



ANNUAL REPORT
1998 - 99

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BPL Believe in the Best

BPL SANYO TECHNOLOGIES LIMITED

B P L G R O U P

MISSION STATEMENT

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

GUIDING PRINCIPLES

To ensure customer confidence through product quality, efficient marketing and effective service.

To continually enhance the Company's worth to its shareholders and investors through sound investments and profitable operations.

To demonstrate a real concern for its employees and to constantly improve the quality and value of their jobs and career advancement.

To be a good corporate citizen who contributes positively to its community by protecting the environment and working for public welfare.

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

TPG Nambiar

Chairman

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of BPL Sanyo Technologies Limited, will be held on Friday, the 16th July, 1999 at 10.00 a.m. at Shri Parvathi Mandapam, Chandranagar, Palakkad-678 007, Kerala, to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Report of the Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. Viswanath Nambiar, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. KS Jayanth Kumar, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of the Eighteenth Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following Resolution:-

(Proposed 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:

That after the existing Article 1(e), the following sub-clauses shall be inserted namely :

- 1(f) "Beneficial Owner" shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (g) "Depositories Act" means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.
- (h) "Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (i) "Shareholder" or "Members" mean 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.

That after the existing Article 4.A, the following new Articles shall be inserted :

- 4.B. 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 dematerialised or may be dematerialised in future or issued in future in dematerialised form.
- 4.C. The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares, debentures and other securities,

in a dematerialised form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

- 4.D. The Company shall cause to be kept 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 dematerialised forms in any media as may 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.

That the existing Article 5 be substituted with the following new Article :

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

That the following new sub-clause be inserted after the existing Article 5.(A)(ii) :

- 5.A(iii) 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 a Depository.

That the following new Article be inserted after existing Article 7 as Article 8(i) and the existing Article 8 be renumbered as Article 8(ii) :

- 8(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.

That the following new Article be inserted after the existing Article 13.B:

- 13.C 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.

6. To consider and if thought fit, to pass with or without modifications, the following Resolution :

(Proposed as an Ordinary Resolution)

RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to sell, transfer and /or assign all or any of the free hold land, buildings, plant and machinery, accessories, equipments, tools, moulds, dies, structures, vehicles, furniture and fittings, all kinds of instruments and apparatus, computers and office equipments and other sundry items relating to the Company's properties situated at Palakkad to such parties and for such consideration and on such terms as the Directors in their discretion consider beneficial to the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised and empowered to enter into, sign, seal, execute and deliver such agreements, assignments, conveyances, contracts, deeds, writings and other instruments and to do all such acts, deeds and things in the name and on behalf of the

Company as the Board may consider expedient, usual, necessary or proper for the said sale and effectuating the transfer of all or any of the said land, buildings, plant and machinery and structures and other assets of the company.

By Order of the Board

Bangalore
May 10, 1999

Srinath Maniyal M
Company Secretary

NOTES

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, pertaining to special business contained in Item No. 5 and 6 of the Notice, is annexed hereto.
2. 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 SUCH A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. PROXIES, ONCE ISSUED WILL HOLD GOOD FOR ANY ADJOURNMENT OF THIS ANNUAL GENERAL MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 16th July, 1999 to Saturday, the 17th July, 1999 (both days inclusive).
4. Members are requested to notify any change in their address immediately to the Company's Investors' Service Cell at BPL Plaza, Third Floor, 82/1, Richmond Road, Bangalore 560 025.
5. The Unclaimed dividends for the year 1991-92, 1992-93, 1993-94 and 1994-95 declared by the Company have been transferred to the Central Government Account. The concerned members may claim the dividend from the Registrar of Companies, Kerala, M G Road, Ernakulam, Cochin - 682 011.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository System, your Company has entered into an agreement with National Securities Depository Limited (NSDL), to facilitate holding and trading of the Company's equity shares in electronic form. Accordingly, some of the provisions of the Companies Act, 1956, pertaining

to issue, holding, transfer/transmission and dealing in shares thereof have been amended to facilitate the Depository System. A few Articles in the Articles of Association which are in line with the 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 Articles of Association of the Company proposed to be amended is open for inspection by the members during the office hours at the Registered Office of the Company

Your Directors commend the resolutions as set out in Item No. 5 for your approval. None of the Directors of the Company is concerned in the resolution.

ITEM NO. 6

The Directors have decided that the Palakkad factory of the Company be sold as a going concern. The shareholders might have observed that among all other costs, interest cost was very high. Besides the above, considering the growing market for CD (High-end) models, it has been decided to change the product mix in such a way that Doddaballapur factory of the Company will concentrate more on high-end models. The Company will discontinue the manufacture of low-end models as production of them in-house does not generate enough revenue when compared with the costs involved in it. The above will give two benefits i.e., on one side optimum capacity utilisation and on the other hand, the Company can offer a competitive price in the market since outsourcing will be much cheaper than manufacturing in house. The amount received as consideration will be utilised to repay the loans obtained from financial institutions and partly for working capital. The above arrangement will bring a considerable reduction in the interest cost, which in turn will reflect a better profitability.

Section 293(1)(a) of the Companies Act, 1956 stipulates for obtaining the approval of the shareholders by means of an Ordinary Resolution before the sale is concluded. The Company will obtain no-objections from financial institutions and banks for sale, for whom the concerned assets have been offered as security for various loans obtained from them.

Your Directors commend the resolutions as set out in Item No. 6 for your approval, in the larger interests of the Company.

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

By Order of the Board

Bangalore
May 10, 1999

Srinath Maniyal M
Company Secretary

REGISTERED OFFICE

Audio House,
7/711, N H Bypass Road,
Palakkad 678 007.

A N N U A L R E P O R T

1998-99

BPL SANYO TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

TPG Nambiar, *Chairman*

Viswanath Nambiar

TC Chauhan

KS Jayanth Kumar

PJV Sarma, Nominee *ICICI*

PS Gopalakrishnan, Nominee *UTI*

Shashi Nambiar, *Executive Director*

MA Uppal, *Managing Director*

COMPANY SECRETARY

Srinath Maniyal M

AUDITORS

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

BANKERS

American Express Bank Limited
Bank of Baroda
Canara Bank
Citibank N A
Indian Bank
Indusind Bank Limited
State Bank of Travancore

REGISTERED OFFICE

Audio House, 7/711, N H Bypass Road
Palakkad 678 007

FACTORIES

Audio House, 7/711, N H Bypass Road, Palakkad 678 007
No.1, KIADB Ind. Area, Doddaballapur, Bangalore 561 203

DIRECTORS' REPORT

TO THE MEMBERS OF BPL SANYO TECHNOLOGIES LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company and the Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in Lacs)

		Year ended 31.03.99		Year ended 31.03.98
Gross Profit for the year		900.64		2357.85
Less : Interest	1686.75		1647.68	
Depreciation	<u>500.74</u>	<u>2187.49</u>	<u>477.95</u>	<u>2125.63</u>
(Loss)/Profit for the year		(1286.85)		232.22
Less : Provision for Taxation		-		<u>24.50</u>
		(1286.85)		207.72
Add : Balance brought forward from the previous year		742.78		635.06
Balance		<u>(544.07)</u>		<u>842.78</u>
Appropriations :				
Transfer to General Reserve		-		100.00
Balance carried to Balance Sheet		<u>(544.07)</u>		<u>742.78</u>
		<u>(544.07)</u>		<u>842.78</u>

OPERATIONS

The operations suffered serious setback during the year mainly due to a sluggish market. The audio market has degrown for two years in succession and continuous dumping of Chinese manufactured models has compounded the woes of the industry. Further, falling prices coupled with rise in exchange rates have led to lower turnover and contribution. The sales turnover for the year was Rs. 14669.53 lacs as compared to Rs. 16218.34 lacs for the previous year. The Company will lay more emphasis on manufacture of high-end models and has plans to release few more CD based models to put the Company again on earlier growth path. Further the Company is also planning to change its product mix including assembly of colour television sets to improve the per set realisation.

During the year under review, your Company has invested Rs. 1020.40 lacs in the fixed assets. The exports during the year amounted to Rs. 367.14 lacs as against Rs. 172.24 lacs in the previous year. Your Company continued to exercise tight control on working capital to contain the high interest costs.

DIVIDEND

Your directors are unable to recommend any dividend, in view of absence of profits for the period under review.

PUBLIC DEPOSITS

The total amount of fixed deposits held as on 31st March, 1999 were Rs. 619.45 lacs as against Rs. 913.85 lacs as on 31st March, 1998. The Company had 317 deposits amounting to Rs. 40.55 lacs matured on 31st March, 1999 and these depositors have been requested to either renew the deposits or approach the Company for repayment. Of the above deposits, a sum of Rs. 9.01 lacs has either been renewed or repaid as on date.

RESTRUCTURING ACTIVITIES

In order to make operations viable in low and mid range audio products, your Directors have done necessary study and feel that, outsourcing the same from areas which are located nearer to the market and enjoy sales tax benefits, will offer competitive edge in the pricing. Doddaballapur factory will manufacture CD (high-end) based models and has adequate capacity to meet the Company's overall sales requirement. The Palakkad factory which has concentrated on the manufacture of lower and mid-end models, will be disposed off as a going concern and the proceeds will be utilised to repay the high cost debts incurred in setting up this Unit. These initiatives will reduce the interest burden of the Company and would lead to better profitability. The Company has also commenced

assembly of colour televisions at Doddaballapur to augment its turnover.

The Company requires the approval of the shareholders for disposal of the Palakkad facilities under Section 293(1)(a) of the Companies Act, 1956 which has been brought as an agenda vide item No. 6 of the Notice of the Annual General Meeting. The shareholders are requested to approve the proposal in the larger interest of the Company.

FUTURE OUTLOOK

The Company is in the process of streamlining the operations and intends to focus on models with better contribution. With streamlining operations, higher capacity utilisation and focus on high-end models, a substantial improvement in contribution is expected. With reduction in interest burden out of the proceeds of Palakkad factory, your Directors are optimistic of turning around the Company's performance. The shareholders will be kept informed of the new initiatives taken by the Company in due course.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed during the year Rs. 44.68 crores by way of Excise Duty, Sales Tax and Customs Duty to the Government Revenue.

CONSERVATION OF ENERGY

The operations of the Company are not energy intensive. Energy conservation is a priority area and consumption is monitored for optimum utilisation and save energy.

TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

A well established R & D Laboratory is set up which is constantly focussed on developing new designs and models, improving the features and upgrading the existing models to the contemporary requirements. The Company was able to release few models during the period under review and launching of several new models having latest features is slated during the current year.

The total expenditure on R & D during the year under review amounted to Rs. 317.68 lacs which is 2.17% of the turnover.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your Company's foreign exchange earnings were Rs. 367.14 lacs and the outgo was Rs. 3326.39 lacs.

DIRECTORS

In accordance with the provisions of terms of the Articles of Association of the Company, Mr. Viswanath Nambiar and Mr. K S

Jayanth Kumar retire by rotation at the Eighteenth Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s T Velu Pillai & Co., Chartered Accountants, retire at the forthcoming annual general meeting and have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

One of the Company's units in Bangalore reported a higher than usual absenteeism by workers, resulting in lower than anticipated production from these units.

The Statement of Employees required to be furnished as per Section 217(2A) of the Companies Act, 1956, is given in the annexure and forms part of this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the valuable support and guidance received from SANYO, Japan, and thank all the customers, suppliers and the Financial Institutions, Bankers, the Depositors and the shareholders for their continued support.

Bangalore
10th May, 1999

For and on behalf of the
Board of Directors

TPG Nambiar
Chairman

REGISTERED OFFICE
Audio House,
7/711, N H Bypass Road,
Palakkad 678 007.