the year ended 31st March, 2000.

Financial Highlights

Particulars	(Rs.in Lakhs)	
	Year ended 31.03.2000 (12 months)	Period ended 31.03.1999 (6 months)
Sales & Other Income	12741.17	7357.65
Profit before Financial expenses & depreciation	1812.29	624.90
Financial Expenses	2331.54	1352.21
Depreciation	680.38	435.03
Loss for the period	(1199.62)	(1162.34)
Add : Profit & Loss account brought forward	(4664.40)	(3502.06)
Balance carried over	(5864.02)	(4664.40)

Operations

The sluggish business environment which was experienced by most of the industries during the previous financial year continued for a major part of the year 1999-2000. Your Company has achieved a turnover of Rs.12741 lacs and has posted a loss of Rs.1199.62 lacs for the year ended 31st March, 2000. The market for direct cool refrigerators registered a moderate growth. However, the de-growth in the frost-free segment effected the performance of your Company, since your Company is dependent on the frost-free segment. This prompted your Company to concentrate on introduction of direct cool models and your Company introduced two new models of direct cool refrigerators all over India.

Intense Competition amongst others, has resulted in drastic fall in realisation. Moreover, the world-wide hike in oil prices resulted in steep increase in the international prices of key inputs like steel and plastic which resulted in a severe erosion of contribution. Despite this, your Company was able to contain the losses to almost the same level as in the previous year through intense efforts on reduction of raw material costs and control over expenditure. Your Company is the first Company in the world to develop and patent the 'CONVERTI' technology.

Dividend

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

Future Outlook

The exposure to International class and variety of products has enhanced the consumer interest in Refrigerators. This is evident from the increasing shelf space being occupied by Refrigerators in major sales counters. On the other hand, penetration of refrigerators on an all India basis is still at around 15%. This provides vast scope for growth in sales of refrigerators. Your Company is currently working on streamlining manufacturing operations and strengthening Research and Development activities to launch a series of new models in line with the customer expectation. The Company has also decided to focus on the direct cool segment (which was hitherto not a focus area) to enhance its reach and volumes. Simultaneously, your Company has made major inroads in exports and OEM markets. Further, your Company has committed business from the above markets for the years to come. With all the above, your Company will enjoy significantly large volume of business in the years to come, which is sure to improve profitability.

Status on Amalgamation with B S Appliances Limited

The Shareholders of the Company had in the previous year, approved the Scheme of Amalgamation of the Company alongwith two other Companies viz., BPL Sanyo Finance Limited and Alpha Securities Limited, with B S Appliances Limited. Subsequently, petitions were filed by all the Companies involved in the Amalgamation in the Honourable High Court of Karnataka, for its approval to the Scheme of Amalgamation. The petitions are pending in the Honourable High Court of Karnataka and the final Orders of the Honourable High Court on the same are expected shortly. The Scheme will be given effect to as soon as the final