

ANNUAL REPORT 2000



Gandhimathi Appliances Limited



GANDHIMATHI APPLIANCES LIMITED



GANDHIMATHI APPLIANCES LIMITED

BOARD OF DIRECTORS

Mr. V. MURUGESA CHETTIAR (Chairman)

Mr. V.M. LAKSHMINARAYANAN

Mr. V.M. BALASUBRAMANIAM (Managing Director)

Mr. V.M. SESHADRI

Mr. V.M. GANGADHARAM (Wholetime Executive Director)

Mr. V.M. KUMARESAN (Wholetime Director - Technical)

Mr. V.R. SIVARAMAN

Mr. V.K. PADMANABHAN

Mr. V.R. LAKSHMINARAYANAN

Mr. K. GANESAN

Mr. C. RAMACHANDRAN

Mr. M. PADMANABHAN

Mr. T.V. BHASKAR (IIBI NOMINEE)

SECRETARY:

Mr. D. KRISHNAMURTHY

AUDITORS:

M/s. RUDHRAKUMAR ASSOCIATES

Chartered Accountants,

No.4, Mangesh Street, T.Nagar, Chennai - 17.

Bankers :

State Bank of Travancore

The South Indian Bank Limited

Bank of Baroda

Registered Office:

Vandalur-Kelambakkam Road,

143, Pudupakkam Village, Kelambakkam - 603 103

Kancheepuram District. TAMIL NADU

Share Registrars :

M/s.GNSA Investor Services (P) Ltd.,

No.1 (II Floor), 52nd Street, 7th Avenue,

Ashok Nagar, Chennai - 600 083.

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Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting, since the same will not be distributed at the meeting as a measure of economy. No sweets or compliments will be distributed to the Members at the Meeting Hall, in keeping with the Government of India guidelines.

A customer is the most important visitor on our premises.

He is not an interruption on our work

He is the purpose of it.

He is not an outsider on our business.

We are not doing him a favour by servicing him. He is doing us a favour by giving us an opportunity to do so.

— Mahatma Gandhi

"WE AT BUTTERFLY SHALL CONTINUE
TO CEASELESSLY WORK TOWARDS THIS OBJECTIVE".



GANDHIMATHI APPLIANCES LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at its Registered Office at Vandalur-Kelambakkam Road, 143, Pudupakkam Village, Kelambakkam - 603 103, Kancheepuram District, Tamil Nadu on Saturday, 30th September, 2000 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT the Audited Balance Sheet as at 31st March, 2000, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
2. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.K.Padmanabhan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.R.Lakshminarayanan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.Murugesu Chettiar, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr.V.M.Lakshminarayanan, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".
6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT the retiring Auditors, M/s.Rudhrakumar Associates, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to travelling and other out of pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time".

SPECIAL BUSINESS:

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
 (A) "That pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 ("the Act") and other applicable provisions, if any, of the Act, Mr.V.M.Kumaresan is appointed as Wholetime Director - Technical of the Company for a period of five years with effect from 1.8.2000, whose period of office shall not be subject to retirement by rotation during his tenure of office as Whole-time Director - Technical on the following terms and conditions:

Remuneration : Subject to the ceiling limits laid down in Sections 198 and 309 of the Act, remuneration by way of salary or perquisites or both shall not exceed the following limits:

**GANDHIMATHI APPLIANCES LIMITED**

Salary : Rs.6 lakhs per annum or Rs.50,000/- per month, including dearness and all other allowances.

Perquisites : Perquisites will be allowed to Mr.V.M. Kumaresan, Wholetime Director - Technical in addition to salary restricted to an amount equal to his annual salary viz., Rs. 6 lakhs. For this purpose perquisites are classified into three categories - 'A', 'B' and 'C' as follows:-

CATEGORY A:

- (i) **Housing I :** The expenditure by the Company for hiring furnished accomodation for Mr.V.M.Kumaresan will be subject to the ceiling of sixty percent of the salary.

Housing II : In case the accomodation is owned by the Company, ten percent of the salary of the Wholetime Director shall be deducted by the Company.

Housing III : In case no accomodation is provided by the Company, the Wholetime Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation:

- (i) The expenditure to be incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary.
- (ii) **Medical reimbursement :** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) **Leave Travel Concession :** For self and his family, once in a year incurred in accordance with rules specified by the Company.
- (iv) **Club Fees :** Fees of clubs subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (v) **Personal Accident Insurance :** Premium not to exceed Rs.4000/- per annum.

Explanation :

For the purpose of category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Wholetime Director.

Note : In the event of loss or inadequacy of profits in any financial year, the remuneration payable to Mr.V.M.Kumaresan by way of salary, Dearness Allowance, perquisites and other allowances as minimum remuneration will be governed by the provisions of Minimum Remuneration as stipulated in Section II Part II of Schedule XIII to the Act, not exceeding the limits specified herein above.

CATEGORY 'B':

1. Company's contribution towards Provident Fund, as per Provident Fund Rules in force from time to time.
2. Company's contribution towards Superannuation Fund or Annuity Fund. Such contribution together with the contribution towards Provident Fund shall not exceed 25% of the salary. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
3. **GRATUITY :**
Payable in accordance with the rules of the Company, not exceeding half a month's salary for each completed year of service subject to a limit of Rs.3,50,000/-.
4. **ENCASHMENT OF LEAVE :**
Encashment of leave at the end of tenure payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

**GANDHIMATHI APPLIANCES LIMITED****CATEGORY 'C':**

The Company shall provide a car with driver and telephone at the residence of Mr.V.M.Kumaresan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr.Kumaresan.

COMMISSION:

Subject to the overall ceilings laid down in Sections 198 and 309 of the Act, Mr.V.M.Kumaresan, Wholetime Director - Technical will be paid a commission not exceeding 0.5% of the net profits of the Company, subject to a ceiling of an amount equal to his annual salary.

B. THAT the Board be and is hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites of Mr.V.M.Kumaresan, Wholetime Director - Technical from time to time so as not to exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto and agreed to between the Board and Mr.Kumaresan, without further reference to the Company in General Meeting.

CHENNAI - 600 018.

8th August, 2000

By Order of the Board

D. KRISHNAMURTHY

Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd to 30th September, 2000 (both days inclusive).
3. Members are requested to immediately intimate any change in their address registered with the Company to the Registrars and Share Transfer Agents M/s.GNSA Investor Services Pvt.Ltd., No.1 (II Floor), 52nd Street, 7th Avenue, Ashok Nagar, Chennai - 600 083.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the meeting hall.
5. Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
6. Members are requested to quote their folio number in all their correspondence.
7. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges. The Company has paid the Annual Listing Fees to each of these Exchanges.

**GANDHIMATHI APPLIANCES LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.7:**

In view of the expanding activities of the Company and the proposed development of new household appliances as part of the future marketing strategy, in order to combat the increasing competition in the market, the Board of Directors ("the Board") felt that it would be desirable to appoint a Wholetime Director - Technical to assist Mr.V.M.Balasubramaniam, Managing Director in the areas of product improvement and development of new items, as the responsibilities of Mr.V.M.Gangadharam, Wholetime Executive Director in the key areas of production and production planning have considerably increased.

Accordingly, the Board at its meeting held on 31.7.2000, subject to approval of the Company at its forthcoming Annual General Meeting, approved the appointment of Mr.V.M.Kumaresan as Wholetime Executive Director - Technical of the Company for a period of five years with effect from 1.8.2000, whose period of office shall not be subject to retirement by rotation during his tenure of Office as wholetime Director - Technical on the terms and conditions explained in the resolution being item no.7 of the Notice convening the Annual General Meeting.

Mr.Kumaresan, who is now aged 37 years, possesses sound technical knowledge in deep drawing process, sheet metal forming, making of tools and dies and has dedicated about 19 years in Research and Development and innovation of new products. Prior to his appointment as Wholetime Director - Technical, he was holding the position of Executive Vice President (Technical) in Gangadharam Appliances Ltd., an Associate of the Company. Taking into account his rich experience in the technical and research aspects of home appliances, your Directors recommend his appointment as Wholetime Director - Technical.

Mr. V.M.Kumaresan, Director is concerned in the resolution. Apart from him, Messrs.V.Murugesu Chettiar, Director, V.M.Lakshminarayanan, Director, V.M.Balasubramaniam, Managing Director, V.M.Seshadri, Director and V.M.Gangadharam, Wholetime Executive Director may also be deemed to be interested in the resolution by virtue of Wholetime Director - Technical being their relative. No other Directors are interested in the resolution.

CHENNAI - 600 018.
8th August, 2000

By Order of the Board
D. KRISHNAMURTHY
Secretary





DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting this Fourteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS:

	FOR THE YEAR ENDED 31ST MARCH, 2000	FOR THE YEAR ENDED 31ST MARCH, 1999
	(Rs. in lakhs)	
Profit before Taxation	113.49	50.91
Taxation	13.11	5.35
Profit after Taxation	100.38	45.56
Prior period adjustments	13.97	(0.50)
Balance brought forward from previous year	278.52	232.46
Carry forward of balance in Profit and Loss Account to Balance Sheet	364.93	278.52

DIVIDEND:

Taking into account the need based additional working capital requirements of the Company and liquidity in order to meet the projected enhanced production levels, your Directors, in the financial interest of the Company and conservation of the available financial resources do not recommend any Dividend.

CURRENT YEAR'S OPERATIONS:

Due to increase in demand especially for LPG Stoves and also arising from sales value of Table Top Wet Grinder, which was introduced during the last quarter of the previous year, the Company has been able to achieve an increase in turnover of 44.66% compared to the previous year. This healthy trend in turnover has been kept up during the first quarter of the current financial year. However, due to a competitor's litigation, the production of Table Top Wet Grinder has to be suspended on temporary injunction granted by Madras High Court. However the Company has gone on appeal to Supreme Court for restoration of production of Table Top Wet Grinder and is hopeful of a favourable decision in this regard.

Introduction of "Global" Feather Touch Mixer Grinder to cater to the middle and high income group families will be made shortly. It is expected that this product will be well received by the consumers like other Butterfly products.

DIRECTORS:

Messrs.V.K. Padmanabhan, V.R.Lakshminarayanan, V.Murugesu Chettiar and V.M.Lakshminarayanan, retire from the Board by rotation under the Company's Articles of Association and being eligible offer themselves for reappointment.

**GANDHIMATHI APPLIANCES LIMITED****WHOLETIME DIRECTOR:**

In view of the expanding activities of the Company and the proposed development of new household appliances as part of the future marketing strategy, subject to your approval in General Meeting, Mr.V.M.Kumaresan, Director was appointed by the Board as Wholetime Director - Technical of the Company for a period of five years with effect from 1.08.2000. Accordingly, approval of his appointment is proposed vide Resolution No.7 of the Notice convening the Annual General Meeting. Your Directors recommend that Mr.Kumaresan be appointed as Wholetime Director - Technical of the Company.

INDUSTRIAL RELATIONS:

Industrial relations remained cordial during the year. Your Directors record their appreciation of the sincere and dedicated efforts of the employees at all levels.

AUDITORS' REPORT:

Regarding Auditors' reservation in their report with regard to the compliance of accounting standards, Note 2(b) of Schedule 19 to the Accounts is self explanatory with regard to the exclusion of Excise Duty on non-cleared finished goods.

AUDITORS:

Messrs.Rudhrakumar Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to continue in office, if reappointed.

REPORT ON CERTAIN MATTERS PURSUANT TO SECTION 217(1)(e) AND 217 (2A) OF THE COMPANIES ACT, 1956 ("the Act").

Particulars under Section 217(1)(e) and 217 (2A) of the Act is given in Annexures 'A' and 'B' forming part of this Report.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank, in particular Industrial Development Bank of India, Industrial Investment Bank of India, State Bank of Travancore, The South Indian Bank Limited and Bank of Baroda for the co-operation extended by them. Our thanks are also due to the suppliers, distributors, dealers and customers for their continued support.

CHENNAI - 600 018.
8th August, 2000

For and on behalf of the Board
V. MURUGESA CHETTIAR
Chairman



ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2000

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT.

A. CONSERVATION OF ENERGY:

FORM A

POWER AND FUEL CONSUMPTION

ELECTRICITY	CURRENT YEAR	PREVIOUS YEAR
(a) Purchased Units	12,00,288	5,66,785
Total amount	Rs.41,15,466	Rs. 32,43,737
Rate/Unit	Rs. 3.43	Rs. 5.72
(b) Own Generation		
Through Diesel Generator	Rs.4,79,607	2,18,543
Units	77,356	40,471
Cost/Unit	Rs.6.20	Rs. 5.40

B. RESEARCH AND DEVELOPMENT:

1. Specific areas in which R & D carried out by the Company:

The Company lays emphasis on Research and Development for improvement in existing process for better productivity and development of new products.

2. Benefits derived as a result of the above R & D on production processes provides economy in cost of production.

3. Future plan of Action:

Development of new products in Domestic Appliances.

4. Expenditure on R & D.	(Rs. in Lakhs)
(A) Capital	1.10
(B) Recurring	0.60
(C) Total	1.70
(D) Total R & D Expenditure as percentage of total Turnover	0.04%