



Report Junction.com

39th Annual Report

Whirlpool of India Limited

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DIRECTORS

DALTON NIGEL GARRICK D' SILVA (Chairman & Managing Director)
ROBERT LAWRENCE MINK
ASHOK KHANNA
JOHN C. PINTO
RAJIV VERMA
RAJ JAIN

COMPANY SECRETARY

N.C. KHANNA

BANKERS

ANZ Grindlays Bank
Citibank
Deutsche Bank
Hongkong & Shanghai Banking Corporation
Punjab National Bank
Societe Generale
Standard Chartered Bank
State Bank of India

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants

COST AUDITOR

Ashok K. Agarwal
Cost Accountant

STOCK EXCHANGES WHERE SHARES LISTED

The Delhi Stock Exchange Association Ltd.
The Stock Exchange, Mumbai
Madras Stock Exchange

REGISTERED OFFICE

7th Floor, Atmaram House,
1, Tolstoy Marg,
New Delhi-110 001.

WORKS

Faridabad, Haryana
Thirubhuvanai, Pondicherry
Ranjangaon, Pune

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTYNINTH ANNUAL GENERAL MEETING OF WHIRLPOOL OF INDIA LTD. will be held at Airforce Auditorium, Subroto Park, New Delhi 110 010, on Friday the 23rd June, 2000 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st December, 1999, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr Garrick D' Silva, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr Ashok Khanna, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that Mr Rajiv Verma, who was appointed as an Additional Director of the Company on 16th September, 1999 and whose term expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom Company has received notice from a member under section 257 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that Mr Raj Jain, who was appointed as an Additional Director of the Company on 16th September, 1999 and whose term expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom Company has received notice from a member under section 257 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary Resolution:

RESOLVED that pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr Rajiv Verma as a whole-time Director of the Company for a period of three years with effect from 16th September 1999 upon the terms and conditions set out in the draft Agreement submitted to this

meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and amend; subject to approval by a resolution of the shareholders in general meeting, the terms and conditions of the said appointment and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr Rajiv Verma.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr Raj Jain as a whole-time Director of the Company for a period of three years with effect from 16th September 1999 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and amend, subject to approval by a resolution of the shareholders in general meeting, the terms and conditions of the said appointment and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr Raj Jain.

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr John Pinto as a whole-time Director of the Company for a period of three years with effect from 16th September 1999 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and amend, subject to approval by a resolution of the shareholders in general meeting, the terms and conditions of the said appointment and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr John Pinto.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr Ashok Khanna as a whole-time Director of the Company for a period of three years with effect from 16th September 1999 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty

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to the Board of Directors to alter, vary and amend, subject to approval by a resolution of the shareholders in general meeting, the terms and conditions of the said appointment and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr Ashok Khanna.

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the following alterations to the Articles of Association of the Company be and the same are hereby approved, namely,

- A. The definition of "Shareholder or Member" appearing in Article 1 be amended as under:
"Shareholder" or "Member" means every person holding shares of the Company and whose name is entered in the Register of Members and includes a person holding shares of the Company and whose name is entered as Beneficial Owner in the records of the Depository and also includes subscribers to the Memorandum of Association of the Company but does not include a bearer of a share warrant of the Company issued in pursuance of section 114 of the Act."
- B. the following definitions be included in Article 1 at appropriate places:
'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof;
'Depository' shall mean a Depository as defined under clause (e) of sub - section (1) of Section 2 of the Depositories Act, 1996;
'SEBI' means Securities and Exchange Board of India established under Section 8 of the Securities and Exchange Board of India Act, 1992.
- C. The following proviso be inserted at the end of the existing Article 20.
"Provided, however, that the provision relating to distinctive numbering shall not apply to the shares of the Company which have been dematerialised.
- D. The following Article be inserted as Article 50B after the existing Article 50A.

50 B.

- (i) Dematerialisation of securities
Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- (ii) Options for investors
Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial

owner the required certificates of the securities in respect of his holding.

- (iii) Securities in depositories to be in fungible form
All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.
- (iv) Rights of depositories and beneficial owners
a) Notwithstanding anything contained in these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the Beneficial Owner.
b) Save as otherwise provided in a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
c) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
- (v) Transfer of securities
Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (vi) Allotment of securities dealt within a depository
Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (vii) Register and Index of beneficial owners
The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of the Members and Security holders for the purposes of these Articles.

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

Pursuant to Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the shareholders be and is hereby given to the Board of Directors of the Company to contribute and/or subscribe from time to time, in any financial year to any body corporate, institute, society, person, trust or fund for any charitable or other purposes not directly related to the business of the Company or to the welfare of its employees upto a total sum of rupees fifteen lakhs or five per cent of the average net profits as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater.

Registered Office: By Order of the Board of Directors
7th floor, Atma Ram House,
1, Tolstoy Marg,
New Delhi 110 001.
Dated: 26th April, 2000

N.C.KHANNA
Company Secretary

NOTES:

a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing proxy to be valid shall be deposited with the Company at its registered office atleast 48 hours before the time fixed for the meeting.

b) Members/proxies should bring the attendance slip duly filled in for attending the meeting.

c) The Company transferred the Unclaimed Dividend declared for the year ended 30th June, 1994 to the General Revenue Account of the Central Government as required by the

Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

d) Register of Members remained closed from 7th March 2000 to 28th March 2000 (both days inclusive).

e) **Company has joined the Depository System with National Securities Depository Ltd. as well as Central Depository Services (India) Ltd. As per the recent directive of SEBI, Company's name is included in the list of securities in which delivery of shares in the dematerialised form has been made compulsory for all investors from 26th June 2000. The Company has therefore installed a system for simultaneous transfer and demat of shares and the shareholders are welcome to avail the same.**

ANNEXURE TO NOTICE**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the special business under item Nos. 5, 6, 7, 8, 9, 10, 11 & 12 of the accompanying Notice dated 26th April, 2000.

Item No. 5 & 7:

The Board of Directors appointed Mr Rajiv Verma as an additional Director with effect from 16th Sept., 1999. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr Rajiv Verma holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at the forthcoming Annual General Meeting the appointment of Mr Rajiv Verma as a Director of the Company.

Mr Rajiv Verma is a graduate in engineering and possesses over 18 years of work experience in the production function with reputed companies like Hindustan Lever and Nestle.

The Board is of the opinion that it is in the interest of the Company that Mr Rajiv Verma be appointed as a whole-time Director of the Company.

The draft Agreement between the Company and Mr Rajiv Verma contains the following principle terms and conditions:

1. Period of Appointment

Three years w.e.f. 16th September, 1999

2. Remuneration

No remuneration will be payable by the Company to Mr Rajiv Verma as Whirlpool US has agreed to lend the services of Mr Rajiv Verma to the Company.

However, Mr Rajiv Verma will be entitled to claim from the Company the reimbursement of actual expenses incurred by him on the maintenance of car, telephone, fax, travelling and entertainment during the course of his official duties.

3. Mr Rajiv Verma shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.

4. The extent and scope of remuneration payable or allowed

to Mr Verma as specified in the agreement may be enhanced, enlarged, widened, altered or varied subject to the limitations as may be prescribed in the Companies Act, 1956 or any amendments or re-enactments thereof from time to time by the Board of Directors or by the Company in General Meeting.

5. Mr Verma shall not at any time either during or after the termination of his employment under the Agreement disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Executive Director (whole-time Director) unless such disclosure is in the interest of the Company.

6. Mr Verma shall not at any time within two years after the termination of his employment under this Agreement either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of Refrigerators and Washing Machines except with the consent in writing of the Board of Directors of the Company.

7. This Agreement may be terminated by either party by giving to the other party three months' notice in writing at its or his respective address.

8. If at any time Mr Verma ceases to be the Director of the Company for any reason whatsoever, he shall cease to be the Executive Director of the Company in terms of the Agreement which shall forthwith stand terminated.

The draft Agreement between the Company and Mr Verma is available for inspection by the Members of the Company at the Registered Office between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the Annual General Meeting.

No Director other than Mr Rajiv Verma is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of Appointment of Mr Rajiv Verma pursuant to the provisions of Section 302 of the Companies Act, 1956.

Item No. 6 & 8:

The Board of Directors appointed Mr Raj Jain as an additional

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Director with effect from 16th Sept. 1999. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr Raj Jain holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at the forthcoming Annual General Meeting the appointment of Mr Raj Jain as a Director of the Company. Mr Raj Jain is a graduate in engineering and possesses over 18 years of work experience in handling the Sales function. Prior to joining Whirlpool, he has worked with Hindustan Lever Ltd. The Board is of the opinion that it is in the interest of the Company that Mr Raj Jain be appointed as a whole-time Director of the Company.

The draft Agreement between the Company and Mr Raj Jain contains the following principle terms and conditions.

1. Period of Appointment
Three years w.e.f. 16th September, 1999
2. Remuneration
No remuneration will be payable by the Company to Mr Raj Jain as Whirlpool US has agreed to lend the services of Mr Raj Jain to the Company.
However, Mr Raj Jain will be entitled to claim from the Company the reimbursement of actual expenses incurred by him on the maintenance of car, telephone, fax, travelling and entertainment during the course of his official duties.
3. Mr Raj Jain shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.
4. The extent and scope of remuneration payable or allowed to Mr Jain as specified in the agreement may be enhanced, enlarged, widened, altered or varied subject to the limitations as may be prescribed in the Companies Act, 1956 or any amendments or re-enactments thereof from time to time by the Board of Directors or by the Company in General Meeting.
5. Mr Jain shall not at any time either during or after the termination of his employment under the Agreement disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Executive Director (whole-time Director) unless such disclosure is in the interest of the Company.
6. Mr Jain shall not at any time within two years after the termination of his employment under this Agreement either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of Refrigerators and Washing Machines except with the consent in writing of the Board of Directors of the Company.
7. This Agreement may be terminated by either party by giving to the other party three months' notice in writing at its or his respective address.
8. If at any time Mr Jain ceases to be the Director of the Company for any reason whatsoever, he shall cease to be the Executive Director of the Company in terms of the Agreement which shall forthwith stand terminated.

The draft Agreement between the Company and Mr Raj Jain is

available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the Annual General Meeting. No Director other than Mr Raj Jain is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of Appointment of Mr Raj Jain pursuant to the provisions of Section 302 of the Companies Act, 1956.

ITEM NO.9

The Board of Directors appointed Mr John Pinto as a whole-time director for the period of 3 years with effect from 16th Sept., 1999. The appointment of Mr John Pinto including remuneration payable to him is subject to the approval of shareholders in Annual General Meeting.

The draft Agreement between the Company and Mr John Pinto contains the following principle terms and conditions.

1. Period of Appointment
Three years w.e.f. 16th September, 1999
2. Remuneration
No remuneration will be payable by the Company to Mr John Pinto as Whirlpool US has agreed to lend the services of Mr John Pinto to the Company.
However, Mr John Pinto will be entitled to claim from the Company the reimbursement of actual expenses incurred by him on the maintenance of car, telephone, fax, travelling and entertainment during the course of his official duties.
3. Mr John Pinto shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.
4. The extent and scope of remuneration payable or allowed to Mr Pinto as specified in the agreement may be enhanced, enlarged, widened, altered or varied subject to the limitations as may be prescribed in the Companies Act, 1956 or any amendments or re-enactments thereof from time to time by the Board of Directors or by the Company in General Meeting.
5. Mr Pinto shall not at any time either during or after the termination of his employment under the Agreement disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Executive Director (whole-time Director) unless such disclosure is in the interest of the Company.
6. Mr Pinto shall not at any time within two years after the termination of his employment under the Agreement either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of Refrigerators and Washing Machines except with the consent in writing of the Board of Directors of the Company.
7. This Agreement may be terminated by either party by giving to the other party three months' notice in writing at its or his respective address.
8. If at any time Mr Pinto ceases to be the Director of the Company for any reason whatsoever, he shall cease to be the Executive Director of the Company in terms of the Agreement

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which shall forthwith stand terminated.

The draft Agreement between the Company and Mr John Pinto is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the Annual General Meeting. No Director other than Mr John Pinto is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of Appointment of Mr John Pinto pursuant to the provisions of Section 302 of the Companies Act, 1956.

ITEM NO.10

The Board of Directors appointed Mr Ashok Khanna as a whole-time director for the period of 3 years with effect from 16th Sept, 1999. The appointment of Mr Ashok Khanna including remuneration payable to him is subject to the approval of shareholders in Annual General Meeting.

The draft Agreement between the Company and Mr Ashok Khanna contains the following principle terms and conditions.

1. Period of Appointment

Three years w.e.f. 16th September, 1999

2. Remuneration

No remuneration will be payable by the Company to Mr Ashok Khanna as Whirlpool U.S. has agreed to lend the services of Mr Ashok Khanna to the Company.

However, Mr Ashok Khanna will be entitled to claim from the Company the reimbursement of actual expenses incurred by him on the maintenance of car, telephone, fax, travelling and entertainment during the course of his official duties.

3. Mr Ashok Khanna shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.**4. The extent and scope of remuneration payable or allowed to Mr Khanna as specified in the agreement may be enhanced, enlarged, widened, altered or varied subject to the limitations as may be prescribed in the Companies Act, 1956 or any amendments or re-enactments thereof from time to time by the Board of Directors or by the Company in General Meeting.****5. Mr Khanna shall not at any time either during or after the termination of his employment under the Agreement disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Executive Director (whole-time Director) unless such disclosure is in the interest of the Company.****6. Mr Khanna shall not at any time within two years after the termination of his employment under this Agreement either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of Refrigerators and Washing Machines except with the consent in writing of the Board of Directors of the Company.****7. This Agreement may be terminated by either party by giving to the other party three months' notice in writing at its or his**

respective address.

8. If at any time Mr Khanna ceases to be the Director of the Company for any reason whatsoever, he shall cease to be the Executive Director of the Company in terms of the Agreement which shall forthwith stand terminated.

The draft Agreement between the Company and Mr Ashok Khanna is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the Annual General Meeting.

No Director other than Mr Ashok Khanna is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of Appointment of Mr Ashok Khanna pursuant to the provisions of Section 302 of the Companies Act, 1956.

Item No.11

The Company's Equity shares have been inducted into the Depository System of the National Securities Depository Limited and Central Depository Services (India) Limited as an eligible security under the Depositories Act, 1996.

In the context of Depositories Act, 1996 and amendments to certain provisions of Companies Act, 1956 new Article is proposed to be introduced briefly describing the different concepts under the Depository System.

The Special Resolution at Item No.11 is therefore recommended to the shareholders for their approval.

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

Articles of Association of the Company referred to in the resolution at Item 11 together with the proposed alteration are available for inspection for the shareholders at the Company's Registered Office during business hours on any working day (Monday to Friday except Public holidays).

Item No.12

The Company may like to contribute and/or subscribe from time to time for any charitable or other purpose for the general welfare of the society. In this connection shareholders' consent is sought for under section 293(1)(e) of the Companies Act, 1956. It is requested that authority be granted to the Board of Directors for contributions upto an aggregate amount of Rs.15 lakhs in any financial year for any social cause.

The resolution at Item No.12 is therefore recommended to the shareholders for their approval.

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

Registered Office: By Order of the Board of Directors
7th floor, Atma Ram House,
1, Tolstoy Marg,
New Delhi 110 001. N.G.KHANNA
Dated: 26th April, 2000. Company Secretary

Whirlpool of India Limited**DIRECTORS' REPORT TO THE MEMBERS**

The Directors are pleased to present their 39th Annual Report and Audited Accounts for the year ended December 31, 1999.

Financial Results

| | Rs. in Lacs | |
|--|--------------------|--------------------|
| | For the year ended | For 9 months ended |
| | Dec 31, 1999 | Dec 31, 1998 |
| Sales, Service & other income | 100336 | 64197 |
| Profit/(loss) before interest & Depreciation | 8045 | 1281 |
| Interest | 5848 | 4854 |
| Depreciation | 3665 | 3423 |
| Profit/(Loss) after interest & depreciation | (1468) | (6996) |
| Tax provision for the earlier year | 7 | - |
| Profit/(loss) before Taxation | (1475) | (6996) |
| Provision for Taxation | 1 | 3 |
| Profit/(loss) before Extraordinary income | (1476) | (6999) |
| Extraordinary income | - | - |
| Net Profit/(Loss) | (1476) | (6999) |

Performance of the Company

During the year, the Company has substantially improved the Operating Profit (profit before interest & depreciation) to Rs. 80.45 Crores (Previous period Rs. 12.81 Crores). We believe that this encouraging trend will be sustained and improved further with increasing sales volumes and higher capacity utilisation.

The Company has provided for Rs. 5.46 Crores, representing the basic customs duty in respect of an export obligation pertaining to prior years.

Efforts continue to restore the Company to a profitable position with a strong focus on the sales of the No Frost refrigerators from the new facility in Ranjangaon, in order to upgrade the overall sales mix. At the same time close attention is being paid to cost effectiveness in all aspects of the Company's operations. Product quality and customer service continue to receive high priority.

Further plans are being made to invigorate the Company's product portfolio in line with the latest technology and best features available around the globe. With this, the company is confident of entering the new millenium as India's leading appliance manufacturer and marketer.

Dividend

The Directors do not recommend any payment of dividend in view of losses.

Rights Issue

The Rights Issue of 6,34,35,915 Equity Shares of Rs. 10 each at a premium of Rs. 2 per share in the ratio of 1:1 aggregating to Rs. 76.12 Crores was fully subscribed during the year.

Sales & Marketing

The Company emerged as the leader in Refrigeration and made significant inroads into the Washing Machine market. During the year, the Company introduced new offerings with larger capacity in the No Frost Refrigerator segment and also successfully launched its new "White Magic" range of fully automatic Washing Machines coupled with an improved "Super" Range in semi-automatics.

The White Magic range received encouraging trade and consumer response and was supported with high quality advertising on the theme of "Whitest White". Significant improvements were also made in the distribution network and in-shop presence. Satisfaction ratings for both Consumer and Trade have risen considerably.

Consumer Service

The new consumer service strategy with a strong focus on "customer care" was successfully rolled out in its first phase. Extensive training programmes on technical and interface skills were provided to large numbers of field staff which included Service Partners and their technicians. The result of this is amply reflected in customer and trade satisfaction results which show a remarkable uptrend. The Company also piloted a hi-tech centralised call centre in Delhi and is all set to set up similar centres in all metros in the year 2000.

Human Resources

Employee relations in the three factories were further strengthened through a number of initiatives. A long term settlement was entered into at the Faridabad factory which led to a significant improvement in productivity. In the No Frost plant in Pune, the concept of Self Directed Work Teams was initiated in line with other world class manufacturing practices. At the Washer Plant in Pondicherry, the factory crossed the 1 Million production mark with total employee involvement. Training and development initiatives in the Company were taken to new heights, with training on Operational Excellence (OPEX). A significant increase was seen in the number of training days per employee in all parts of the business.

The Company has initiated work on a People Strategy to support the overall business strategy. An employee value proposition has also been finalised.

Finance and Accounts

During the period, the Company continued to manage the interest costs aggressively with a strong focus on working capital. Full advantage was taken of the low cost borrowing opportunities such as FCNR (B) and Commercial Paper. The Company was awarded a P1+ rating by CRISIL for its commercial paper programme indicating highest safety.

In view of the risk of foreign exchange volatility, all foreign currency exposures on loans, interest and raw material/

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component imports remained fully covered throughout the period.

The Company obtained an Income Tax refund of Rs. 7.45 Crores along with an interest of Rs. 0.97 Crores. The interest received was credited to "Other Income". During the year, the Company sold 7 acres of land for a total consideration of Rs. 8.38 Crores and made a profit of Rs. 7.70 Crores. This was credited to "Other Income" after netting off losses on disposal/sale of other assets.

Exports

Exports witnessed a robust growth during the year by strengthening its businesses in major markets and expanding its operations to 30 countries. The export revenue for the year was US\$ 4.4 million to the General Currency Area and Rs. 2 Crores to Nepal. The Company continues to be the leading exporter of Refrigerators & Washing Machines in India.

During the year, the Company also launched its products in Latin America and was able to export 10,000 units of No-Frost Refrigerators in the first year itself thus reinforcing the world class quality of the product.

The Company has embarked on brand building initiatives in the South Asian market which will result in improving the market share of the Whirlpool Brand in the coming year.

Directors

Pursuant to Article 115 of the Articles of association of the Company Mr. Garrick D'Silva and Mr. Ashok Khanna retire by rotation and being eligible offer themselves for reappointment.

Auditors

The members are requested to appoint auditors for the current year. M/s S.R. Batliboi & Co., the present auditors of the Company have furnished a certificate regarding their eligibility for appointment as Company's auditors, pursuant to Section 224(1B) of the Companies Act, 1956. It is proposed that M/s S.R. Batliboi & Co., be reappointed as Statutory Auditors of the Company.

Fixed Deposits

The deposits from the public and the shareholders as on December 31, 1999 amounted to Rs. 483.77 Lacs out of which the unclaimed amount of fixed deposits was Rs. 27.16 Lacs.

Insurance

The Directors confirm that the fixed assets of the Company are adequately insured against fire and allied risks on a replacement cost basis. The stocks are also appropriately insured.

Subsidiary Company

As required under Section 212 of the Companies Act, 1956 the Audited Balance Sheet and Profit & Loss Account along with the Directors' reports for the year ended December 31, 1999 of Kelbex International Limited, the wholly owned subsidiary of the Company, are annexed hereto.

Particulars of conservation of Energy etc. and Employees

In accordance with the requirements of Section 217(1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo are annexed hereto and form part of this report.

Information as per sub-section (2-A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended December 31, 1999 is available for inspection at Registered Office of the Company during working hours for the period of 21 days before the date of the meeting and any shareholder interested in such particulars may inspect the same or write to the Company Secretary for a copy.

Acknowledgement

The Directors wish to place on record their appreciation of the assistance provided by the Bankers, Financial Institutions and Government. The Directors also thank the employees for their efficient performance during the year.

Registered Office:
7th floor, Abnaram House
1, Tolstoy Marg,
New Delhi 110 001.

Dated: Feb. 21, 2000

for and on behalf of the
Board of Directors

Garrick D' Silva
Chairman & Managing Director

Whirlpool of India Limited**ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1999.

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

In accordance with the requirements of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is as under:

A. CONSERVATION OF ENERGY

The Company has taken the following measures for conservation of energy at factories in Ranjangaon, Faridabad & Pondicherry: -

- Consolidation of Main Compressors to ensure higher efficiencies
- Rationalizing the use of number of Air Conditioners during summer.
- Switching off 25% of shop lighting to save energy consumption.
- Maintaining Power factor at 0.99 through out the year by electronic PLC system.
- Addition of capacitor banks to reduce the power factor.
- Improving the yield of DM water plant by 20% to ensure that higher recycling was possible.
- Reduction of breakdowns from 20% to 4% on Paint line to save power and fuel costs.
- Production planning of Paint and Extrusion to optimize chillers
- Use of small mobile compressors to decentralize running of second shift from main utilities.
- Conversion to LPG from electrical system in canteen kitchen (Pondicherry).

B. TECHNOLOGY ABSORPTION**1. Specific areas in which R&D is carried out by the Company:**

- New Product/Model Development of Refrigerators/Washers.
- New Process development
- Cost saving and quality improvement projects.
- Design (product as well as industrial equipment) improvement to meet new requirements of customers.

2. Benefits/achievements derived as a result of the above R&D.

Benefits derived are as follows:

- Pilot Launch of new models of Direct Cool refrigerator.
- 190L and 215L low end models introduced which are :
 - Best in overall cooling performance in their category
 - Having world class aesthetics
- Developed CFC-free 310 DC model as well as CFC-free Visicoolers & 165 Masterpiece for sale to Coca-Cola.
- Foam process demoulds time reduced to improve capacity.
- Process controls strengthened at the gas charging area to improve product reliability.
- Rehydration of compressors eliminated.
- Developed "White Magic" fully automatic machines for superior wash-performance.
- Restyled semi-automatic washers.
- Developed Agi-Soak semi-automatic Washers.

3. Future plan of action

- To reduce CFC consumption

- To reduce Service Incidence Rates (SIR) and improve quality.
- To develop new models and colors to meet customer needs and export markets.
- To develop the new range of CFC free export oriented models.

4. Expenditure on R & D

| | (Rs. in lacs) |
|--|---------------|
| a) Capital | 1136.44 |
| b) Revenue | 659.73 |
| c) Total | 1796.17 |
| d) Total R & D expenditure as a percentage of total turnover | 1.83% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**1) Efforts made towards technology absorption, adaptation and innovation are directed towards:**

New processes developed: -

- Faridabad plant made 141B ready (CFC-free foaming)
- Development and installation of Flat Door foam Fixtures (by converting Contour Door Fixtures to Flat Door Fixtures).
- New second roll- former commissioned at Faridabad.
- Development of dual action agitator for fully automatic washers for superior wash quality.
- Electronics in semi-automatic washers for dynamic soaking to improve wash quality.

2) Benefits derived as a result of the above efforts:

- Higher productivity and lower manufacturing rejections.
- World-class quality of products.
- Increased Exports of No Frost refrigerators from GNF factory.
- Developed links with other Whirlpool Tech. centers around the world for leveraging of technology as a part of Global Technology Development (GTD) Organization.
- Developed capability for creation of new models.
- Global product and process benchmarking done on Direct Cool range using Brazilian best practices. Most of these have been actioned.

3) Information in case of Imported Technology:

| | Hermetic Compressors | Refrigerators | Washers |
|---|----------------------|----------------|----------------|
| a. Technology Imported | | | |
| b. Year of import | 1986 | 1987 | 1988-89 |
| c. Has the technology been fully absorbed | Yes | Yes | Yes |
| d. If not fully absorbed area where this has not taken place, reasons thereof and future plans of action. | Not applicable | Not applicable | Not applicable |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | (Rs. in lacs) |
|--|---------------|
| Foreign Exchange Earnings (FOB Value) | 1939.02 |
| Foreign Exchange Outgo - | |
| i) CIF value of imports - Raw Materials, Components Tools, Spare parts & Capital Goods | 7388.36 |
| ii) Others | 212.32 |