



Believe in the Best

Annual Report 2003 - 2005

BPL Limited

ANNUAL REPORT 2003 - 2005

Corporate Information

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)*
 M Sudhendranath, *Nominee- ICICI*
 Viswanath Nambiar
 M Sasi, *Director, Finance & Corporate Planning (upto 29.10.04)*
 VA Raghu, *Nominee - ICICI (upto 04.02.05)*
 PVK Sundaram, *(w.e.f. 31.8.04)*
 K Muthukumaran, *Nominee - EXIM Bank (w.e.f. 22.06.05)*

COMPANY SECRETARY

K Raghuvieran

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 41st Annual General Meeting of BPL Limited, will be held on Friday, the 23rd September 2005 at 10.00 A.M. at Sri Chackra International, Krishna Gardens, Chandranagar P.O., 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 31st March 2005 and the Balance Sheet as at that date.
2. To appoint a Director in place of Ms. Anju Chandrasekhar, who retires by rotation, and being eligible, offers herself for re-election.
3. To appoint a Director in place of Capt. S Prabhala, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Viswanath Nambiar, 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, the following resolution as an ORDINARY RESOLUTION.

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

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY 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 pursuant to the approval of the Central Government having been obtained in this behalf, approval of the Company be and is hereby accorded to pay the remuneration to Mr Ajit G Nambiar, Chairman & Managing Director, as set out below:

For The Period From 1st April 2002 To 31st March 2008

Salary of Rs.75,000/- per month (including contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity, payable as per the Rules of the Company and all other remuneration in the nature of perquisites).

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

- a) Use of Company's cars for official purposes and Telephones at residence (including payment for local calls and long distance official calls) and cell phone.
- b) The Chairman and Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

8. 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 to Rs.215,00,00,000/- (Rupees Two Hundred Fifteen Crores only) comprising of 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,75,00,000 (One Crore Seventy Five Lakhs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each and 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.215,00,00,000/- (Rupees Two Hundred Fifteen Crores only) comprising 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,75,00,000 (One Crore Seventy Five 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".

9. 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 and is hereby 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 :

Notice

New Article 3 :

"The Authorised Share Capital of the Company is Rs.215,00,00,000/- (Rupees Two Hundred Fifteen Crores only) comprising 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,75,00,000 (One Crore Seventy Five 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".

10. To consider and if thought fit, to pass with or without modifications, 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 75,00,000 (Seventy Five Lakhs) Redeemable Cumulative Preference Shares of the face value of Rs.100/- each, of an aggregate nominal amount not exceeding Rs.75,00,00,000/- (Rupees Seventy Five 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 herein above.

RESOLVED FURTHER THAT such of these Securities to be issued as 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."

By order of the Board

Bangalore
25th June 2005

K Raghuvveeran
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.

Notice

3. The Register of Members and Share Transfer Books of the Company will be closed from 16th September 2005 to 23rd September 2005 (both days inclusive).
4. The Company has transferred all unclaimed dividends declared upto the financial year ended 31st March 1997 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. The dividend pertaining to the financial year 1997 - 98 (interim) has already been transferred to the Investors' Education and Protection Fund, during February 2005.

Financial year	Date of declaration	Nature of dividend	Due date of transfer to Investors' Education & Protection Fund
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	04/12/2008

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 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.

By order of the Board

Bangalore
25th June 2005

K Raghuveeran
Company Secretary

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

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 businesses mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No. 6

Mr. PVK Sundaram was co-opted as an Additional Director by the Board at its meeting held on 31st August 2004.

Mr. PVK Sundaram, aged 46, is a Graduate in Science and a Chartered Accountant by profession. He was holding the position of Vice President - Finance at the time of his appointment by the Board and has been actively involved in the on-going debt restructuring programme of the Company. He has worked in various capacities in management positions with renowned corporates / firms and has over two decades of experience in the field of finance and associated areas. Prior to joining the BPL Group, he was a Senior Partner of M/s. S S Kothari & Company, Chartered Accountants & Management Consultancy Firm.

Pursuant to Article 47 of the Articles of Association of the Company, Mr. Sundaram holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a Member under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/-, signifying his intention to propose the appointment of Mr. PVK Sundaram as a Director. The Board of Directors recommend the ordinary resolution as set out at Item No.6, for adoption by the Members

Mr. PVK Sundaram is a Director, member of the Audit Committee, Finance Committee and Remuneration Committee of BPL Soft Energy Systems Limited.

Except Mr. PVK Sundaram, no other Director of the Company is in any way concerned or interested in the Resolution.

Item No. 7

Due to absence of profits during the financial year 2002 - 03, Mr. Ajit G Nambiar had volunteered to reduce his remuneration retrospectively from 1st April 2002 to 1st December 2003. Further the Board of Directors had re-appointed Mr. Ajit G Nambiar as the Chairman & Managing Director of the Company for the period from 2nd December 2003 to 31st March 2008 and had approved payment of remuneration of Rs.75,000/- per month and the applicable retirement benefits to the Chairman & Managing Director, subject to the approval of Central Government.

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

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remuneration to Mr. Ajit G Nambiar for the period from 1st April 2002 to 1st December 2003. Further, upon re-appointment of Mr. Ajit G Nambiar as the Chairman & Managing Director, the Company made another application seeking the approval of the Central Government for the period from 2nd December 2003 to 31st March 2008. The Central Government has vide its letter Ref: No.1/206 & 306/2004-CL.VII dated 26th April 2005 accorded its approval for payment of remuneration of Rs.75,000/- per month (inclusive of all) to Mr. Ajit G Nambiar, for the period from 1st April 2002 to 31st March 2008 and has specified that the remuneration shall be approved by the Company in the General Meeting.

Although the Company had obtained the consent of the members at the previous Annual General Meeting for payment of remuneration of Rs.75,000/- (and the applicable statutory benefits like contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity payable as per the Rules of the Company), in view of the condition imposed by the Central Government that the remuneration of Rs.75,000/- shall be inclusive of all statutory and other benefits in the form of perquisites, it is proposed to seek members approval for payment of consolidated remuneration of Rs.75,000/- per month (inclusive of retirement and all other benefits) to Mr. Ajit G Nambiar, for the period from 1st April 2002 to 31st March 2008. A copy of the approval letter Ref: No.1/206 & 306/2004-CL.VII dated 26th April 2005 received from the Department of Company Affairs may be inspected during the office hours of the Company at the Registered Office.

The resolution for payment of remuneration to Mr. Ajit G Nambiar, Chairman & Managing Director and the explanatory statement in relation thereto may be treated as an abstract of the terms of the appointment under Section 302 of the Companies Act, 1956.

The Directors recommend the passing of ordinary 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, 9 & 10

As a part of the Company's on-going Debt / Corporate Restructuring programme, it would be necessary for the Company to increase the Authorised Capital to accommodate the conversion of the Loan amount into Redeemable Preference Shares.

Accordingly, consent of the Shareholders is being sought to increase the Authorised Capital of the Company to Rs.215 Crores by addition of 75,00,000 Redeemable Preference Shares of Rs.100/- each aggregating Rs.75 Crores.

Sections 94 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 securities 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. 8, 9 & 10 for your approval.

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

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

Ms. Anju Chandrasekhar

Ms. Anju Chandrasekhar, 37, is a graduate in Commerce and holds an MBA from Boston University, USA. Ms. Chandrasekhar has been associated with BPL and other companies in the Group, for over a decade.

Ms. Chandrasekhar has spearheaded the Company's thrust in latest concepts and methods in Human Resources Development at all levels, which has resulted in significantly raising the work efficiencies and morale of employees.

Names of companies in which Ms. Anju Chandrasekhar is a Director

Electro Investment Private Limited, Nambiar International Investment Co. Pvt. Ltd., Aquabionics Holding Corporation Pvt. Ltd., ER Computers Private Limited, Stallion Computers Pvt. Ltd., Virtual Properties & Estates Private Limited, BPL Sanyo Private Limited, Electronic Research Private Limited, RC Aviation India Private Limited, Dynamic Electronics Private Limited, Vectra Holdings Private Limited, NI Micro Technologies Private Limited, Anan Properties & Finance Co. Ltd.

Ms. Anju Chandrasekhar is a member of the Investor Relations Committee and Nomination Committee of BPL Limited.

Capt. S Prabhala

Capt. S Prabhala, aged 71, is a graduate in Electrical Engineering, started his career with the Indian Navy and served for two decades during which he held several key positions. After early retirement from Indian Navy, Capt. Prabhala joined with Bharat Electronics Ltd, for over 16 years and was its Chairman & Managing Director when he retired in 1991. He joined the BPL Group in 1991 and has been

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associated with it in various capacities. Currently, he heads Spectrum Infotech Private Limited, a Company promoted by him for R&D in Electronics. Capt. Prabhala is also associated with voluntary agencies involved in environment improvement and ecology.

Names of companies in which Capt. S Prabhala is a Director.

BPL Engineering Limited, Dev Fastners Limited (Chairman), Rapsri Engineering Ltd., BPL Telecom Private Limited, BPL Power Projects (AP) Private Limited, Spectrum Infotech Private Limited (Chairman), BPL Soft Energy Systems Limited.

He is a member of the Board of Governors of Centre for Organisation Development, Hyderabad and Senior Member, Institution of Electrical & Electronic Engineers, USA. Capt. Prabhala carries with him rich experience in the management of industrial enterprises.

Capt. S Prabhala is a Member of the Finance Committee of BPL Limited and Chairman of Finance Committee and a Member of Audit Committee of BPL Engineering Limited.

Mr. Viswanath Nambiar

Mr. Viswanath Nambiar, 64, is an Engineer by profession and is at present the Managing Director of BPL Power Projects (AP) Private Limited.

Mr. Viswanath Nambiar has been associated with the Group for nearly four decades, right from its inception in 1963, in various capacities. He has proven and successful track record in diverse and start-up businesses like Instrumentation in 1963, Medical Electronics in 1968, Communication Products in 1972, Consumer Electronics in 1983, Home Appliances in 1989. He was responsible for building highly valued BPL Brand. He was instrumental in setting up of BPL Telecom Private Limited (which manufactures Telephone Instruments,

PABX and Power Line Carrier Communication Equipments) and was also its Managing Director for several years. He also holds directorships of several Companies in the Group.

He has expertise in independently running companies including identification of areas for business, research & development and marketing. He carries with him rich experience in the management of Industrial Enterprises.

Names of companies in which Viswanath Nambiar is a Director :

BPL Engineering Limited, BS Appliances Limited, Bharat EPDC Energy Private Limited, BPL Power Projects (AP) Private Limited (Managing Director), BPL Power Projects (Kerala) Private Limited, Bharat Home Appliances Limited, SANYO BPL Private Limited

Mr. Viswanath Nambiar is the Chairman of the Investor Relations Committee and a Member of Audit Committee of Directors of BPL Engineering Limited.

Mr. PVK Sundaram

Mr. PVK Sundaram, aged 46, is a Graduate in Science and a Chartered Accountant by profession. He was holding the position of Vice President - Finance at the time of his appointment by the Board and has been actively involved in the on-going debt restructuring programme of the Company. He has worked in various capacities in management positions with renowned corporates / firms and has over two decades of experience in the field of finance and associated areas. Prior to joining the BPL Group, he was a Senior Partner of M/s. S S Kothari & Company, Chartered Accountants & Management Consultancy Firm.

Mr. PVK Sundaram is a Director, a member of the Audit Committee, Finance Committee and Remuneration Committee of BPL Soft Energy Systems 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 Financial year 2003-2005 (1st October 2003 to 31st March 2005)	No. of Board meetings attended	Last AGM attendance (Yes/No)
Ms. Anju Chandrasekhar	10	7	NO
Capt. S Prabhala	10	10	YES
Mr. Viswanath Nambiar	10	8	YES
Mr. PVK Sundaram	4*	4	YES

*appointed on 31st August 2004

By Order of the Board

Bangalore
25th June 2005

K. Raghuvieran
Company Secretary

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

Directors' Report and Management Discussion & Analysis

To the Members,

Your Directors present the Forty First Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended March 31, 2005. The financial highlights of the Company are as follows:

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	Period ended	
	31.03.2005 (18 months)	30.09.2003 (18 months)
Net Sales and other income	416.90	974.41
Profit before Interest, Depreciation and Tax	(143.34)	(2.35)
Less: Interest	5.10	221.75
Depreciation	62.70	64.04
Provision for Diminution in value of investments	(57.23)	(1.76)
Extraordinary items – income (net)	194.27	0.33
Profit / (Loss) before Tax	(74.11)	(289.57)
Deferred Tax Asset	0.07	74.99
Profit / (Loss) after tax	(74.04)	(214.58)

BUSINESS OVERVIEW

The current financial year of the Company was extended by a period of six months so as to end on 31st March 2005, with the necessary approvals in place.

Your Company has been facing serious cash flow constraints for the last couple of years, which has had a direct impact on the working capital availability. Due to paucity of funds, the in-house manufacturing facilities which have been built and developed over the years have not been utilized to its optimum level. This, coupled with the requirement of making the products more competitive in the market has compelled your Company to avail of concessions provided by other States and to explore the viability offered by various other manufacturing facilities by Original Equipment Manufacturers ("OEM's) in other parts of the Country. Keeping in mind the requirements of the Company for the local manufacture and assembly of Colour Televisions ("CTV's") and B&W Television Sets and to be in accordance with the standards of excellence prescribed by the Company, your Company has been extremely selective in choosing these OEMs. However due to the lack of optimum utilization of the plant and machinery, the company's EBITDA consequently declined and turned negative. Your Company has incurred a loss after tax of Rs. 74.04 Crores during the previous 18 months period ended 31st March 2005. Your Directors are unable to recommend any dividend, in view of the absence of profits for the period under review.

Your Company has initiated a comprehensive restructuring exercise of its operations. This will primarily involve the realigning of its financial liabilities on par with the expected

business cash flows and as a result revive the business. The outstanding dues of your Company are being restructured in order to permit the Company to repay the same on an extended term basis having a substantially reduced rate of interest. The funding requirement for the pay-outs under the negotiated settlements and for fresh working capital requirements are being met out of various multiple sources identified which includes the divestment of non-core businesses, sale of investments in projects/ ventures having a long gestation period including the fresh infusion of funds by the core promoters of your Company.

The Company has already obtained the approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956.

Your Company has made a reference for restructuring of its debts to the Corporate Debt Restructuring Cell (CDR) which consists of a group of Banks and Financial Institutions governed under the auspices of the Reserve Bank of India. The CDR Cell has accorded its approval to the Company's Debt Restructuring package and has consented to the transfer of CTV business to the proposed Joint Venture Company being formed with Sanyo for the Color television business in India.

Pursuant to the above reference to the CDR, your Company has also made an application to the Hon'ble High Court of Kerala under Section 391 of the Companies Act, 1956, to finalise and approve a Scheme of Arrangement with all its Secured Creditors. This will necessarily cover both the CDR as well as the Non CDR members.



BPL Limited

Directors' Report and Management Discussion & Analysis_____

It is in this background that your Company entered into a strategic partnership with SANYO Electric Co. Ltd. of Japan (a Fortune 500 Consumer Electronics major) to create a Joint Venture Company for the Color Television business in India. BPL & SANYO have built a strong and dependable relationship over the years and it is with partnering with SANYO that BPL products relating to Colour televisions, Refrigerators, Non-CFC Compressors, Washing Machines, Components, Alkaline Batteries etc. had the latest upto date technology.

Your Directors are both positive and confident that with the restructuring exercise undertaken by the Company in place, the Company will be in a position to resume its operations in a more efficient and cost effective manner making optimum utilization of all its available resources.

BUSINESSES

CONSUMER DURABLE BUSINESS GROUP

The Consumer Durable Business Group has been divided into two separate distinct lines of business viz. the Entertainment Electronics Group comprising mainly of CTV's and Home Appliances Group which is a basket of appliances consisting of refrigerators, microwaves, washing machines etc. These products are mainly being sourced from the various manufacturing facilities of the Company including approved OEM's who have met the standards of quality prescribed by the Company. The Group has additionally set up various after sales and customer care units all over the Country who continue to cater to all customer care requirements as done independently over the years.

◆ ENTERTAINMENT ELECTRONICS

◆ Performance

BPL sold 2,56,759 CTVs during the period under review, which is approximately 2.14% share of the Indian market. The Company also sold 86,543 B&W television sets, which is approximately 3.5% share of the Indian market.

◆ Opportunities & Threats

Despite the shortfall in manufacturing volumes, largely caused as a result of the cash restraints currently being faced by the Company, the brand continues to command a healthy respect amongst its consumers and still carrying one of the highest brand preferences amongst other comparable brands. Under the present restructuring exercise and with the Colour television business now moving to the Joint venture Company, focus will now be on aligning its liabilities with the cash flows available.

◆ HOME APPLIANCES BUSINESS GROUP

◆ Performance

Home Appliances consists of Refrigerators, Washing Machines, Air Conditioners, Microwave Ovens, Vacuum Cleaners and Dish Washers. As a result of more value added models being launched and competitive pricing in the market most Companies have been compelled to face severe

financial crunch. During the period under review, BPL sold 23,735 Refrigerators and 19,783 Washing Machines apart from small quantities of Gas Table, Cooking Range, Microwave Oven. The sales turnover of HABG has been Rs.2339 lacs during the period under review.

◆ Opportunities & Threats

A rise in the living standards in urban India and with easy access to consumer finance, there has been a huge demand for consumer durables in India. This has led to a number of foreign players entering the market. The Company's Brand has still managed to hold its own insofar as Frost Free refrigerators and Fully Automatic washing machines are concerned.

◆ HEALTH CARE BUSINESS GROUP

◆ Industry structure & developments

The Health Care industry in India comprising of Health care delivery and services, Pharmaceuticals, Medical Equipment and Surgicals is estimated at Rs103,000 Crores. With increasing government and private expenditure, it is estimated that the industry has the potential to grow to between Rs.156,000 Crores and Rs. 190,000 crores over the next 10 years.

BPL currently addresses the domestic diagnostic and monitoring segment, having its focus on cardiology and critical care. The Company proposes to enter into the home care segment with hand held ECG applications and also provide non cardio applications along with home care cardio devices. There is an urgent need to provide significant value addition and innovation to our existing critical care applications.

Your Company continues to be the leader in ECG segment and has emerged as a major player in the Patient Monitoring segment with the introduction of range of new multi parameter monitors.

◆ Opportunities and Threats

The anticipated increase in expenditure on Health Care over the next decade, the expansion of hospital facilities as well as the increase in the number of hospitals, the phenomenal growth of the concept of health insurance etc., have contributed to the growth in demand for Health Care products.

BPL Health Care Business Group has recorded an impressive growth of 48% in value turnover for the 18 months ended 31.03.05 over the corresponding previous year. The turnover for the period under review is Rs.65.60 Crores against Rs.44.30 crores for the corresponding period ended September, 2003. The main focus will be upon cardio critical care and to grow the business within this segment.

During the period under reference, your Company has generated export of Rs. 19.27 lacs and expects to make major entry into the SAARC countries and also to the Middle East by way of exports.

Directors' Report and Management Discussion & Analysis

◆ Outlook

The outlook for the industry over the next three years is positive. Your Company believes that it can enter the global markets with its existing expertise. The main focus will be on domestic and global cardio diagnostic and monitoring segments and become the leading provider of cardio critical care solutions.

◆ AUTOMATION BUSINESS GROUP

◆ Industry structure & developments

Your Company currently derives more than 90% of its turn over from automobile and auto component industry. This industry is growing at a rapid pace. Engineering and design services are an emerging industry with synergistic benefits to the current business of the Company of toolings and mouldings. The Company proposes to enter the Engineering & Design Services Segment.

◆ Opportunities and Threats

The Company is facing constraints in terms of working capital and talent retention. Plans are being devised to identify the concerns and to respond effectively to enable your Company to achieve its projected revenues.

◆ Outlook

The Company intends to emerge as a one-stop shop for tooling, mouldings for auto components and automotive industries.

◆ PCB BUSINESS

◆ Industry structure & developments

The PCB business currently has a turnover of Rs. 9 crores and having an EBITDA margin of around 6.84%. With the onset of electronic manufacturing services in India and the moving in of chip design houses there is a significant domestic opportunity in the PCB assembly.

◆ Outlook

Your Company can still boast of its reliability and dependability. The Company proposes to scale up its operations in PCB assembly and also scale up its sales force as well as the shop floor staff to cater to multi layer operations.

◆ ALKALINE BATTERY BUSINESS

◆ Industry structure & Developments

The battery business is probably the most highly competitive market. The main barriers to entry into this market is investment in technology research, cost of manufacturing and distribution costs. Presently the Company is experimenting with cost reduction programs for raw materials to address the global as well as the domestic markets in a more effective manner.

◆ Opportunities and Threats

There is a worldwide demand for alkaline batteries, however the private label business being necessarily price driven, the Chinese manufacturers have made the market completely un-viable for your Company to consider the private label as

a market. Some of the main concerns can be due to the lack of adequate brand pull in these markets.

◆ Outlook

Your Company has entered into research and development projects to minimize the costs of input to enable the Company to compete at the international levels. This is however driven by market conditions and will be required to be evaluated at intervals.

◆ FINANCIAL PERFORMANCE AND ANALYSIS

◆ Share Capital

The Paid up Equity Share capital of the Company as on 31st March 2005 is Rs. 27.68 Crores comprising 2,76,89,900 equity shares of Rs 10/- each fully paid up. The Company has a Preference Share Capital of Rs. 28.34 Crores as on 31st March 2005 consisting of 28,34,000 shares of Rs. 100/- each.

◆ Reserves & Surplus

The Reserves of the Company reduced from Rs. 400.74 Crores in 2002-03 to Rs. 311 Crores in 2003-05.

◆ Borrowings

Total borrowings of the Company as on 31st March 2005 was Rs. 857.10 Crores.

◆ Capital Expenditure

The capital expenditure of the company for the financial period ended 31st March 2005 was Rs. 0.96 Crores. The Company had invested Rs. 0.66 Crores in Plant & Machinery and Rs. 0.30 Crores in other Fixed Assets.

◆ Depreciation and Amortization

The details of depreciation and amortisation have been provided in the notes to accounts. No significant changes were made in the depreciation policies.

◆ Corporate Tax

Since the company has not generated any taxable income for the period, no provision has been made in the books.

◆ Foreign Exchange Earnings

The Company has earned Rs. 28.77 Crores from exports during the financial year.

◆ HR PRACTICES AND MAJOR INITIATIVES

Human Resource initiatives in the Company during the year have contributed significantly by leveraging the people processes towards the achievement of business goals of the organisation. BPL continues to support the TV Technology education course for the benefit of the students aspiring for career opportunities in this direction.

◆ SAFETY, HEALTH AND ENVIRONMENT

BPL ensures providing safe and healthy working environment to all by adopting processes and methods that are advanced and technologically proven. Healthy and cordial Industrial Relations have always been maintained in the organisation. To further strengthen this relationship, long term agreements have been entered into with the employees to ensue a more