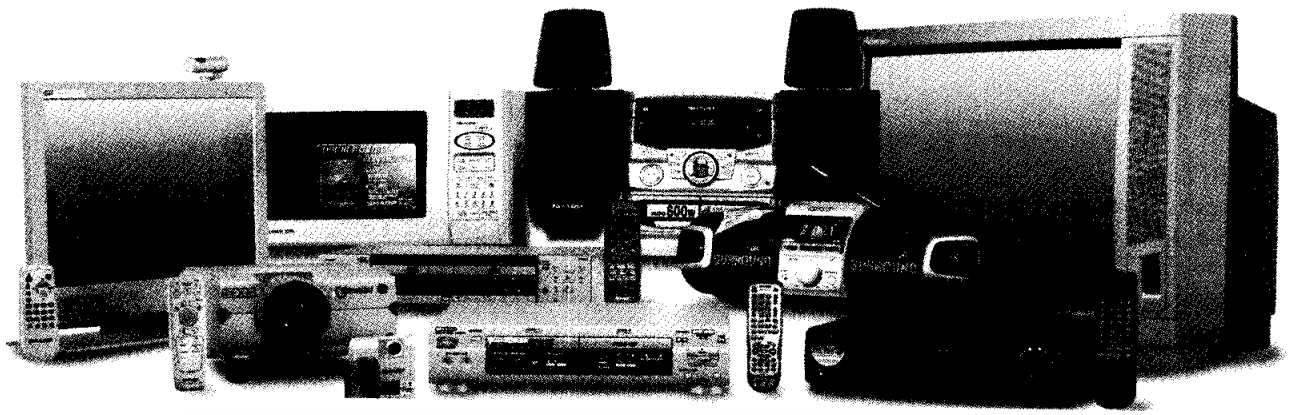


# **15th Annual report 1999-2000**



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# **SHARP**

**Sharp Minds, Sharp Products**



**KALYANI SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

Mr. B.N. KALYANI

*[Chairman]*

Mr. S.S. MARATHE

Mr. T. NOGUCHI

Mr. H. WADA

Mr. Y. SAKAMOTO

Mr. N. IWATA

*[Managing Director]*

Mr. K. KATSUKI

*[Whole-time Director]**(Finance & Administration)*

Mr. R. NISHIKAWA

*[Whole-time Director]**(Technical)]***BANKERS**

STATE BANK OF INDIA

BANK OF INDIA

THE BANK OF TOKYO-MITSUBISHI LTD.

THE SANWA BANK LTD.

THE FUJI BANK LTD.

CITI BANK N.A.

**SOLICITORS & ADVOCATES**

CRAWFORD BAYLEY &amp; CO.

**AUDITORS**

ARTHUR ANDERSEN &amp; ASSOCIATES

Chartered Accountants

**REGISTERED OFFICE**

Gat No.686/4, Koregaon Bhima,

Tal. Sirur, Dist. Pune 412 216.

**REGISTRARS & TRANSFER AGENTS**

MCS Limited,

116/118, Akshay Complex,

Off Dhole Patil Road,

Near Ganesh Mandir,

Pune 411 001.

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**KALYANI SHARP INDIA LIMITED**

Registered Office : Gat No.686/4, Koregaon Bhima, Taluka Sirur, District Pune 412 216.

**NOTICE :**

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of Kalyani Sharp India Limited will be held at the Registered Office of the Company at Gat No.686/4, Koregaon Bhima, Taluka Sirur, District Pune 412 216 on Wednesday, the 26<sup>th</sup> day of July, 2000 at 11.00 a.m. (I.S.T.) to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2000 and the Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2000 and the Reports of the Directors and of the Auditors.
2. To appoint a Director in place of Mr. Hiroshi Wada who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Yukio Sakamoto who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT THE COMPANY'S AUDITORS, M/S. ARTHUR ANDERSEN & ASSOCIATES, CHARTERED ACCOUNTANTS, MUMBAI, BE AND THEY ARE HEREBY RE-APPOINTED AS AUDITORS OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

**SPECIAL BUSINESS :**

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

"RESOLVED THAT MR. TOSHIHIRO NOGUCHI, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A

MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

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

"RESOLVED THAT MR. RYOICHI NISHIKAWA, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY."

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269, 309 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956, AND SUBJECT TO OTHER APPROVALS AS MAY BE REQUIRED, AND SUCH MODIFICATIONS AND CONDITIONS, IF ANY, AS THE CENTRAL GOVERNMENT MAY IMPOSE AND WHICH THE BOARD OF DIRECTORS OF THE COMPANY IN THEIR DISCRETION ARE HEREBY AUTHORISED TO ACCEPT ALL SUCH APPROVALS BEING READ WITH ARTICLES 173, 175 AND 176 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED TO THE APPOINTMENT OF MR. RYOICHI NISHIKAWA AS WHOLE-TIME DIRECTOR (TECHNICAL) OF THE COMPANY FOR A PERIOD OF THREE YEARS WITH EFFECT FROM NOVEMBER 1, 1999, ON THE FOLLOWING REMUNERATION :

1. SALARY OF RS.45 000 (RUPEES FORTY FIVE THOUSAND ONLY) PER MONTH.
2. RENT FREE FURNISHED RESIDENTIAL ACCOMODATION TOGETHER WITH NECESSITIES INCLUDING GAS, ELECTRICITY, WATER ETC.

**KALYANI SHARP INDIA LIMITED****SHARP**

3. REIMBURSEMENT OF MEDICAL EXPENSES ACTUALLY INCURRED FOR SELF, WIFE AND DEPENDENT CHILDREN.
4. FEES FOR TWO CLUBS.
5. CAR WITH DRIVER.
6. FREE TELEPHONE FACILITY AT RESIDENCE.
7. REIMBURSEMENT OF ACTUAL TRAVELLING EXPENSES FOR SHIFTING FROM JAPAN TO PUNE AND ALSO WHILE RETURNING TO JAPAN.
8. ONE MONTHS' LEAVE WITH FULL PAY FOR EVERY 11 MONTHS SUBJECT TO THE CONDITION THAT LEAVE ACCUMULATED BUT NOT AVAILED WILL NOT BE ALLOWED TO BE ENCASHED.
9. PASSAGE BENEFITS FOR SELF, WIFE AND DEPENDENT CHILDREN TO AND FROM JAPAN AT REASONABLE INTERVALS BUT NOT MORE FREQUENT THAN ONCE IN A YEAR BY BUSINESS CLASS.
10. REIMBURSEMENT OF ACTUAL EXPENSES ON EDUCATION UPTO RS.5,000/- PER MONTH PER CHILD IN CASE OF CHILDREN STUDYING IN INDIA. SUCH REIMBURSEMENT SHALL BE ADMISSIBLE UPTO A MAXIMUM OF TWO CHILDREN.

FURTHER RESOLVED THAT SUBJECT TO THE APPROVAL OF THE CENTRAL GOVERNMENT UNDER SECTION 198 READ WITH SECTION 309(3) AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956, THE SALARY AND PERQUISITES, BENEFITS AND AMENITIES AS SET OUT ABOVE BE PAID OR GRANTED TO MR. RYOICHI NISHIKAWA AS MINIMUM REMUNERATION NOTWITHSTANDING THAT IN ANY FINANCIAL YEAR OF THE COMPANY DURING THE TERM OF MR. RYOICHI NISHIKAWA'S OFFICE AS WHOLE-TIME DIRECTOR (TECHNICAL) OF THE COMPANY, THE COMPANY HAS MADE NO PROFITS OR THE PROFITS MADE ARE INADEQUATE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH MODIFICATIONS IN THE TERMS OF PAYMENT OF REMUNERATION TO

MR. RYOICHI NISHIKAWA BY WAY OF GOVERNMENT GUIDELINES OR INSTRUCTIONS OR APPROVALS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE WHOLE-TIME DIRECTOR (TECHNICAL) IS NOT IN EXCESS OF THE CONSENT GIVEN BY THE FOREGOING RESOLUTION."

By Order of the Board of Directors  
**For KALYANI SHARP INDIA LIMITED**

Gat No.686/4,  
Koregaon Bhima,  
Taluka Sirur,  
District Pune 412 216.  
May 24, 2000.

**M.R. PATWARDHAN**  
**COMPANY SECRETARY**

**NOTES :**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under Item Nos.5 to 7 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Members are requested to advise the Registrars & Transfer Agents, MCS Limited, 116/118, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, immediately of any change in their addresses.
4. The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, the 11th day of July, 2000 to Wednesday, the 26th day of July, 2000 (both days inclusive).
5. Securities & Exchange Board of India (SEBI) has included Equity Shares of the Company in the list in which trading is compulsory for the Institutional Investors and OCBs in dematerialised form, w.e.f. June 26, 2000. The Company has entered into Agreements with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Documents referred to in any of the Items of the Notice are available for inspection at the Registered Office of the Company on any working day upto 26th day of July, 2000 during the business hours of the Company.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out as required by Section 173 of the Companies Act, 1956, the material facts relating to the Special Business under Item Nos.5 to 7 referred to in the accompanying Notice dated May 24, 2000.

**ITEM NOS.5 & 6 :**

The Board of Directors, at its Meeting held on August 28, 1999, appointed Mr. T. Noguchi and on October 27, 1999, appointed Mr. R. Nishikawa as the Additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, they hold office only till the date of this Annual General Meeting. The Company has received Notices in writing from the Members pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/-, proposing the candidature of Mr. T. Noguchi and Mr. R. Nishikawa as the Directors of the Company at the ensuing Annual General Meeting.

Mr. T. Noguchi is Deputy Group General Manager of International Business Group, Sharp Corporation, Japan. It is considered desirable that the Company should have the benefit of his experience and advice.

Mr. R. Nishikawa has more than 33 years of experience and is very knowledgeable in the Electronics field. He has also been appointed as Whole-time Director (Technical) of the Company for a period of three years with effect from November 1, 1999.

The Directors recommend the Resolutions for acceptance by the Members.

Mr. T. Noguchi, may be deemed to be concerned with or interested in the Resolution. Mr. R. Nishikawa as the recipient of the remuneration may be regarded as concerned with or interested in the Resolution. No other Director of the Company is interested in the Resolutions.

**ITEM NO.7 :**

Sharp Corporation, Japan deputed Mr. J. Kono as Whole-time Director (Technical) of the Company for a period of three years effective from November 1, 1996. Sharp Corporation recalled Mr. J. Kono for utilising his services at their Engineering Department-2, Visual Commodity Division, Audio and Visual Systems Group. Accordingly, Mr. J. Kono tendered his resignation as a Director as well as Whole-time Director (Technical) of the Company effective from November 1, 1999.

In place of Mr. J. Kono, Sharp Corporation recommended the appointment of Mr. R. Nishikawa as

Whole-time Director (Technical) of the Company for a period of three years effective from November 1, 1999. The Board of Directors of the Company appointed Mr. R. Nishikawa as Whole-time Director (Technical) of the Company for a period of three years effective from November 1, 1999, subject to the approval of the Members and the Central Government and such other approvals as may be required, on the remuneration set out in the resolution.

The Government of India, Department of Company Affairs, has given its approval under letter No. 1/412/99-CL VII dated March 14, 2000 to the appointment of and remuneration payable to Mr.R. Nishikawa, as detailed in the Resolution.

As to the payment of minimum remuneration in the event of loss or inadequacy of profits in any year during the term of appointment, the Government of India has approved that payment of remuneration shall be limited to the ceilings prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956. Approval of the Government of India covers payment of remuneration to Mr. R. Nishikawa by way of minimum remuneration as well.

The approval of the Government of India, Department of Company Affairs is subject to the approval of the Company in General Meeting unless already approved.

Approval of the Members under Section 198, 269 and 309 of the Companies Act, 1956, and other relevant provisions thereof is now sought to the appointment of Mr. R. Nishikawa as Whole-time Director (Technical) of the Company and to the payment of remuneration to him. The powers to be conferred by the Board to the Whole-time Director (Technical) shall be subject to Article 176 and the tenure of three years shall be subject to Article 173 of the Articles of Association of the Company.

Mr. R. Nishikawa has more than 33 years of experience and is very knowledgeable in the Electronics field. The Board feels that his association with the Company as Whole-time Director (Technical) will be of great help in further growth of the Company.

The Directors recommend the Resolution for acceptance by the Members.

Mr. R. Nishikawa as the recipient of the remuneration may be regarded as concerned with or interested in the Resolution. No other Director of the Company is interested in the Resolution.

By Order of the Board of Directors  
**For KALYANI SHARP INDIA LIMITED**

Gat No.686/4,  
Koregaon Bhima,  
Taluka Sirur,  
District Pune 412 216.  
May 24, 2000.

**M.R. PATWARDHAN**  
**COMPANY SECRETARY**



## KALYANI SHARP INDIA LIMITED

**SHARP****DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting their Fifteenth Report together with the Audited Statement of Accounts for the year ended on March 31, 2000.

**1. FINANCIAL RESULTS :**

	Year Ended March 31, 2000	(Rs. in Million) Previous Year ended on March 31, 1999
Sales and Service, net		
Domestic	2,654.118	2,072.682
Export	679.044	813.547
	<u>3,333.162</u>	<u>2,886.229</u>
Other Income	5.907	12.624
Profit before Interest and Depreciation	239.740	201.270
Less :Interest	85.941	71.031
Depreciation	60.520	70.781
Profit before Extraordinary item and tax	93.279	59.458
Extraordinary item	9.981	-
Profit before tax	83.298	59.458
Provision for Taxation	10.234	2.497
Net Profit for the year	73.064	56.961
Profit and (Loss) Account, beginning of the year	(88.035)	(143.071)
Profit / (Loss) available for appropriation	(14.971)	(86.110)
Transfer to Debenture Redemption Reserve	-	(1.925)
Profit and (Loss) Account, end of the year	(14.971)	(88.035)

**2. PROFITABILITY :**

The total net sales and service income showed a growth of 15% over the previous year, whereas the net domestic sales showed a growth of 28%. The export sale is lower, due to change in the model-mix, sales quantity and pricing as determined by the international requirements.

The previous year trend of margins coming under pressure and price reduction as a result of severe competition in the domestic market, continued during the year under review. Despite these adverse conditions and CTV and Audio operations affected by the fire at the factory, your company has earned a higher net profit before extraordinary item and tax of Rs.93.279 Million as against Rs. 59.458 Million during the previous year; achieving a rise of 57%.

The loss, if any, except extraordinary loss of Rs.9.981 Million, net of insurance claim to be received from the Insurance company, has not ascertained till date and

shall be charged to the Statement of Profit and Loss Account on final settlement of the claim. Pending such final settlement, the company has considered the loss by fire, net of MODVAT reversal, of Rs. 9.981 Million, as fully recoverable from the Insurance company as at March 31, 2000.

As was stated in the previous year's report, your Company has been initiating improvements in the domestic sales of Colour Televisions (CTV) and Video Cassette Recorders (VCRs) / Video Cassette Players (VCPs) and Audio models coupled with better control over some of the costs through improved management.

**3. OPERATIONS :**

Your company has sold more CTVs in the domestic market. CTV and VCR / VCP models having better features, new Audio models, were introduced. Your company continues to show an impressive performance of VCRs exports mainly to USA. The domestic sale of imported SHARP brand traded products has also improved.

Your company continues to hold the prestigious ISO 9002 - 1994 certification issued by Standardisation Testing and Quality Certification Directorate, Department of Electronics, Government of India.

#### **4. EXPORTS :**

Your company commenced VCR export activity in December 1995 and has been a leading exporter of consumer electronics from India to Western countries like USA.

During the year under review, your company exported 268,656 Nos. of VCR / VCPs valued at US \$ 15.792 Million (Rs.679.044 Million) as against 299,143 Nos. valued at US \$ 22.333 Million (Rs.813.547 Million) during the previous year.

#### **5. MARKETING OPERATIONS :**

CTV domestic Market has grown about 25 % over the previous year. The market continued to witness severe competition, price wars and alluring schemes both to the customers as well as to the dealers.

Your Company has achieved 37% growth in CTV sales quantity due to various efforts taken by the Company including unique scheme like 7 years warranty etc. and 13% growth in VCRs / VCPs sales quantity over the previous year. Your Company has also increased trading sale of SHARP brand LCD Projectors.

During the year under review, SHARP brand imported Microwave ovens, VCD and DVD were introduced for testing the domestic market. It is expected that Microwave ovens will form a major product for your company in the years to come.

Your Company continued to get better per unit realisation for its products as compared to some of its competitors although it may not be possible to maintain this in future. By and large, your Company is able to maintain the Receivable position under control.

It is expected that the domestic market shall have a growth during the year 2000-2001 as the Indian economy is expected to perform better though the last quarter of 1999-2000 and first two months of the current year has been witnessing some what decline in the demand and is a matter of concern.

#### **6. EXPANSION AND DIVERSIFICATION :**

Your Company's on going programme of expanding the sales network shall continue. This year also, your Company is planning to introduce a series of new models from 14" to 29". Your Company is planning to add new category of products into the existing product range.

#### **7. FIRE AT FACTORY PREMISES :**

As was informed in the previous year's report, on April 14, 1999 around midnight, your Company's Colour Television and Audio Products assembly facilities and material stores comprising building, plant and machinery, furniture and fittings and inventories and regulatory records like Excise and Accounts, other operational records stored at the above mentioned facilities were destroyed/damaged by the fire. There was no injury to or loss of human life. The damaged fixed assets and inventory were insured with an external insurance company as per the policy followed by the Company. Fortunately, the fire did not affect your Company's VCR operations, infrastructure facilities and offices.

Your Company immediately took the steps for alternate plans to resume the production of CTV, with the help of a special team deputed by Sharp Corporation, Japan. The completion of new building which had been under construction and installation of assembly line therein was taken up on war footing and the production of CTVs from the new shop commenced at the pre-fire level by first week of June 1999.

#### **8. AUDITORS' REPORT :**

Auditors in their report have made certain observations on the depreciation charge for the year under review. Suitable explanation has been provided by way of a note in Note 7(d) to the financial statements forming part of accounts. This note may be considered as explanation by the Directors, as a part of their report.

#### **9. Y2K PREPAREDNESS :**

Your Company's Y2K preparedness programme that was designed covering its business operations including sales offices and production units worked very smoothly and your company's operations were not affected due to any Y2K related problem during the change over of IT software and hardware and subsequently w.e.f. January 2000. Similarly, no Y2K problem was faced while dealing with suppliers, customers, outside agencies, utilities, etc.

As was informed in the previous year's report, the Y2K preparedness programme designed by your company had been part of your Company's on going efforts to improve its IT structure and Business Processes. Apart from making the Company's existing hardware and software Y2K Compliant, the Company has been implementing a comprehensive programme to upgrade IT infrastructure and applications including implementation of SAP R/3 Enterprise Resource

**KALYANI SHARP INDIA LIMITED****SHARP**

Planning (ERP) system in a phased manner that should be beneficial to the future operations of the Company. The cost of addressing in-house Y2K preparedness issues and implementation of first phase of SAP R/3 project is expected to total Rs.50 Million approximately. A part of the total cost is associated with the addition of IT hardware having the state of art technologies and implementation of SAP R/3 ERP System.

The Y2K preparedness was completed before 31<sup>st</sup> December 1999 and the implementation of first phase of SAP project is under progress and is expected to be completed during the second quarter of the year 2000-2001.

**10. DEMATERIALISATION OF SHARES :**

Based on the recommendations of the Working Group on dematerialisation, SEBI has decided to include the Shares of your Company in the list in which trading is compulsory for Institutional Investors and OCBs in dematerialised form w.e.f. June 26, 2000. To facilitate the said decision, your Company has entered into an Agreement with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of the securities of your Company and established electronic connectivity.

**11. INDUSTRIAL RELATIONS :**

Industrial Relations continued to be peaceful during the year under review.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information required under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, and forming part of the Report, is given in **ANNEXURE 'A'**.

**13. PARTICULARS OF EMPLOYEES :**

Information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, and forming part of the Report, is given in **ANNEXURE 'B'**.

**14. DIRECTORS :**

Mr. T. Noguchi was appointed as an Additional Director of the Company with effect from August 28, 1999.

Mr. J. Kono resigned from the Board as a Director as well as Whole-time Director (Technical) of the Company with effect from November 1, 1999. The Directors place on record their sincere appreciation for the useful contribution made by Mr. J. Kono during his tenure as Whole-time Director (Technical) of the Company.

Mr. R. Nishikawa was appointed as an Additional Director of the Company with effect from October 27, 1999. He is also appointed as Whole-time Director (Technical) of the Company for a period of three years with effect from November 1, 1999. The Central Government has approved the appointment and remuneration of Mr. R. Nishikawa.

In accordance with the provisions of the Companies Act, 1956 and of the Articles of Association of the Company, Mr. H. Wada and Mr. Y. Sakamoto, Directors of the Company, retire by rotation and being eligible, they offer themselves for re-appointment.

**15. AUDITORS :**

You are requested to re-appoint Auditors for the current year to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting.

**16. ACKNOWLEDGEMENTS :**

Your Directors wish to place on record their appreciation for the help and guidance offered by the Promoters, Bharat Forge Limited and Collaborators, Sharp Corporation, Japan as well as co-operation extended by Banks and Financial Institutions. Your Directors also express their deep appreciation of the unstinted efforts and contribution made by the employees at all levels.

**For and on behalf of the  
Board of Directors**

**B.N. KALYANI  
CHAIRMAN**

PUNE.  
Dated : May 24, 2000.



**ANNEXURE 'A'**

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.**

**A. CONSERVATION OF ENERGY :**

- a) Energy Conservation measures taken :
  - i) Electronics Ballasts for low power consumption are installed in fluorescent lamps in 3 shift working area.
  - ii) Electric power consumption controlled by installing devices like Timers, Limit Switches, PLC, Capacitors and Auto temperature controllers.
  - iii) Ventilation plant use is optimised and circulating fans added for energy conservation.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :  
At present no additional investment for reduction in power consumption is under consideration.
- c) Impact of the measures at a) and b) of above for reduction of energy consumption and consequent impact on the cost of production of goods :  
Optimum utilisation of electrical consumption is ensured and inspite of higher production level, the cost of energy is lowered by 9.2%. Attempt is made to reduce its impact on the cost of production of goods.
- d) Total Energy Consumption and Energy Consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the Schedule thereto :  
Not applicable as the industry is not covered under the list of specified industries.

**B. TECHNOLOGY ABSORPTION :**

Research and Development (R & D) :

1. Different areas in which R & D carried out by the Company :
  - a) Introduction of 14", 20", 21", 25" and 29" models.
  - b) Development of low cost 21" screen size models.
  - c) Introduction of new VCR model for export and VCR/VCP for domestic market.
  - d) Introduction of portable Audio, CD/VCD based mini component systems.
  - e) Introduction of VCD / DVD players and microwave oven.
2. Benefits derived as a result of the above R & D :
  - a) Customer acceptance to new CTV design style and futuristic features.
  - b) Through continuous interaction with Marketing, Servicing and Quality Assurance Departments, quality and reliability of the products have improved. We are confident to provide 7 years warranty.
  - c) Alternate use of many old items from inventory brings down inventory and interest burden.
  - d) Indigenisation in CTV and Audio has led to substantial savings of Foreign Exchange.
3. Future Plan of action :
  - a) Development of new CTV models in 14", 20", 21", 25" & 29" (both conventional and pure flat types) to meet specific requirements of changing Indian market.
  - b) 25" & 29" low cost model development for mass consumption.
  - c) Indigenisation of CTV, VCR and Audio models to bring down the cost.
  - d) Development and introduction of single CD, 3 - CD Changer, double cassette Audio; premium Dolby pro-logic system.
  - e) Development of Small Audio as well as CD Mini Component and Mini Component with VCD for specific Indian market need.