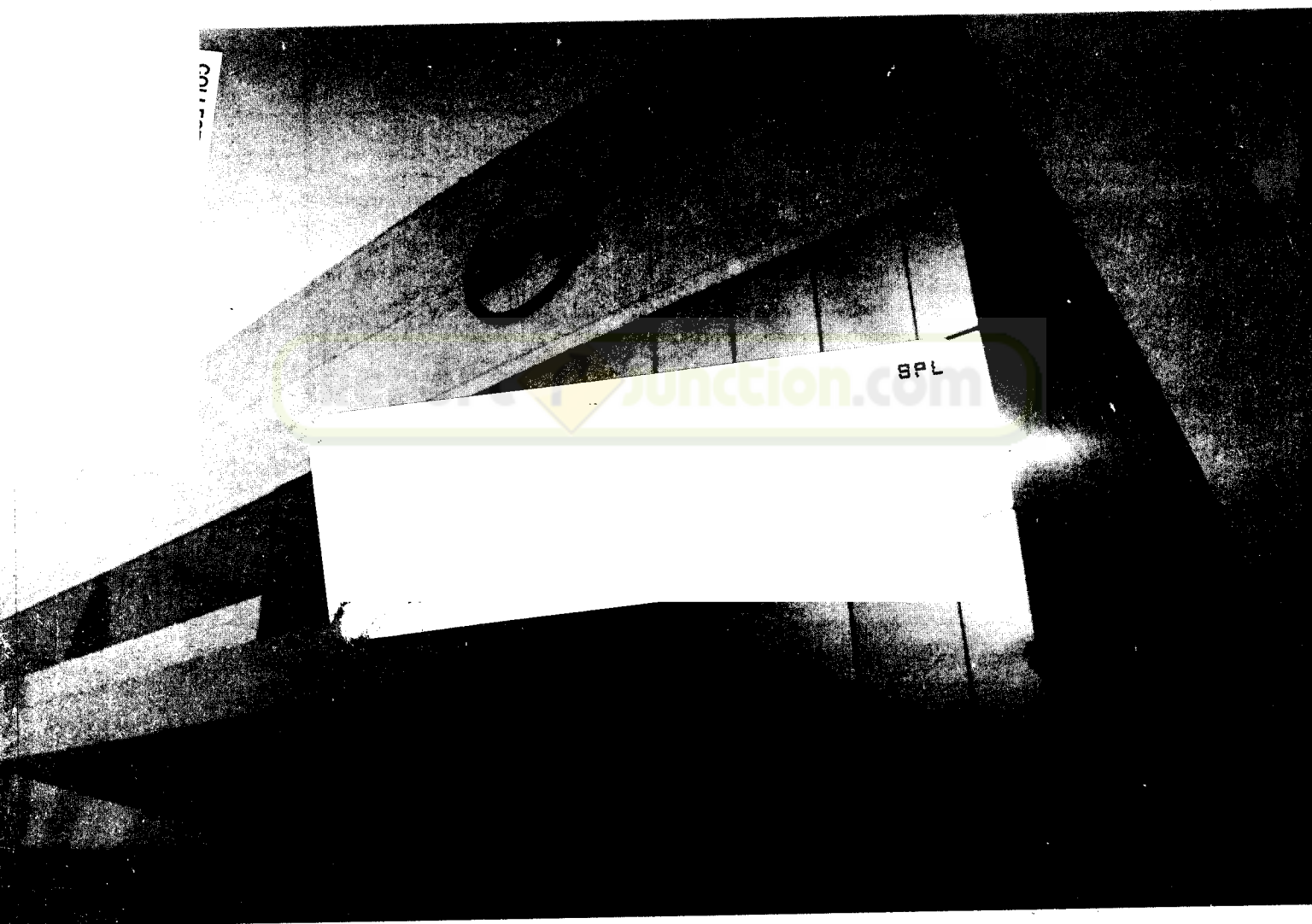




Believe in the Best



BPL Limited
ANNUAL REPORT 2002-2003

Annual Report 2002-2003

BOARD OF DIRECTORS

Ajit G Nambiar, *Chairman & Managing Director*
 Anju Chandrasekhar
 S Padmakumar
 KS Prasad
 Capt. S Prabhala
 K Jayabharath Reddy
 Suraj L Mehta
 KS Jayanth Kumar, *Chief Executive Officer (Upto 31.10.03)*
 PH Ravi Kumar, *Nominee - ICICI (Upto 17.9.03)*
 M Sudhendranath, *Nominee - ICICI (w.e.f 17.9.03)*
 Viswanath Nambiar
 M Sasi, *Director, Finance & Corporate Planning (w.e.f 24.1.03)*
 VA Raghu, *Nominee - ICICI (w.e.f 30.9.02)*

**COMPANY SECRETARY &
 CORPORATE LEGAL COUNSEL**

AR Rajaram

REGISTERED OFFICE

BPL Works, Palakkad, 678007, Kerala

CORPORATE OFFICE

Dynamic House, 64, Church Street,
 Bangalore 560 001

AUDITORS

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

BANKERS

Canara Bank
 Sumitomo Mitsui Bank
 Standard Chartered Bank
 Citibank NA
 American Express Bank
 HDFC Bank Limited
 Centurion Bank Limited
 ICICI Bank
 Hongkong & Shanghai Banking Corp. Ltd.
 Central Bank of India
 UTI Bank Limited
 UCO Bank
 ABN Amro Bank

MANUFACTURING FACILITIES

BPL Works, Palakkad 678 007, Kerala
 17th KM, Old Madras Road, Bangalore 560 049
 NOIDA, Ghaziabad, Uttar Pradesh 201 305
 Doddaballapur 561 203, Bangalore District
 Dobaspet, Tumkur Road, Bangalore 562 111
 238, III Phase, Bommasandra Industrial Area,
 Bangalore 562 158

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Notice of Annual General Meeting

NOTICE is hereby given that the 40th Annual General Meeting of BPL Limited, will be held on Tuesday, the 30th March, 2004 at 9.30 A.M. at Shree Parvathi Mandapam, Chandranagar, Palakkad - 678 007, Kerala, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Report of Directors, the audited Profit and Loss Account for the period ended 30th September 2003 and the Balance Sheet as at that date.
2. To confirm dividend paid on Preference Shares.
3. To appoint a Director in place of Mr. K Jayabharath Reddy, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Suraj L Mehta, who retires by rotation, and being eligible, offers himself for re-election.
5. 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

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with the amended provisions of Section II of Part II of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and further, subject to such conditions as the Central Government may impose while granting its approval, consent of the Company be and is hereby accorded to pay the revised remunerations to Mr Ajit G Nambiar, Chairman & Managing Director and Mr. K S Jayanth Kumar, Director and Chief Executive Officer as set out below:

- I. Mr. Ajit G Nambiar, Chairman & Managing Director :
 - i. From 1st April 2002 to 31st March 2003 total remuneration of Rs.3,75,000/- paid to the Chairman & Managing Director shall be considered as the remuneration for the financial year 2002-03 (i.e., from 1st April 2002 to 31st March 2003).
 - ii. From 1st April 2003 to 1st December 2003 (Upto the term of office)
Salary of Rs.75,000/- per month
- II. Mr. K S Jayanth Kumar, Director & Chief Executive Officer :
 - i. From 1st April 2002 to 31st March 2003 total remuneration of Rs. 44,95,400/- paid to the Director & Chief Executive Officer shall be considered as the remuneration for the financial year 2002-03 (i.e., from 1st April 2002 to 31st March 2003)
 - ii. From 1st April 2003 to 31st October, 2003
Salary of Rs.75,000/- per month

The Chairman & Managing Director and Director & Chief Executive Officer shall be entitled for the following benefits :

- a. Use of Company's car for official purposes and Telephone at residence (including payment for local calls and long distance official calls) and cell phone.
- b. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity payable as per the Rules of the Company.
- c. The Chairman & Managing Director and Director & Chief Executive Officer shall be entitled to reimbursement of

expenses incurred by them in connection with the business of the Company.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with the amended provisions of Section II of Part II of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and further, subject to such conditions as the Central Government may impose while granting its approval, consent of the Company be and is hereby accorded for re-appointment of Mr Ajit G Nambiar, as the Chairman & Managing Director of the Company, for the period from 2nd December 2003 to 31st March 2008, on the terms and conditions, as set out below:

- I. For the period from 2nd December 2003 to 31st March 2004
Salary of Rs.75,000/- per month

The Chairman & Managing Director shall be entitled for the following benefits :

- a) Use of Company's car for official purposes and Telephone at residence (including payment for local calls and long distance official calls) and cell phone.
- b) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity payable as per the Rules of the Company.
- c) The Chairman and Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

- II. The remuneration and retirement benefits to the Chairman & Managing Director for the period from 1st April 2004 and onwards shall be paid, as determined by the Board of Directors at the appropriate time, subject to requisite approvals.

8. To consider and if thought fit, to pass with or without modification, the following resolution, as an ORDINARY RESOLUTION:-

RESOLVED THAT, subject to the applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for the appointment of Mr M Sasi as the Director (Finance & Corporate Planning), who shall not be liable to retire by rotation, for a period of two years with effect from 24th January 2003, without remuneration.

RESOLVED FURTHER THAT Mr. M Sasi, Director (Finance & Corporate Planning), be and is hereby entitled for reimbursement of actual expenses incurred in connection with the business of the Company.

9. 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 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from Rs.140,00,00,000/- (Rupees One Hundred Forty Crores only) comprising 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each to Rs.200,00,00,000/- (Rupees Two Hundred Crores only) comprising 4,00,00,000 (Four Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,60,00,000 (One Crore Sixty Lakhs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each and

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consequently, the existing Clause V of the Memorandum of Association of the Company, relating to Share Capital, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause V:

V. "The Authorised Share Capital of the Company is Rs.200,00,00,000/- (Rupees Two Hundred Crores only) comprising 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each, and 1,60,00,000 (One Crore Sixty Lakhs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each, with a power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or the Articles of Association of the Company, for the time being".

10. To consider and if thought fit, to pass with or without modification(s), the following resolution 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, the Articles of Association of the Company be altered as follows;

A. The existing Article 3 of the Articles of Association of the Company be and is hereby deleted and be substituted in its place by the following new Article :

New Article 3 :

"The Authorised Share Capital of the Company is Rs.200,00,00,000/- (Rupees Two Hundred Crores only) comprising 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each, and 1,60,00,000 (One Crore Sixty Lakhs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or the Articles of Association of the Company, for the time being".

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

RESOLVED THAT in terms of Section 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board"), and/or a duly authorised Committee of Directors thereof, for the time being exercising the

powers conferred by the Board of Directors (hereinafter called the "Committee"), consent of the Company be and is hereby accorded to the Board of Directors to offer/issue/allot upto 60,00,000 (Sixty Lakhs) Redeemable Cumulative Preference Shares of the face value of Rs.100/- each, of an aggregate nominal amount not exceeding Rs.60,00,00,000/- (Rupees Sixty Crores) (hereinafter for brevity's sake referred to as "Securities"), to such person or persons, whether or not shareholders of the Company, as the Board may at its absolute discretion decide, including one or more of the Members, Promoters, Financial Institutions, Banks, Mutual Funds, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Bodies Corporate and other entities, in one or more combinations thereof, whether through public issue, rights issue, private placement, preferential allotment, exchange of securities, conversion of loans or otherwise, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto;

RESOLVED FURTHER THAT the Board or Committee to be formed for the purpose thereof be and is hereby authorised, on or before redemption of the Preference Shares issued pursuant to this resolution, to issue fresh shares up to the nominal amount of the Shares redeemed or about to be redeemed, as if those shares had never been issued to persons and in the manner and on terms referred to hereinabove.

RESOLVED FURTHER THAT such of these Securities to be issued, which are not subscribed may be disposed off by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee may in its absolute discretion think most beneficial to the Company, including offering or placing them with Banks/Financial Institutions/Mutual Funds/Foreign Institutional Investors/Bodies Corporate/such other persons or otherwise, as the Board/Committee thereof may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee, be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient, as it may deem fit."

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

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be altered by inserting a new Article No. 43A after the existing Article No. 43 of the Articles of Association of the Company.

"Passing of resolution by postal ballot

43A. Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:-

1. any business that can be transacted by the Company in a General Meeting; and

Notice

2. particularly, resolutions relating to such business as the Central Government may by notification, from time to time, declare to be passed only by postal ballot.

The Company shall comply with the procedure for such postal ballot and /or other ways prescribed by the Central Government in this regard."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

(This item will be transacted through postal ballot as required under Section 192A of the Companies Act, 1956 and the Rules made thereunder. The result of the Postal Ballot will be announced in the meeting as per the Scrutineer's Report. Postal Ballots have already been sent to all the Members.)

"RESOLVED THAT subject to such consents, approvals and permissions as may be required from appropriate authorities, consent of the Company, be and is hereby accorded to the Board of Directors pursuant to Section 293(1)(a) of the Companies Act, 1956, for the sale, lease, transfer or otherwise dispose of the Alkaline Battery business of the Company to the Company's subsidiary, BPL Soft Energy Systems Limited, situated at Dobaspet, near Bangalore, Karnataka, as a going concern or otherwise, including the freehold land, buildings, plant & machinery, accessories, equipments, tools, moulds, dies, structures, furniture & fittings, all kinds of instruments & apparatus, computers & office equipments and other sundry items, on such consideration and on such terms and conditions as the Board of Directors or a Committee of Directors to be appointed for the purpose with power to the Board of Directors or to the Committee of Directors to finalise and execute necessary documents including agreements, deeds of assignments / conveyance and other documents, and with effect from such date as the Board / Committee of Directors of the Company may deem fit or appropriate and to do all such acts, deeds, matters and things as may be deemed necessary and / or expedient in their discretion for completion of the sale, lease, transfer or otherwise of the Alkaline Battery business."

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

(This item will be transacted through postal ballot as required under Section 192A of the Companies Act, 1956 and the Rules made there under. The result of the Postal Ballot will be announced at the above said meeting. Postal Ballots have already been sent to all the Members.)

RESOLVED THAT subject to requisite consent(s) / permission(s) / approval(s) of the concerned authorities as may be required, the Equity Shares of the Company be de-listed from The Cochin Stock Exchange Limited, The Stock Exchange - Ahmedabad, The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company or its Authorised Representatives, be and are hereby severally authorised to do all such acts, deeds and matters as may be deemed necessary and expedient in relation thereto.

By order of the Board

Bangalore
17th February 2004

A R Rajaram
Company Secretary

Registered Office :
BPL Works, Palakkad-678 007, Kerala.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES, ONCE ISSUED WILL HOLD GOOD FOR ANY ADJOURNMENT OF THIS ANNUAL GENERAL MEETING.
2. Members / Proxies should bring the Attendance Slip sent herewith duly filled in, for attending the Meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 24th March, 2004 to 30th March, 2004 (both days inclusive).
4. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government.

In terms of the provisions of Section 205A of the Companies Act, 1956, as amended, the unclaimed dividends are now required to be transferred to the Investors' Education and Protection Fund established by the Central Government, after a period of seven years from the date it is transferred to the Unpaid Dividend Account. Accordingly, the dividend pertaining to the financial year 1995 - 96 has already been transferred to the Investors' Education and Protection Fund, during November 2003.

Financial year	Date of declaration	Nature of dividend	Due date of transfer to Investors' Education & Protection Fund
1996 - 97	17/09/1997	Final	05/12/2004
1997 - 98	02/02/1998	Interim	04/03/2005
1997 - 98	17/09/1998	Final	05/12/2005
1998 - 99	05/02/1999	Interim	07/03/2006
1998 - 99	23/09/1999	Final	11/12/2006
1999 - 00	30/05/2000	Interim	29/06/2007
1999 - 00	20/09/2000	Final	08/12/2007
2000 - 01	28/09/2001	Final	16/12/2008

Shareholders who have not encashed the above dividends, are requested to claim it from the Company immediately.

5. Shareholders intending to require information about accounts, to be explained at the Meeting, are requested to inform the Company at least a week in advance of their intention, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
6. Pursuant to the recently amended clauses of the listing agreements, additional information on Directors seeking re-election/ appointment at the Annual General Meeting is appended to this Notice.
7. Shareholders are requested to address all their correspondence including on matters related to Share Transfers, Non-receipt of Dividend / Annual Report etc., to the Investors' Service Cell, at Dynamic House, No. 64, Church Street, Bangalore - 560 001, Phone Nos. 080 - 25588388 Fax No. 080-25596286.
8. Resolutions at Item Nos.13 & 14 require consent of shareholders through postal ballot.

By order of the Board

Bangalore
17th February 2004

A R Rajaram
Company Secretary

Registered Office :
BPL Works, Palakkad-678 007, Kerala.

Notice

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 taken as forming part of the Notice.

ITEM No. 6

Due to absence of profits during the financial year 2002 - 03, Mr. Ajit G Nambiar, Chairman & Managing Director, had volunteered to reduce his remuneration retrospectively from 1.4.2002 to 1.12.2003 (up to the remaining period of his tenure). The proposal was accepted and approved by the Remuneration Committee of the Board. In view of the losses incurred by the Company and pursuant to the provisions of the Section 198 and the Schedule XIII to the Companies Act, 1956, the Company had sought the approval of the Central Government for payment of remuneration to the Chairman & Managing Director, which is under consideration.

Similarly Mr. KS Jayanth Kumar, who resigned from the office of Director & Chief Executive Officer of the Company on 31st October 2003, had also volunteered to take a reduced remuneration retrospectively from 1.4.2002 to 31.03.2003. In view of the losses incurred by the Company and pursuant to the provisions of the Section 198 and the Schedule XIII to the Companies Act, 1956, the Company had sought the approval of the Central Government for payment of remuneration to Mr Jayanth Kumar. which is under consideration.

Further, in view of the difficult financial situation being faced by the Company, Mr. Ajit G Nambiar, and Mr Jayanth Kumar had not drawn remuneration since May 2002 and November 2002, respectively. At the request of them, the Directors had recommended payment of reduced remuneration to Mr Ajit G Nambiar and Mr Jayanth Kumar for their respective period of service, as set out in the resolution at item No.6 of the accompanying notice.

The Directors recommend the passing of Special Resolution as set out in Item No. 6 of the accompanying Notice.

Except Mr. Ajit G Nambiar, Ms Anju Chandrasekhar and Mr KS Jayanth Kumar, no other Director of the Company is in any way concerned or interested in the Resolution.

ITEM No. 7

The Board of Directors of your Company at their meeting held on 30th January 2004, had re-appointed Mr Ajit G Nambiar, as the Chairman & Managing Director of the Company for a period from 2nd December 2003 to 31st March 2008, on the terms of remuneration as recommended by the Remuneration Committee of Directors and set out in the resolution at item No.7 of the accompanying notice.

In view of the absence of profits, the re-appointment and payment of remuneration to Mr. Ajit G Nambiar, is subject to the approval of the Central Government.

The Directors recommend the passing of Special Resolution as set out in Item No. 7 of the accompanying Notice.

Except Mr. Ajit G Nambiar and Ms Anju Chandrasekhar, no other Director of the Company is in any way concerned or interested in the Resolution.

ITEM No. 8

The Board of Directors at their meeting held on 24th January 2003, co-opted Mr. M Sasi as an additional director and appointed him as

the Director – Finance & Corporate Planning for a period of two years, with effect from that date, without remuneration.

Mr. M Sasi, aged 43, is a Chartered Accountant by profession and has been associated with the Group since 1990 and has held several key positions in various companies in the Group, including that of Finance Director of BS Appliances Limited (formerly BPL Sanyo Utilities and Appliances Limited) till March 1996 and Wholtime Director of BPL Display Devices Limited (BDDL) – till April 2000. He was instrumental in restructuring and successful revival of the Company's subsidiary – BPL Display Devices Limited, after the same was taken over from the Board for Industrial & Financial Reconstruction (BIFR). Mr. Sasi has 20 years of experience in the field of Finance and Management. He was a Practising Chartered Accountant before joining the BPL Group.

Your Directors consider that it is in the best interest of the Company to appoint Mr. M Sasi, as Director (Finance & Corporate Planning) and recommend the resolution set out in Item No. 8 for your approval.

None of the Directors of the Company, except Mr. M Sasi, may be deemed to be concerned or interested in the resolution.

ITEM Nos. 9, 10 & 11

As a part of the Company's on-going Debt / Corporate Restructuring programme, it would be expedient to raise additional financial resources at appropriate time(s) by issue of further capital. Certain Institutional / other investors have evinced interest in subscribing to Preference Shares of the Company. Your Directors intend to consider such proposals as and when necessary.

Accordingly, consent of the Shareholders is being sought to increase the Authorised Capital of the Company from Rs.140 Crores to Rs.200 Crores by addition of 60,00,000 Redeemable Preference Shares of Rs.100/- each aggregating Rs.60 Crores.

Sections 93 and 31 of the Companies Act, 1956 provide inter-alia that the alteration of Capital Clauses in the Memorandum and Articles of Association of the Company, requires the consent of the Shareholders in a General Meeting.

Accordingly, the Company would be required to issue such preference shares to such persons whether they are Members of the Company or not carrying such rate of dividend, as may be determined by the Directors.

Section 81 of the Companies Act, 1956 provides inter alia that when it is proposed to increase the issued capital of the Company by issue of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless the shareholders in a General Meeting decide otherwise.

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 resolutions as set out in item Nos. 9, 10 & 11 for your approval.

None of the Directors of the Company is concerned or interested in the resolutions.

ITEM No.12

As per the Section 192A of the Companies Act, 1956, certain items of businesses have been notified by the Central Government, to be passed by Postal Ballot only. It is now proposed to amend the Company's Articles of Association by inserting new Article viz. Article No. 43A after the existing Article 43 of Articles of Association of the Company, to provide for passing of resolutions by Postal Ballot, as and when necessary. The amendment of Articles of Association requires members' approval by way of a Special Resolution.

Notice

The Board of Directors recommends passing of the resolution at Item No.12 of the Notice convening the meeting for the approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM No.13

Due to a variety of reasons, most of which center around financial investments made over the past many years, your Company has been experiencing severe cash flow constraints. This constriction of the cash flows affected the production levels and resulted inevitably in the disruption of the steady flow of inventory to the trade network. Financial Restructuring which is crucial for improving financial performance and ensuring profitability, is being undertaken and are being addressed and resolved through several steps.

Your Company had diversified into the manufacture of eco friendly Alkaline Batteries during the year 1996, with technical collaboration from SANYO, Japan. A state-of-the-art fully automated production facility was set up at Dobaspet, Tumkur District, Karnataka. BPL Soft Energy Systems Limited, a subsidiary of your Company, has a state of the art zinc chloride cell manufacturing facility at Maddur near Bangalore in Karnataka, set up at a project cost of Rs. 800 Million. The Plant has an installed capacity of 240 Million cells per annum. The Company is also in the trading business of Rechargeable Lanterns and Alkaline Batteries.

As part of the debt/ financial restructuring programme, your Board of Directors proposes to transfer the Company's Alkaline Battery Division situated at Dobaspet, near Bangalore in favour of the Company's subsidiary, BPL Soft Energy Systems Limited. This would facilitate your Company to focus on its core business of Consumer Durable business.

Pursuant to provisions of Section 293(1)(a) of the Companies Act, 1956, sell, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking requires the approval of the shareholders by way of an ordinary resolution.

Any sale or otherwise disposal of any undertaking of the Company requires the approval of shareholders under Section 293(1)(a) of the Companies Act, 1956. Hence, the resolution was sent to the members' approval through postal ballot.

In the opinion of the Directors, it is in the interest of the Company that the Alkaline Business Division be disposed off to the Company's subsidiary.

Except Mr. Ajit G Nambiar, no other Director is concerned or interested in the resolution.

ITEM No. 14

The Members at their Meeting held on 30th September 2002 had accorded their consent for de-listing of Company's equity shares from all the Stock Exchanges except The National Stock Exchange, The Stock Exchange, Mumbai and The Cochin Stock Exchange, being the Regional Stock Exchange. In pursuance of this and on an application made by the Company, the Company's shares were de-listed from the Bangalore Stock Exchange Limited with effect from 21st October 2002.

However, as per the requirement of the Stock Exchanges and pursuant to the recently notified SEBI (De-listing of Securities) Guidelines, 2003, the Company is required to seek fresh approval of the Members to voluntarily delist its securities from the Stock Exchanges. Stock Exchanges have put additional condition on an application made by the Company that a Special Resolution should be passed seeking

members approval through Postal Ballot. Hence, necessary resolution is being placed before the members through the postal Ballot seeking their consent for De-listing of the Company's Equity Shares from all the Stock Exchanges except The National Stock Exchange and The Stock Exchange, Mumbai.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

INFORMATION ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Mr Ajit G Nambiar

Mr. Ajit G Nambiar, 40, is the Chairman & Managing Director of BPL Limited. After obtaining his Degree in Electrical Engineering from Boston University, USA, Mr. Nambiar started his career in Electronic Research Private Limited (ERPL) in 1984 and was appointed as its Managing Director in 1986 (ERPL is a company in the BPL Group engaged in the manufacture and marketing of critical components for the Consumer Electronic Industry).

Mr. Ajit G Nambiar took over as the Managing Director of BPL Limited in 1993 and due to his untiring efforts, the Company made rapid strides on all fronts. He took over as the Chairman of the Company in the year 1999. His vision has resulted in the Company becoming a truly diversified entity, with its foray into soft energy, computer peripherals and other businesses. He is instrumental in setting up of the following manufacturing facilities:

- Colour Television Manufacturing Facility at Old Madras Road, Bangalore.
- Alkaline Battery Manufacturing Facility in Dobaspet, near Bangalore.
- Dry Cell Manufacturing Facility by BPL Soft Energy Systems Limited (which is a subsidiary of BPL Limited) at Maddur, near Bangalore.

Mr Ajit G Nambiar is also on the Board of the following companies viz., BPL Display Devices Limited, BPL Soft Energy Systems Limited, Anan Properties & Finance Company Limited and other private companies.

Mr M Sasi

Mr. M Sasi, aged 43, is a Chartered Accountant by profession and has been associated with the Group since 1990 and has held several key positions in various companies in the Group, including that of Finance Director of BS Appliances Limited (formerly BPL Sanyo Utilities and Appliances Limited) till March 1996 and Wholetime Director of BPL Display Devices Limited (BDDL) – till April 2000. He was instrumental in restructuring and successful revival of the Company's subsidiary – BPL Display Devices Limited, after the same was taken over from the Board for Industrial & Financial Reconstruction (BIFR). Mr. Sasi has 20 years of experience in the field of Finance and Management. He was a Practising Chartered Accountant before joining the BPL Group.

He is on the Board of Eurotrade International Limited and a member of the Finance Committee of the Board of the Company.

Mr. K Jayabharath Reddy

Mr. K Jayabharath Reddy, 65, who holds a Masters in Economics and Statistics, is a retired IAS Officer, and has held important positions in the State and Central Governments. He was the Chief Secretary to the Government of Andhra Pradesh, Secretary to Government of India in the Ministry of Urban Development and Secretary in the Finance Ministry. He has headed the Departments of Banking, Insurance and Administration of the Revenue Department in the Finance Ministry.

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Mr. Reddy also headed the Secretariat for Industrial Approvals (SIA) in the Industry Ministry. He has been associated with State Industrial and Financial Developmental Organisations as well as financial institutions like the NABARD, IDBI, ICICI, SBI, EXIM Bank, National Housing Bank in executive as well as non-executive capacities.

Mr. Reddy is currently on the Board of several other companies in addition to BPL Limited:

He is a member of Audit, Finance, Remuneration and Nomination Committees of the Board and member of the Audit Committee of Rubfilla International Limited. He is also the Chairman of the Audit and Finance Committees of the Company and Audit Committees of NCL Industries, NCL Energy Limited and BPL Mobile Communications Limited.

Mr Suraj L Mehta

Mr. Suraj L Mehta, 58, is a Graduate in Economics (Honours) and is at present the Chief Executive Officer of NABIL Bank Limited, Nepal.

Mr. Mehta has held key management positions in India and abroad with ANZ Grindlays Bank till the year 1994. He has to his credit major achievements including management of the bank's credit quality through the creation or modification of credit policy and procedures, establishing credit assessment processes, formulating strategies etc. He was the General Manager (Division Head), Corporate Banking - India before joining Dresdner Bank AG.

He was the Chief Executive Officer of Dresdner Bank AG and was successful in establishing the commercial banking business in a considerable short span of time.

He has over three and a half decades of rich and varied experience in the field of Banking.

He is a member of Audit, Finance and Remuneration Committees of the Board and member of the Audit Committee of Nabil Bank Limited.

ATTENDANCE RECORD OF DIRECTORS WHO SEEK APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	No. of Board Meetings held during the period 1st April 2002 to 30th September 2003	No. of Board meetings attended	Last AGM attendance (Yes/No)
Mr Ajit G Nambiar	8	8	YES
Mr M Sasi*	8	4	NA
Mr. Jayabharath Reddy	8	8	YES
Mr. Suraj L Mehta	8	5	NO

* Appointed on 24th January 2003

Information as required to be furnished under sub paragraph (iv) of Clause (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956, in relation to Item No. 6 (II) of the accompanying Notice:

1. General Information

Nature of industry

BPL Limited (BPL) was incorporated in 1963 as a Private Limited Company for the manufacture of indicating instruments and Electronic Test & Measuring Instruments in technical and financial collaboration with BPL Instruments Limited, U.K. The Company started manufacturing Hermetically Sealed Panel Instruments at its factory in Palakkad (Kerala) for defence use. Later, it started the manufacture of Electronic Test & Measuring Instruments and Electro medical Instruments - Electrocardiographs, Patient Monitoring Systems, DC Defibrillators and Central Monitoring Systems. These Instruments are manufactured to international standards for safety and performance. The Company is one of the leading manufacturers of Medical Instruments in India.

In the year 1982, when Colour transmission was first introduced in the country, the Company diversified into the field of consumer electronics, colour television receivers, black and white TV receivers and video cassette recorders. The products of the Company are marketed under the brand name "BPL" and the same has been registered under Copyrights Act, 1956 as well as under the Trade and Merchandise Marks Act, 1958.

The Company is a market leader in the field of Colour Televisions and has consistently increased its market share over the last two decades.

During the year 1996, the Company had embarked on the manufacture of eco-friendly Alkaline Batteries and a state-of-the-art fully automated production facility was set up at Dobaspet, near Bangalore. The Company also entered the Dry Cell Battery business through its subsidiary BPL Soft Energy Systems Limited, which has set up its manufacturing facility in Maddur, Karnataka.

The Company acquired Uptron Colour Picture Tubes Limited through the Board for Industrial & Financial Reconstruction (BIFR) during the year 1996. This Company was renamed as 'BPL Display Devices Limited' (BDDL) and is a major subsidiary of BPL in which the Company holds 83.18% of the equity capital. The acquisition of BDDL has enabled BPL to exercise control over regular CPT supplies, which is a critical and high value component for Televisions.

BPL has its manufacturing facilities at

- BPL Works, Palakkad - 678 007, Kerala
- 17th KM, Old Madras Road, Bangalore - 560 049, Karnataka
- NOIDA, Ghaziabad, Uttar Pradesh - 201 305
- Doddaballapur - 561 203, Bangalore District, Karnataka
- Dobaspet, Tumkur Road, Bangalore 562 111, Karnataka
- 238, III Phase, Bommasandra Industrial Area, Bangalore - 562 158, Karnataka

Financial performance (for the period ended 30th September 2003)
(Rupees in Crores)

Financial Parameters	2002-03 (For the 18 months period ended 30th September 2003)
Gross Turnover	1029.38
Net Profit / (Loss)	(214.58)
Amount of dividend paid	NIL
Rate of dividend declared	-

Export Performance

During the period ended 30th September 2003, the Company achieved an export turnover of Rs. 140.69 Crores.

2. Information about the appointee

Mr. K S Jayanth Kumar, 59, holds a Bachelor of Engineering (Electrical) degree from Institute of Technology - Benaras and also holds a Post Graduate Degree in Business Management from the Indian Institute of Management (IIM), Calcutta. He has over three decades of rich experience in marketing and independently running large profit-centre operations and innovatively developing new start-up business. He is a Director on the Board of several companies in the BPL Group. During the period 1985 to 1995, he headed the Directorate of Central Marketing for the BPL Group, handling marketing, sales and finance.

He has a proven and successful track record in diverse and start-up businesses like Medical Electronics, Test & Measuring Instruments, Consumer Electronics and Home Appliances. In 1991, he established the International Operations Business of BPL Limited in Europe (UK & Germany), Middle East, South Africa and United

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States of America, during which period, BPL was awarded the certificate of excellence in exports of consumer electronics for three consecutive years.

Mr. Kumar was the Chairman of BPL Mobile Communications Limited and BPL Mobile Cellular Limited and was also the Managing Director of BPL Communications Limited when he re-joined BPL Limited as the Chief Executive Officer in November 2001.

Remuneration paid to Mr. KS Jayanth Kumar, Director and Chief Executive Officer during the year 2001-2002, for the period from 1.11.2001 to 31.3.2002 is stated below :

Particulars	Rs. 2001-02
Salary Basic	20,00,000
HRA	10,00,000
Perquisites	3,65,000
Company's Contribution to : Provident Fund	2,40,000
Superannuation	-
Gratuity Fund	1,00,000
Commission	NIL
Total	37,05,000

Mr. KS Jayanth Kumar is a highly qualified professional and the Company has engaged his services based on his managerial and technical capabilities. Your Board of Directors had devised his compensation package commensurate with his capabilities and responsibilities.

Remuneration proposed to be paid to Mr KS Jayanth Kumar for the period from 1st April 2002 till 31st October 2003 is as set out in the resolution at Item No.6 of the accompanying notice.

3. Other Information

1) Reasons of loss or inadequate profits:

During the financial year 2002-2003, the Company has for the first time, posted a loss of Rs. 214.58 Crores. This decline in profitability and the recent loss can mainly be attributed to the following:

- The fierce price competition and the liberal credit terms offered by the new entrants (foreign brands) to gain market share has taken a toll on the profitability, as the Company did not have any option but to match with the competition.
- The entry of several foreign brands into India dumping their products in the country at very low prices because of their deep pockets and financial muscle in order to tap the market share has worsened the situation.
- In the last decade, BPL Limited had diversified into various fields including that of Soft Energy, for manufacture of Alkaline Batteries. The Company has made substantial investments in the state-of-the-art manufacturing facility at its CTV Factory and Alkaline Battery Division. All this has led to substantial increase in the borrowings, which in turn has resulted in increase in the finance charges, which ultimately has impacted on the profitability of the Company.
- With more players entering the Indian Consumer Durable Market the Company had to cut down margins in order to retain the market share, which has resulted in a drastic reduction in the Company's profits.

Hence, it may be appreciated here that the loss was mainly due to reasons, which was beyond the control of the Management. Although the Company had taken all steps to improve the profitability by resorting to various cost-cutting measures, the margins of the Company had fallen drastically.

2) Steps taken or proposed to be taken for improvement

The Company has evolved strategies for improving the financial health, which involves the following:

The strategy for Corporate Restructuring, which will eventually lead to improved financials, can be summed up under the following:

- Pursuing value-added acquisitions and divestment of value depleting or non-core businesses.
 - Consolidation of like businesses across multiple entities.
 - Induction of strategic partners
 - Lastly and more importantly, facilitating financial restructuring.
- Financial Restructuring which is crucial for improving financial performance and ensuring profitability, is being undertaken and are being addressed and resolved through following steps:
- Raising Equity in the Company.
 - Raising need-based working capital to sustain unimpeded operations.
 - Plan for divestment of unprofitable businesses and surplus assets.
 - Debt restructuring to re-align interest rates and repayments schedules.
 - Scale up operations to provide sustainable base for debt servicing.

Besides the above macro-level strategy and steps, the following micro-level action has been taken in respect of Financial Restructuring:

- Negotiating with term lenders.
- Raising External Commercial Borrowings (backed by guarantees from Working Capital Banks), which cost half of the existing cost of working capital.
- Raising fresh equity in the Company

Specific proposals on the above have been discussed with the respective investors and the feedback has been quite encouraging.

Cost-cutting Measures

The following cost-cutting initiatives are being taken up:

- Re-engineering of business processes to cut costs and improve efficiency in operations.
- Restructure and right size the entire organisation.
- Improve/enhance value engineering
- Selected outsourcing of manufacture, to avail sales tax incentives in several states
- Rationalisation of production among factories to move production nearer to markets, which will lead to improved logistics

It is expected that all the above steps would definitely lead to a recovery and improvement of the financial health of the Company.

4. Disclosures

Necessary disclosures have been made with regard to remuneration details of the managerial personnel, elsewhere in the Annual Report.

By order of the Board,

Bangalore
17th February 2004

Registered Office :
BPL Works, Palakkad-678 007, Kerala.

A R Rajaram
Company Secretary

Directors' Report

To the Members,

Your Directors take pleasure in submitting the 40th Annual Report on the business and operations of the Company together with the audited statements of accounts for the period ended 30th September 2003. The financial highlights of the Company are as follows:

Particulars	(Rs. in Crores)	
	Period ended 30.09.2003 (18 months)	Year ended 31.03.2002 (12 months)
Profit before Interest, Depreciation and Tax	(3.77)	203.78
Less: Interest	221.75	121.51
Depreciation	64.04	40.08
Profit before tax	(289.56)	42.19
Less: Provision for taxation	-	4.30
Deferred Tax Asset	74.99	-
Add: Surplus brought forward from Previous year	5.77	37.31
Net Profit / (Loss) available for appropriation	(208.80)	75.20
Allocation to General Reserve	-	10.00
Debenture Redemption Reserve	-	20.00
Capital Redemption Reserve	-	33.33
Dividend on Equity Shares	-	-
Preference Dividend	1.92	6.10
Balance carried to Balance Sheet	(210.72)	5.77
	(208.80)	75.20

DIVIDEND

Equity Shares

In view of the loss incurred by the Company during the period under review, your Directors have decided not to recommend dividend to the shareholders.

Preference Shares

The Board had declared and paid an interim dividend aggregating Rs.1.92 Crores to the holders of cumulative redeemable preference shares as per the terms of issue and seek confirmation from the members on the same.

BUSINESS OPERATIONS

The current financial year of the Company has been extended by a period of six months so as to end on 30th September 2003 commencing from April, 2002, as approved by the Registrar of Companies, Kerala.

Due to a variety of reasons, most of which center around accumulated debt service obligations coupled with fierce price competition, your Company has been experiencing severe cash

flow constraints. This constriction of the cash flows affected the production levels and resulted inevitably in the disruption of the steady flow of inventory to the trade network. The Korean Brands have been particularly aggressive in their pricing and have provided huge outlays for market development, advertising, promotion and brand spends and consequentially gained market shares at the cost of Indian brands. The market witnessed fierce price competition and the liberal credit terms offered by the new entrants took its toll on the Company's profitability, as the Company had no option but to match prices with the competition. Despite the ongoing efforts at rationalisation of overheads, there was a resultant negative EBITDA.

The Gross Sales and Other Income for the period of eighteen months was Rs. 1029.38 Crores compared to Rs.1306.48 Crores for the previous financial year comprising of twelve months. The Company has incurred a loss of Rs. 214.58 Crores during the period under review.

HEALTH CARE BUSINESS GROUP

Your Company's Health Care Business Group has recorded an impressive growth of over 41% in turnover on an annualised