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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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G. P. ELECTRONICS LIMITED

16TH ANNUAL REPORT 1997-98

Board of Directors

Mr. Ajay G. Piramal *Chairman*

Smt. Urvi A. Piramal

Mr. Shyam Ghia

Mr. Jehangir R. Gagrati

Mr. M. J. Tibrewala

Mr. Gautam B. Doshi

Vice Adml. S. Jain (Retd)

Mr. Ranjan Sanghi

Mr. Shreyas Doshi

Mr. S. N. Somani *Executive Director*

Bankers

Oriental Bank of Commerce

Auditors

Haribhakti & Co.

Chartered Accountants

Mumbai

Registered Office

Administrative Bldg.
Morarjee Mills Compound,
Dr. Ambedkar Road,
Parel, Mumbai - 400 012

Works

Plot No. B-87, Nashik Indl. Estate,
Ambad, Nashik-422 010

Share Transfer Agent

Amtrac Management Services Limited

Annual General Meeting will be held on
**Tuesday, 15th September, 1998 at 11.00
a.m.** at **Shri Walchand Hirachand Hall,**
Indian Merchants' Chambers' Bldg., 76 Veer
Nariman Road, Near Churchgate Station,
Mumbai 400 020

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Administrative Unit

Administrative Bldg.
Morarjee Mills Compound
Dr. Ambedkar Road
Parel, Mumbai - 400 012

Processing Unit

Plot No. 101/102, MIDC
19th Street, Opp. Ceat Tyres Ltd.
Satpur, Nasik - 422 007



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of G.P. Electronics Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber's Building, 76, Veer Nariman Road, Near Churchgate Station, Mumbai - 400 020 on Tuesday, the 15th September, 1998 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Ajay G. Piramal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Shyam Ghia, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri Shreyas Doshi, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members of the Company will remain closed from Tuesday, the 1st September, 1998 to

Tuesday, the 15th September, 1998, (both days inclusive).

3. Dividend, if declared at the Annual General Meeting will be paid on or after 5th October, 1998 to those members whose names will stand on the Register of Members as on 15th September, 1998.
4. With a view to provide protection against fraudulent encashment of dividend warrants and debenture interest warrants, shareholders/debentureholders were requested by the Company to provide their bank account number, name and address of the Bank Branch to enable the Company to incorporate the said details on the dividend/interest warrants. Although several shareholders/debentureholders have responded to this request, a large number have yet to provide such information, who are once again requested in their own interest to provide the above mentioned details quoting their folio numbers to the Share Transfer Agents at their Nashik address. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashment of the dividend/ interest warrants.
5. Those members who have so far not encashed their dividend warrants for the below mentioned financial years may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on the respective dates mentioned thereagainst.

For Financial Year ended	Due date of transfer
31.03.1995	07.09.1998
31.03.1996	01.09.1999
31.03.1997	25.11.2000



6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period(s) are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai by submitting an application in the prescribed form.
7. Members having multiple folios in identical names or joint names in the same order, are requested to apply for consolidation of such folios and send the relevant share certificate(s) to the Share Transfer Agents,

Amtrac Management Services Limited at their Nashik address, for the purpose.

By Order of the Board

Rupa Rele
Company Secretary

Registered Office :
Administrative Building,
Morarjee Mills Compound,
Dr. Ambedkar Road,
Parel, Mumbai 400 012.

Dated : 30th June, 1993





DIRECTORS' REPORT

To the Members,

Your Directors present their Sixteenth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March 1998.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	Year Ended 31.03.98	Year Ended 31.03.97
Income from Operations (net of Excise)	1147.54	1028.41
Profit before Depreciation and Tax	102.93	283.98
Depreciation	<u>79.82</u>	<u>216.39</u>
Profit before tax	23.11	67.59
Provision for taxation	<u>6.93</u>	<u>10.00</u>
Profit after tax	16.18	57.59
Add : Profit brought forward	108.01	128.77
Less : Extraordinary and Prior Period Items	<u>1.02</u>	<u>—</u>
Profits available for appropriation	<u>123.17</u>	<u>186.36</u>
APPROPRIATIONS		
Debenture Redemption Reserve	—	14.88
Proposed Dividend	48.61	48.61
Tax on Proposed Dividend	4.86	4.86
General Reserve	—	10.00
Balance carried forward	<u>69.70</u>	<u>108.01</u>
	<u>123.17</u>	<u>186.36</u>

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% i.e. Re.1.00 per share. The dividend will absorb Rs. 53.47 lakhs.

OPERATIONS

In the year 1997-98 imports of Hard Ferrites from China and CIS countries continued and taken a significant share of the Indian Hard Ferrite market. Low price imports have brought down the domestic selling prices by more than 13% during the course of the year.

Due to the low cost Ferrites from China and CIS countries the competition in international market has also increased and export price realisation declined by 14% during the year.

The company made significant progress in implementing the technology transfer from TDK Corporation of Japan. Productivity increased by 16 percent and cost were kept under tight control. The company would have performed much



better had the prices not declined to this extent. The exports increased by 12 % compared to last year.

In order to face this tough price competition the company has consolidated its operations and shifted the office from Mumbai to Nashik. This would help in improving the operations in coming years.

EXPANSION PROJECT

In order to face this international competition, the Management has formulated a long-term business strategy. As a part of this strategy, capacity is being doubled at the existing location at Nashik. This expansion cum modernisation project, started in July 1997, is being completed in a record 12 months time in July 1998. For this project most of the machines have been procured from M/s. TDK Corporation, who are the world leader in Hard Ferrite business. The salient features of this project are as follows

- (a) The Indian engineers have been trained by Japanese experts in TDK Corporation plant at Japan. The Japanese experts have also given on the job training to our engineers at Nashik.
- (b) The equipments are well tried out and they are as per the latest technology of M/s. TDK Corporation. These equipments will enable the company to implement TDK's technology whereby higher value added products can be made.
- (c) Hard Ferrites to be produced in the new plant would be exported back to TDK Corporation as per their quality standards.
- (d) The Plant is being commissioned by a team of Japanese experts from TDK Corporation and their long standing Japanese equipment suppliers.

FUTURE OUTLOOK

In spite of facing the stiff price competition from China and CIS countries in last few years, the Company is optimistic about the future outlook. This optimism is based upon the following factors

- (a) Hard Ferrite production in developed countries is constantly going down and capacities are being shifted mainly to China and India. In view of this, export possibilities will further increase in the future.
- (b) Chinese prices became cheaper because of substantial currency depreciation in 1994- 95. The effect of that depreciation is coming down and now the Indian prices are in equilibrium with that of Chinese suppliers.
- (c) Increase of Production capacity in our Company will enable us to reduce the cost and increase the productivity and quality. This will enhance our business in higher value added products.

EXPORTS

The Company continues to give highest thrust on export business. In view of our existing expansion and future growth plans, Company is targeting some big OEM Customers in Europe. Exports will also start to M/s. TDK Corporation during the current year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Conservation of energy continues to be a priority area for the Company and efforts were directed to reduce the energy costs.

Particulars required by 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, are given in Annexure 'A'.

DIRECTORS

Shri Ajay G. Piramal, Shri Shyam Ghia and Shri Shreyas Doshi retire by rotation and are eligible for reappointment, which the Board recommends.



PARTICULARS OF EMPLOYEES

In compliance of the provisions under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 a statement giving requisite information is annexed hereto as Annexure 'B' and forms part of this report.

AUDITORS

The Auditors, M/s. Haribhakti & Co. retire and are eligible for reappointment. Their appointment is recommended for your approval.

INDUSTRIAL RELATIONS

A long term agreement for 3 ½ years has been signed with the Union. The industrial relations are very cordial and peaceful.

SUBSIDIARY COMPANY

The Balance Sheet and Profit and Loss Account of Anand Piramal Investments Limited, the Company's wholly owned subsidiary are annexed. Statement giving particulars Section 212 of the Companies Act, 1956 is also annexed to this Report.

ACKNOWLEDGEMENT

The Board of Directors wish to thank the Company's bankers, financial institutions, customers, dealers, vendors, M/s. TDK Corporation, our employees and shareholders for their continued support and assistance.

For and on behalf of the Board

AJAY G. PIRAMAL
Chairman

Mumbai : 30th June, 1998



Annexure "A"

FORM - B

(See Rule 2)

II. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific area in which R&D carried out by the Company : Research was carried out on production of Strontium Arc Magnets. Efforts were made to reduce physical defects in magnets.
2. Benefits derived as a result of the above : As a result of R&D efforts, yield of segments has improved.
3. Future plan of Action : Further research to be carried out in magnetic power of Strontium Magnets.
4. Expenditure on R&D :
 - a) Capital : —
 - b) Recurring : Rs.1,50,000/- per month (Approx)
 - c) Total : Rs. 18 lakhs (approx)
 - d) Total R&D expenditure as percentage of total turnover : 1.5%

Technology absorption, adaptation and innovation. :

1. Efforts were made to improve productivity by adaptation of superior manufacturing techniques and process controls.
2. Due to aforesaid efforts, the productivity as also the yields of export worthy products increased.
3. a) Technology imported : Manufacture of hard Ferrites
- b) Year of Import : 1984-85
- c) Has technology been fully absorbed : Yes
- d) If not fully absorbed area where this not taken place, reasons thereof and future plans : Not Applicable

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Export activities :
The Company continued its thrust on Exports. The entire exports are against payment in hard currency.
2. Total Foreign Exchange used and earned
 - a) Foreign Exchange used : Rs 64.10 lakhs
 - b) Foreign Exchange earned : Rs. 263.58 lakhs

Annexure "B"

Statement as per Section 217 (2A), of the Companies Act, 1956 read with Companies (Particular of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 1998.

Employed throughout the financial year under review and were in receipt of remuneration for financial year in aggregate of net less than Rs. 3,00,000/-

Name of the Employee	Designation	Remuneration (Rs Lakhs)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment and Position held
S.N. Somani	Executive Director	11.56	B.Tech (IIT) PGDM (IIM-A)	18	11.07.1994	44	Insilco Ltd. G.M. Operations

For and on behalf of the Board

AJAY G. PIRAMAL
Chairman

Mumbai : 30th June, 1998