



**Annual** **Report** **2000-2001**

**BSL Limited**  
ANNUAL REPORT 2000-2001

BELIEVE IN THE BEST.

# MISSION STATEMENT

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

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**TPG Nambiar**  
*Chairman*

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# ANNUAL REPORT 2000 - 2001

## **BOARD OF DIRECTORS**

TPG Nambiar, *Chairman*  
 Ajit G Nambiar, *Vice-Chairman*  
 Viswanath Nambiar  
 MA Uppal  
 TC Chauhan  
 KS Jayanth Kumar  
 LH Bhatia  
 PJV Sarma, *Nominee ICICI*  
 Shashi Nambiar, *Managing Director*

## **COMMITTEE OF DIRECTORS**

### **Audit Committee**

Ajit G Nambiar  
 MA Uppal  
 PJV Sarma

### **AUDITORS**

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

### **Investor Relations Committee**

Ajit G Nambiar  
 MA Uppal  
 PJV Sarma

### **BANKERS**

Bank of Baroda  
 Citibank N A  
 Indian Bank  
 State Bank of Travancore

### **COMPANY SECRETARY**

Srinath Maniyal M

### **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

# NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of BST Limited, will be held on Friday, the 28th September, 2001 at 10.30 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, 2001 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. K S 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 Twentieth 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 which will be proposed as an Ordinary Resolution :

RESOLVED THAT subject to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, Mr. Shashi Nambiar be and is hereby appointed as the Managing Director of the Company for a period of five years with effect from July 25, 2001 on the terms and conditions as set out below:

### A. SALARY

Rs.2,00,000/- per month

### B. PERQUISITES

- I. The Managing Director shall be entitled to perquisites like furnished accommodation or

house rent allowance in lieu thereof, education allowance, city compensatory allowance, together with re-imbursement of expenses for utilisation of gas, water and electricity, re-imbursement of ordinary medical expenses and leave travel concessions for self and his family including dependents, club fees, premiums towards personal accident insurance and medical claim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors, subject to a ceiling of Rs.7,50,000/- per annum.

## EXPLANATION

"Family" here means the spouse, dependent children and dependent parents of the Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls), shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalisation of the Managing Director and his family, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of Rs.7,50,000/- per annum, in any financial year.

- II Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on the perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- III Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of ceiling

on the perquisites to the extent the same are not taxable under the Income-tax Act.

- IV The Managing Director shall however be entitled to re-imbursement of expenses incurred by him in connection with the business of the Company.

#### MINIMUM REMUNERATION

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Shashi Nambiar, Managing Director, remuneration by way of salary and perquisites as specified supra, subject to the approval of the Central Government or in the alternative, in accordance with the limits laid down in Section II, Part II of Schedule XIII to the Companies Act, 1956 as in force, from time to time.

6. To consider and if thought fit, to pass with or without modifications, the following Resolution which will be proposed as a Special Resolution :

RESOLVED THAT in accordance with applicable provisions if any, of the Companies Act, 1956, consent of the members be and is hereby accorded, in relation to 45,50,000 equity shares allotted to BPL Sanyo Finance Limited and BS Refrigerators Limited on 22nd November, 1994 (pursuant to authority granted by the members vide Special Resolution at the 13th Annual General Meeting held on 26th August 1994) to reduce the issue price of Rs. 49.44 per equity share to a price not below Rs. 37.08 per equity share by waiving payment of the balance of share premium and / or face value in respect of the shares referred to above, or by extinguishing the unpaid amount on these shares and / or in such other manner as may be considered appropriate by the Board.

RESOLVED FURTHER THAT, the Company do hereby authorise the Board to carry out requisite endorsement on the share certificates to make these shares as fully paid up or issue fresh share certificates in lieu thereof and the Board is hereby further authorised to make such appropriations, modifications or alterations in the books of account, to give effect to this decision and to

settle any questions, difficulty or doubt that may arise in this regard.

By Order of the Board

Bangalore

SRINATH MANIYAL M

July 25, 2001

Company Secretary

Registered Office

Audio House, 7/711, N.H Bypass Road,

Palakkad - 678 007

#### NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the businesses under Item No. 5 and 6 as set out above are annexed.
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. A COPY OF THE PROXY HAS BEEN ATTACHED TO THIS ANNUAL REPORT.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 2001 to 28th September, 2001 (both days inclusive).
4. Shareholders intending to require information about the Accounts, to be explained at the Meeting are requested to inform the Company atleast a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
5. Members are requested to notify any change in their address and communicate all their correspondence including Share Transfer matters to: Investors' Service Cell, BST Limited, BPL Centre, 14, Church Street, Bangalore - 560 001, Phone Nos. 080 - 5594551 / 552.
6. The Unclaimed dividends for the years up to 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, 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.5

##### Appointment of Mr. Shashi Nambiar as the Managing Director of the Company

The Board of Directors of the Company have at their meeting held on 25th July, 2001 appointed Mr. Shashi Nambiar, as the Managing Director of the Company, for a period of five years with effect from 25th July, 2001, on the terms and conditions as set out in the resolution at item No.5. Mr Shashi Nambiar, aged 39 years, is an Electronics Engineer and was the Wholtime Director of BPL Limited before he was appointed as the Managing Director. Mr. Shashi Nambiar has worked in various capacities for over sixteen years including that of the Executive Director of Company. He has widely travelled and possesses in-depth knowledge in matters relating to Production, Design, R & D and Information Technology.

The appointment and payment of remuneration to Mr. Shashi Nambiar requires the approval of the Central Government but is subject to the approval of the Members in the General Meeting. The Directors feel that Mr. Shashi Nambiar's appointment as Managing Director would be in the best interest of the Company and, therefore, unanimously recommend the passing of Ordinary Resolution set out in Item No. 5 of the Notice.

Except for Mr. Shashi Nambiar, no other Director of the Company is in any way concerned or interested in the Resolution.

#### ITEM No.6

The members of the Company had at the 13th Annual General Meeting held on 26th August, 1994 approved

the issue and allotment of Equity Shares to a few corporates on a preferential basis in accordance with applicable Guidelines governing issue of shares on preferential basis. In pursuance of this approval, the Board had allotted 36,15,700 and 9,34,300 equity shares at Rs 49.44 each to BS Refrigerators Limited and BPL Sanyo Finance Limited, respectively, comprising a share premium of Rs. 39.44 per share. At present, these shares are paid up to the extent of Rs. 37.08 per share, i.e., 75% of the Issue Price, of which Rs. 7.50 is towards the face value and Rs. 29.58 towards the share premium.

The issue price of Rs 49.44 per share was fixed in 1994 by considering the average of weekly high and low of the closing prices of the shares quoted on the Stock Exchange, Mumbai during the six months preceding 30 days prior to the Annual General Meeting held on 26th August, 1994.

The Company has now received a communication from the allottees of the shares referred to above expressing their inability to pay the balance of Issue Price and cited, amongst others, lower than expected performance of the Company, tight financial conditions as well as the low market quotations of Company's shares which has fallen steeply in the last few years. Further, the fact of non-declaration of dividend in the last few years has severely impacted their cash flows and they have pointed to the present market prices, which are lower than the balance amount payable by them.

Re-fixation of the Issue Price of the shares and / or extinguishing the unpaid amount requires, amongst others, the consent of members in the General Meeting. Therefore, the Board has placed the matter before the General Body.

Except Mr. Viswanath Nambiar, Mr. K S Jayanth Kumar and Mr. Shashi Nambiar, other Directors of the Company may be deemed to be interested or concerned in the Resolution to the extent of shares held by the companies in which they are directors.

By Order of the Board

Bangalore  
July 25, 2001

**SRINATH MANIYAL M**  
Company Secretary

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

# DIRECTORS' REPORT

## TO THE MEMBERS

Your Directors have pleasure in presenting the twentieth Annual Report on the business and operations of the Company and the Statement of Accounts for the year ended 31st March, 2001.

## FINANCIAL RESULTS

(Rs. in Lacs)				
Particulars	Year ended 31.03.2001		Year ended 31.03.2000	
Gross Profit/(Loss) for the year	1053.35		(163.54)	
Less : Interest	1098.10		1238.29	
Depreciation	432.03	1530.13	553.81	1792.10
Loss for the year	(476.78)		(1955.64)	
Less : Provision for Taxation	—		—	
	(476.78)		(1955.64)	
Add : Balance brought forward from the previous year	—		—	
Balance	(476.78)		(1955.64)	
General Reserve Balance	—		399.43	
Transfer from Profit & Loss Account	(476.78)		(1955.64)	
Balance carried to Balance Sheet	(476.78)		(1556.21)	

## OPERATIONS

The market place has seen dramatic change in every sphere and consumer electronics segment was no exception. With the world shrinking and MNCs dumping the products in droves, particularly low cost Audios from China, the company faced stiff competition. However, the restructuring undertaken during the last year has borne fruits.

In spite of competition, your Company made a strong come back on earnings. The income from operations smartly recovered from Rs.8251.85 lacs to Rs. 15898.64 lacs, a quantum jump of 93% over last year. This has helped the Company to earn cash profit of Rs. 29 lacs against cash loss of Rs. 1224 lacs last year.

To augment market share in audios, your Company launched several trendy models in VCD players, Car audios and introduced innovative Digital Satellite Radio Receivers to the Indian market. The entire range of audios was given a face-lift in terms of features and aesthetics. To improve on cost competitiveness, mass-market products were outsourced from reputed manufacturers under strict quality environment. These steps were well received by the market and it is reflected in the improvement of top line as well as bottom line.

Your Company has launched Digital Satellite Receivers in India, a new concept of receiving satellite

digital audio broadcast service. The launching was not only successful, but has also met out expectations more than anticipated.

The export during the year amounted to Rs. 225.16 lacs as against Rs. 245.20 Lacs in the previous year.

During the year under review, your Company offered to its shareholders Company's products at very special prices and 427 Nos. of units the products valued at Rs.41.89 lacs were purchased by them on this special offer.

## DIVIDEND

In view of the losses during the year and accumulated losses for the period under review, your directors are unable to recommend any dividend.

## PUBLIC DEPOSITS

The total amount of fixed deposits held as on 31st March, 2001 were Rs. 66.50 lacs as against Rs. 246.67 lacs as on 31st March, 2000. The Company had 124 unclaimed deposits amounting to Rs. 17.52 lacs, which had matured on 31st March, 2001. Out of the above said unclaimed deposits, a sum of Rs. 4.15 lacs has been repaid as on date. Your Company has now stopped accepting/renewing deposits and the depositors have been requested to approach the Company for repayment of maturity of deposits.



**FUTURE OUTLOOK**

Your company has aggressively planned to increase its market share by revamping of existing models, introduction of state-of-the-art technology products with VCD Version 2.0, MP3, Digital Satellite Radio Receivers and new Car Audio models are being brought. The marketing and sales networks are being expanded to ensure deeper penetration in market.

Your Company has now decided to manufacture two models of Digital Satellite Radio Receiver units in India through its efforts in Research and Development. The Company sees enormous opportunities for marketing these Receiver units by manufacturing in your Company's manufacturing facilities not only for domestic market but large exports are possible to SAARC Countries, Middle East and Africa with the help of World Space.

With assistance from Sanyo, your Company has also streamlined the line of hi-fi audios (Midi, Mini and Micro) VCDs, so as to emerge as a formidable player in ever growing audio market in the country.

Your Company is also looking at a number of new consumer durables to be launched in phases during the year.

One of the main areas of management focus and concentration during the current year is improving cost efficiency in the areas of raw materials costs, operating costs and finance charges and optimum utilisation of the available facilities, both men and machines.

**CONTRIBUTION TO EXCHEQUER**

Your Company has contributed Rs.2519.56 lacs by way of Excise Duty, Sales Tax and Customs Duty etc., during the year to the Government Revenue.

**DIRECTORS**

Mr. L.H Bhatia resigned as the Managing Director of the Company on 25th July, 2001 and your Directors place on record their deep appreciation of the valuable services rendered by him during his tenure as the Managing Director of the Company. However, Mr. Bhatia continues to be a Director in non-executive capacity on the Board.

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 twentieth Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDITORS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- i in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv the Directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**PARTICULARS OF TECHNOLOGY ABSORPTION, R & D ETC., AND OF EMPLOYEES**

Information required to be furnished in terms of Section 217 (1e) and Section 217(2A) of the Companies Act, 1956 are annexed hereto and form part of this Report.

**ACKNOWLEDGEMENTS**

Employee relations at all level remained cordial. The Directors express their appreciation to all the employees for their dedication and hard work.

Your Directors place on record their appreciation of the valuable support and guidance received from SANYO, Japan and thank all the customers, suppliers and the Financial Institutions, Bankers, Depositors and the Shareholders for their continued support.

For and on behalf of the  
Board of Directors

Bangalore  
25th July, 2001

Ajit G NAMBIAR      L H Bhatia  
Vice Chairman      Director

Registered Office: 'Audio House', 7/711,  
N H Bypass Road, Palakkad-678 007.

**ANNEXURE TO DIRECTORS' REPORT**

Information under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the financial year ended March 31, 2001