



Believe in the Best

Annual

BST Limited

ANNUAL REPORT 2001-2002

Report 2001-2002

BELIEVE IN THE BEST

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CORPORATE INFORMATION

BOARD OF DIRECTORS

TPG Nambiar (till 30.07.2002)
 Ajit G Nambiar (till 30.07.2002)
 Viswanath Nambiar
 MA Uppal (till 28.11.2001)
 TC Chauhan (till 25.06.2002)
 KS Jayanth Kumar
 LH Bhatia (till 31.01.2002)
 Shashi Nambiar
 Bharat M Mehta
 PJV Sarma (till 01.10.2001)
 Rajnish K Singh, *Nominee of ICICI Bank Limited*
 CR Menon - *Director & Chief Operating Officer*

COMMITTEE OF DIRECTORS

AUDIT COMMITTEE

Bharat M Mehta
 Shashi Nambiar
 Rajnish K Singh

INVESTOR RELATIONS COMMITTEE

Bharat M Mehta
 Shashi Nambiar
 Rajnish K Singh

COMPANY SECRETARY

Srinath Maniyal M

AUDITORS

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

BANKERS

Bank of Baroda
 Indian Bank
 State Bank of Travancore

REGISTERED OFFICE

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

FACTORIES

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

No.1, KIADB Industrial Area, Doddaballapur,
 Bangalore 561203

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NOTICE

NOTICE is hereby given that the twenty first Annual General Meeting of the Members of BST Limited, will be held on Monday, the 30th day of September, 2002 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, 2002 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, Director who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution which will be proposed as an ORDINARY RESOLUTION :

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

5. To consider and if thought fit, to pass with or without modification, the following resolution which will be proposed as an ORDINARY RESOLUTION :

RESOLVED THAT Mr. CR Menon be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER 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 the Central Government, if necessary, Mr. CR Menon, Chief Operating Officer be and is hereby appointed as the Director & Chief Operating Officer of the company for a period of three years with effect from June 25, 2002, and that he shall not be liable to retire by rotation whilst in service, on the terms and conditions as set out below :

A. SALARY

Rs.50,000/- per month

B. PERQUISITES

- I. The Director & Chief Operating Officer shall be entitled to perquisites like furnished accommodation or house rent allowance in lieu thereof, car allowance /company maintained car, professional development

allowance, performance based incentive, 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 medi-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.16,05,000/- per annum.

EXPLANATION

"Family" here means the spouse, dependent children and dependent parents of the Director & Chief Operating Officer.

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

Apart from re-imbursement of ordinary medical expenses, in case of hospitalisation of the Director & Chief Operating Officer and his family, the Board of Directors shall have discretion to reimburse the actual expenses incurred by him, including on travel, notwithstanding that the total perquisites will exceed the limit of Rs. 16,05,000/- per annum, in any financial year.

- II Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in computation of ceiling on 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 perquisites to the extent the same are not taxable under the Income-tax Act.
- IV The Director & Chief Operating Officer shall however be entitled to re-imbursement of expenses incurred by him in connection with the business of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to revise the remuneration payable (including the perquisites) by way of annual increments or

otherwise to Mr. CR Menon, Director & Chief Operating Officer as they deem fit from time to time, as per the rules 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. CR Menon, 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 modification, the following resolution as a SPECIAL RESOLUTION :

RESOLVED that subject to requisite permissions / approvals of the concerned authorities as may be required, Equity Shares of the Company be delisted from The Bangalore Stock Exchange Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps and actions in this regard.

By Order of the Board

Bangalore
30th July, 2002

SRINATH MANIYAL M
Company Secretary

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

NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business items as set out above is 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th September, 2002 to 30th September, 2002 (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, Fax : 080 -5091180.
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.
7. The Shareholders, who have not encashed dividend warrants for the year 1995-96 are requested to get in touch with the Investor Service Cell immediately. Shareholders are requested to note that, no claims to such dividend amounts will be entertained after the transfer of the unclaimed dividend to the above fund, pursuant to the new Section 205A of the Companies Act, 1956, promulgated under the Companies (Amendment) Act, 1999. Accordingly, unclaimed dividends in respect of the year, 1995-96 will be transferred to the Investor Protection Fund in November, 2003.

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.4

Mr. Bharat M Mehta was Co-opted as an Additional Director on the Board of the Company on 28th November, 2001 and in terms of Section 260 read with the Articles of Association of the Company holds office till the ensuing Annual General Meeting.

The Company has received a Notice in writing along with a deposit of Rs. 500/- from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr Bharat M Mehta for the Office of the Director of the Company.

The Board recommends the resolution set out at Item No.4 for adoption by the Members. A brief profile of Mr. Bharat M Mehta has been furnished at the end of this Notice.

None of the Directors of the Company except Mr Bharat M Mehta are concerned or interested in the resolution.

ITEM No. 5

Mr. CR Menon, who had joined the Company as Chief Operating Officer, was appointed as the Director & Chief Operating Officer of the Company on 25th June, 2002 for a period of three years.

The Company has received a Notice in writing along with a deposit of Rs. 500/- from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr CR Menon for the Office of the Director of the Company.

The appointment and payment of remuneration to Mr CR Menon is subject to the approval of the Members in the General Meeting and the approval of the Central Government, if necessary. The Directors feel that Mr CR Menon's appointment as the Director & Chief Operating Officer would be in the best interests of the Company and therefore, unanimously recommend the passing of the Ordinary Resolution set out in Item No. 5 of the Notice. A brief profile of Mr CR Menon has been furnished at the end of this Notice.

None of the Directors of the Company except Mr CR Menon are concerned or interested in the resolution.

ITEM No. 6

The equity shares of the Company are currently listed with the following Stock Exchanges

- The National Stock Exchange of India Limited (NSE)
- The Stock Exchange, Mumbai (BSE)
- Cochin Stock Exchange Limited
- Bangalore Stock Exchange Limited

The trading in the scrips of the Company is abysmally low in all the stock exchanges except the National Stock

Exchange and the Stock Exchange, Mumbai.

It is proposed to de-list the equity shares of the Company from the Bangalore Stock Exchange Limited wherein trading is negligible in comparison with the securities listed and the market capitalisation in the respective stock exchanges. As also, the BOLT of BSE and the large network of NSE offers investors sufficient trading and liquidity across the country. The Company's securities will continue to be listed on the Regional Stock Exchange i.e, Cochin Stock Exchange in addition to the continued listing on the NSE and BSE.

Prior consent of the members is sought in terms of the SEBI guidelines on de-listing No. SMDRP/CIR-14/98 dated 29/4/98.

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

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

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

Mr. Viswanath Nambiar

Mr. Viswanath Nambiar aged 62, is an Engineer by profession and has been associated with the BPL Group since its inception for nearly four decades, in various capacities. He holds directorships of several Companies in the Group and at present, is the Managing Director of BPL Power Projects (AP) Private Limited. He carries with him rich experience in the management of Industrial Enterprises.

At present, he is on the Board of the following Public Limited Companies :

- BPL Limited
- BPL Engineering Limited
- BPL Power Projects (Kerala) Limited
- BS Appliances Limited
- BS Refrigerators Limited
- Bharat Compressors Limited

Mr. Viswanath Nambiar's membership on various Committees of the Boards are as follows :

Name of the Company	Name of the Committees	Member / Chairman
BPL Engineering Limited	Audit Committee	Member
	Investor Relations Committee	Chairman
BS Appliances Limited	Investor Relations Committee	Chairman

Mr. Bharat M Mehta

Mr. Bharat M Mehta aged 52, is a Graduate in Commerce and has over 20 years of experience in the areas of Finance and Administration. Mr. Bharat M Mehta is a well known businessman and is the Managing Director of Barton Son & Company Private Limited. At present,

he is on the Board of the following Public Limited Companies :

- a) BPL Engineering Limited
- b) BS Appliances Limited
- c) BS Refrigerators Limited

His membership on various Committees of the Boards are as follows :

Name of the Company	Name of the Committees	Member / Chairman
BST Limited	Audit Committee and Investor Relations Committee	Chairman
BPL Engineering Limited	Audit Committee and Investor Relations Committee	Member
BS Appliances Limited	Audit Committee and Investor Relations Committee	Member
BS Refrigerators Limited	Audit Committee	Member

Mr. CR Menon

CR Menon aged 58, is a Master of Commerce and Gold Medallist in Master of Business Administration from Allahabad University and has over 31 years of previous experience in the areas of marketing and general

management both in India and abroad. He has widely traveled and possesses in-depth knowledge in matters relating to production, marketing and finance.

Mr. Menon has worked in various senior capacities in leading Corporates in India and abroad.

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

Name of the Director	No. of Board Meetings held during the financial year 2001-2002	No. of Board Meetings attended	Last AGM attendance (Yes/No)
Mr. Viswanath Nambiar	4	3	NO

Bangalore
30th July, 2002

By Order of the Board

Srinath Maniyal M
Company Secretary

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

DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty First Annual Report on the business and operations of the Company and the statement of Accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars	Year ended 31st March 2002	Year ended 31st March 2001
Gross Profit/(Loss) for the year	832.80	1,053.35
Less : Interest	857.93	1098.10
Depreciation	554.70	432.03
Loss for the year	1,412.63	1,530.13
Less : Provision for Taxation	(579.83)	(476.78)
Add : Balance brought forward from the previous year	(579.83)	(476.78)
Balance	(579.83)	(476.78)
Transfer from Profit & Loss Account	(579.83)	(476.78)
Balance carried to Balance Sheet	(579.83)	(476.78)

OPERATIONS

The sales turnover for the year was Rs. 8,319 Lacs compared to Rs. 15,899 Lacs for the previous year. Your Company has registered a gross profit of Rs. 832.80 Lacs for the year. After providing Rs. 857.93 Lacs and Rs. 554.70 Lacs towards interest and depreciation, net loss incurred for the year is Rs. 579.83 Lacs.

During the year the Company took a major policy decision to concentrate on Audio business only. Accordingly, the manufacture of CTVs under its own brand "Evelux" as well as sale of CTVs through BPL was discontinued. The sale of CTVs during the year accounted for Rs.1,399 Lacs as compared to Rs. 8,461 Lacs during 2000-01. The low profitability and cut throat competition from the East Asian models, declining margins necessitated this change. The decision to concentrate on audio business and related products is in synergy with our manufacturing base in audio products.

The audio market grew by almost 4%. The company concentrated on manufacture of hi-end products namely RDX 112, RDX 222 and VCD 4030 which were all indigenously developed in our factory incorporating the latest Audio technology namely MP3 playability and VCD Ver 2.0 playability. These products were successfully launched and within a short period have become BST's volume drivers. During the year, the first lot of DVD 311D model was test marketed in February and they were sold as a part of BPL's Home Theatre system and the feed back and the market response has been encouraging. The company introduced a new model of car audio CR43A incorporating new features such as real time clock, anti theft panel and this model

constituted a premium model in our range of car audios.

With the discontinuation of CTV business, the company is entirely on its own, as far as marketing/sale of audio products are concerned. A separate sales team has been constituted which apart from audio products also takes care of the sales and distribution of cordless phones, vacuum cleaners, rechargeable lanterns and other products. Our existing distribution network takes care of the sales and distribution of these products since outlets are common for the entire range.

The company introduced a Voluntary Retirement Scheme for its employees and a total of 101 employees opted for the VRS. The total number of employees came down from 581 to 480 during the year which together with other steps enunciated resulted in savings of Rs.137 Lacs by way of employee costs and related benefits.

The company during the year has also succeeded in making better use of its infrastructural facilities in the area of moulding, assembly of components and parts and spare capacity available in manufacturing. These measures succeeded in reducing the factory overheads which otherwise would have been entirely borne by audio products.

DIVIDEND

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

PUBLIC DEPOSITS

The total amount of fixed deposits held as on 31st March, 2002 were Rs. 14.01 Lacs as against Rs. 66.50 Lacs as on 31st March 2001. The Company had 87 unclaimed

deposits amounting to Rs. 11.67 Lacs, which had matured on 31st March 2002. Out of the above said unclaimed deposits, a sum of Rs. 1.09 Lacs has been repaid as on date. Your Company has stopped accepting/renewing deposits and the depositors have been requested to approach the Company for repayment on maturity of deposits.

FUTURE OUTLOOK

The new Business Plan worked out for BST aims at major emphasis on digital products. In-house manufacturing and assembly operations will be confined to hi-tech fast growing digital product segments only, while all other products categorised under the head analog, will be sourced from outside vendors only. Emphasis will be on product modification, aesthetic improvement and upgradation rather than investments in R&D and development of products inhouse. The company plans to concentrate on products with MRPs ranging from Rs.3000 to Rs.15000, since in terms of value offering, the DVD range of BST's products would compete effectively with premium products of international brands.

As far as analog products are concerned, the vendor development cell will extend all possible assistance and technical support to vendors not only in identifying and sourcing products, but also in sorting out all technical and quality related issues of vendors. Missing product gaps will be identified. In the analog area, it is the company's objective to develop and source every year two new key products and ensure, with adequate inputs, they attain the status of volume drivers.

The sales and distribution strategy of the company currently gives all emphasis on distributor led sales strategy. With greater emphasis on digital products, the sales strategy will be to directly service high potential large retailers in major cities through company's own sales network. The distributor led operations will confine to analog products as well as to cover those markets / dealers for digital products, not directly serviced by company's own sales staff in cities with less potential in relative terms.

The company will also look for opportunities of distributing international audio brands within the country as well as identifying sales and distribution opportunities of related products through the same channel.

The company has started re-negotiations with the bankers as well as with other financial institutions for re-structuring of its loans as well as to avail elimination of penal rates of interest and other soft options on

existing term loans and working capital facilities. There is a critical need to infuse funds to bring the company to profitable levels of operations and with this intention, discussions are being held with the consortium of bankers to convert the current fund based working capital to term loans and enhance the non fund based facilities to higher levels so as to enable the company to achieve the planned sales levels during the coming years.

The emergence of DVD and the growing demand for hi-fi systems with ACD/VCD and MP3 based features are already changing the product scenario of audio products. The opening up of new FM stations has revived the radio market. With the lowering of prices for MP3 discs, and with opportunities of music downloads from internet, the demand for MP3 compatibles is increasing substantially. With non-stop, round the clock transmission in digital format, one can avail of any form of music in any language 24 hours a day, and this opens up great opportunities for sale of digital satellite radio receivers and MP3 compatibles from younger generation.

The development of two models of digital satellite radio receivers by the Company based on the technological support extended by Worldspace has opened up great opportunities for the sale of these products both in India and African and European countries. Out of the 13 selected vendors worldwide, only three are operational for the supply of these products to Worldspace. Your Company is the only approved supplier from India. The two models namely Celeste I and Celeste II underwent extensive tests both in India and Germany. While the first model was approved during the period under review, the second model was finally tested and approved during the current year. These two models offer great opportunities for exports to African Countries, the first requirement for 30,000 pieces for supply to Kenya having already been received during June, 2002. Apart from the requirement of these models for other countries, your Company has also planned major thrust by way of exports to countries in the Middle-East, South-Asia and Europe with the help and assistance of BPL Eurotrade Limited. Your company has also appointed a senior person to concentrate on exports of the entire range of products to listed countries in a phased manner.

The Business Plan for the current year takes into consideration all these opportunities.

CONTRIBUTION TO EXCHEQUER

Your company has contributed Rs.1,354.65 Lacs by way of Excise Duty, Sales Tax and Customs Duty, etc., during the year to the Government Revenue.

DIRECTORS

During the year, ICICI Bank Limited has nominated Mr. Rajnish K Singh as its nominee on the Board of your Company in place of Mr. PJV Sarma. Further, your directors co-opted Mr. Bharat M Mehta as an Additional Director on the Board on 28th November, 2001. Mr. Shashi Nambiar was appointed as the Managing Director with effect from 25th July, 2001 for a period of five years. He resigned as the Managing Director on 25th June, 2002, however he continues to be a Director in non-executive capacity on the Board. Mr. CR Menon who had joined the Company as the Chief Operating Officer was appointed as the Director and Chief Operating Officer on 25th June, 2002.

Mr. MA Uppal, Mr. LH Bhatia, Mr. TC Chauhan resigned as Directors on 28th November, 2001, 31st January, 2002 and 25th June, 2002 respectively. Mr. TPG Nambiar and Mr. Ajit G Nambiar resigned as directors of the Company on 30th July, 2002.

Your Directors place on record their deep appreciation of the valuable contributions rendered by Mr. TPG Nambiar, Mr. Ajit G Nambiar, Mr. MA Uppal, Mr. LH Bhatia, Mr. TC Chauhan and Mr. PJV Sarma during their tenure as directors of the Company.

In accordance with the provisions of the Articles of Association of the Company, Mr. Viswanath Nambiar retires by rotation at the twenty first Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

M/s T Velu Pillai & Company, Chartered Accountants, Bangalore 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, 2002 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 judgments 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, 2002 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 1 (e) and Section 217(2A) of the Companies Act, 1956 are annexed hereto and form part of this Report.

ACKNOWLEDGEMENTS

Employee relations at all levels 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

	Shashi Nambiar	CR Menon
Bangalore	Director	Director & Chief
30th July, 2002		Operating Officer

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 Directors' Report for the financial year ended 31st March 2002.

CONSERVATION OF ENERGY

Your Company has initiated the use of alternate cheaper fuel for the generator sets. It has also taken up energy savings projects like power factor improvement and pressure booster for compressors along with periodical energy audits. Adequate awareness has also been created among employees to conserve energy by way of switching off lights and power when not required, making use of natural ventilation/lighting for shop floors and improving the efficiency of the diesel generator sets by preventive maintenance.

RESEARCH AND DEVELOPMENT (R&D) AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your R&D team has successfully developed two new products namely Celeste I and Celeste II based on the technological support provided by Worldspace. The Company's engineers completed the design and drawings and the entire development work was done in-house. After extensive tests done both in India and by Fhg, Germany, Celeste I has finally got the certificate of approval during the year. The second model Celeste II is an improved version and has succeeded in bringing down the cost to more acceptable levels. Celeste II which underwent extensive tests finally got the seal of approval early in June, 2002. The work on the Celeste brought an opportunity for our engineering team to get adequate technical training in India and Germany.

The entire technology has been fully absorbed and being the first manufacturer from India to get product approval. BST enjoys a leadership position in digital satellite radio receivers. The Celeste I and Celeste II developed by your R&D team are contemporary state-of-the-art models.

The R&D effort of the company has brought out three Hi-fi VCD MP3 models. They are RDX 112, RDX 222 and VCD 4030. The team has also been successful in launching the new car audio CR43A and the developmental work has already started to launch new car audios, one for the taxi segment at an affordable price and the other one a premium model for premium cars.

Your company has also started work on adopting DVD technology to the Hi-fi product segment.

The total expenditure on R&D during the year under review amounted to Rs. 928.32 Lacs.

EXPENDITURE ON R&D	Rs. in Lacs
a. Capital	920.05
b. Recurring	8.27
c. Total	928.32
d. Total R&D expenditure as a percentage of total turnover	11.15%

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your Company's foreign exchange earnings were Rs. 161 Lacs and the outgo was Rs. 1,540 Lacs.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2002.

Sl. No.	Name	Designation and nature of Duty	Qualification	Remuneration (Rs.)	Age (in yrs)	Experience (in yrs)	Date of commencement of Employment	Previous Employment & Position held
1.	Shashi Nambiar	Managing Director*	B.Sc (Elec.)	26,20,191	40	16	25.07.2001	BPL Limited Director & Chief Technology Officer
2.	L H Bhatia	Managing Director*	BE, M.Sc DMM	8,90,150	56	33	25.01.2000	BPL Limited Director, International Operations

* Employed for a part of the year

Notes :

1. All appointments are contractual. Other terms and conditions are as per Company's Rules.
2. Remuneration includes Salary, Housing, Medical Expenses, Company's contribution to Provident Fund, Gratuity, Super Annuation Fund and other monetary value of perquisites.
3. None of the above Employees are related to any Director of the Company and hold more than two per cent of the equity shares of the Company.
4. Nature of duties of the Managing Director includes complete in-charge of and responsible for the day-to-day management and affairs of the company.

For and on behalf of the Board of Director

Bangalore
30th July, 2002

Shashi Nambiar
Director

CR Menon
Director & Chief
Operating Officer

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