
17th

Annual

Report

1998-99

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G. P. Electronics Ltd.



G. P. ELECTRONICS LIMITED

17TH ANNUAL REPORT 1998-99

Board of Directors

Shri. Ajay G. Piramal *Chairman*
 Smt. Urvi A. Piramal
 Shri. Shyam Ghia
 Shri. Jehangir R. Gagrath
 Shri. M. J. Tibrewala
 Shri. Gautam B. Doshi
 Vice Adml. S. Jain (Retd)
 Shri. Ranjan Sanghi
 Shri. Shreyas Doshi
 Shri. S. N. Somani *Executive Director*

Bankers

Oriental Bank of Commerce

Auditors

Haribhakti & Co.
 Chartered Accountants
 Mumbai

Registered Office

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

Annual General Meeting will be held on
Wednesday, 14th July, 1999 at 11.30 a.m.
 at **Yashwantrao Chavan Pratishthan,**
 Gen. Jagannath Bhosale Marg, Next to
 Sachivalaya Gymkhana, Mumbai - 400 021.

Works

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

Share Transfer Agent

Amtrac Management Services Limited

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Administrative Unit

Administrative Building,
 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 Seventeenth Annual General Meeting of the members of G. P. Electronics Limited will be held at Yashwantrao Chavan Pratisthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021 on Wednesday, the 14th July, 1999 at 11.30 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri J.R. Gagrath, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Vice Adml. S. Jain, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri Ranjan Sanghi, 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 29th June, 1999 to Wednesday, the 14th July, 1999, (both days inclusive).
3. Dividend, if declared at the Annual General Meeting will be paid on or after 30th July, 1999 to those members whose names will stand on the Register of Members as on 14th July, 1999.
4. The Company has recently entered into an

arrangement for admission of equity shares of the Company with Central Depository Services (India) Limited (CDSL). Members will be able to avail the facilities shortly.

5. 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 Agent at their Nasik address. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashments of the dividend/ interest warrants.
6. 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 Investor Education and Protection Fund of the Central Government, pursuant to the Companies (Amendment) Act, 1999 on the respective dates mentioned thereagainst.

| For Financial Year ended | Due date of transfer |
|--------------------------|----------------------|
| 31.03.1996 | 01.09.2003 |
| 31.03.1997 | 24.11.2004 |
| 31.03.1998 | 15.11.2005 |

7. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year 31st March, 1995 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 same by submitting an application in prescribed Form No. II to The Registrar of Companies, Maharashtra, Everest, 100, Marine Drive, Mumbai 400 020.

8. The introduction of section 109A by the Companies (Amendment) Act, 1999 provides for Nomination by the shareholders/debentureholders of the Company in the prescribed Form No. 2B. A copy of the said Form No.2B is enclosed. The shareholders/debentureholders are requested to avail of this facility. The duly filled in and signed Form No. 2B should be sent to the Share Transfer Agents of the Company at their Nasik address.
9. In order to render better and efficient services, we request you to consolidate the multiple folios in the same names and in identical order. We strongly feel that such a step would benefit you enormously, particularly in monitoring of dividend warrants, reduction of multiple communications, reduction of

allotment in odd lots/fractions if the multiple folios are consolidated into one folio, etc. Consolidation of folios does not amount to transfer of shares and therefore, no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Share Transfer Agents of the Company at their Nasik address.

By Order of the Board

Rupa Rele
Company Secretary

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

Dated : 14th May, 1999

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DIRECTORS' REPORT

To the Members,

Your Directors present their Seventeenth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March 1999.

FINANCIAL HIGHLIGHTS

| | (Rs. in Lacs) | |
|--|-----------------------------|-----------------------------|
| | Year Ended 31.03.1999 | Year Ended 31.03.1998 |
| Income from Operations (net of Excise) | 1069.17 | 1147.54 |
| Profit Before Depreciation and Tax | 159.44 | 102.93 |
| Depreciation | 118.50 | 79.82 |
| Profit Before Tax | 40.94 | 23.11 |
| Provision for Taxation | 5.00 | 6.93 |
| Profit After Tax | 35.94 | 16.18 |
| Add : Profit brought forward | 69.70 | 108.01 |
| Less : Extra ordinary and prior year items | 0.73 | 1.02 |
| Profits available for appropriation | 104.91 | 123.17 |
| APPROPRIATIONS | | |
| Proposed Dividend | 48.61 | 48.61 |
| Tax on Proposed Dividend | 4.86 | 4.86 |
| Balance carried forward | 51.44 | 69.70 |
| | 104.91 | 123.17 |

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 lacs.

OPERATIONS

Operations for the year just concluded have shown PBDT growth of 54.9% and PAT growth of 122% over previous year.

Even though income from operations for the year under review at Rs 1069.17 lacs shows a decline of 6.8% over prior year, it was caused by reduction in sale of low value added iron oxide powder by almost Rs 132.4 lacs compared to prior year (1998-99 sales Rs 66.2 lacs v/s 1997-98 sales Rs 198.6 lacs).

Income from operations if factored for iron oxide powder sales in both years shows an overall 5.7% growth over prior year despite a 3.8% price erosion and a very tough market situation caused by dumping of ring magnets by China into India.

We had entered into a Technology Licensing Agreement with M/s. TDK Corporation of Japan during the year 1997-98. The capacity expansion project with the new state-of-the-art technology from TDK has been implemented successfully.



The new plant, having doubled its capacity from 1800 TPA to 3600 TPA has been made fully functional. Our company engineers trained at TDK's plant in Japan are now managing the new plant.

The objective of increasing the capacity with induction of state-of-the-art TDK manufacturing technology was two-fold - to improve the quality of all the magnets we produce, but with specific focus on the high tech, high value segment magnets, and simultaneously to reduce the cost of production. These steps will enable us to withstand competition from global leaders. We are pleased to state that we have already been able to cut down our cost of production and also to improve the quality of our products.

The Indian market felt the impact of cheap import of ring magnets from China. As a result, the market prices of magnets reduced further during the year. In order to curb the dumping of ring magnets by Chinese manufacturers, a representation by the Company through the Hard Ferrite Manufacturers' Association, was made before the Government of India to impose an anti-dumping duty. Recognising the validity of the representation, the Government of India have imposed an interim anti-dumping duty on ring magnets of Chinese origin.

FUTURE OUTLOOK

The future of the ferrite business depends upon our capability to make high tech segment magnets required by the automobile industry. Our collaborators, M/s. TDK Corporation has 40% share of segment magnets in the world. The TDK technology and work culture that we have now imbibed should enable us to increase our market share in the rapidly expanding automobiles industry in India and also provide us a good export opportunity.

As regards the speaker ring magnets, we are hopeful that with the imposition of anti-dumping duties by Government of India, the indiscriminate dumping by China in the year ahead will reduce substantially and that we can look forward to a stable domestic market as well. All the same, with a much improved product, we propose to bring a greater focus on our export sales to quality conscious customers in the European market.

We look forward to the years ahead with confidence and optimism.

YEAR 2000 (Y2K) RELATED ISSUES

The Company is in the process of ensuring Y2K compliance. A programme for ensuring Y2K compliance has been drawn up which should be complete by August 1999. Capital expenditure estimated at Rs.15 lacs is expected to be incurred on hardware and software for achieving desired standards.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Conservation of energy continued to be a priority area for the company. During the year, the company has engaged a team of professionals to carry out the energy audit and suggest ways and means to save the cost. 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 J. R. Gagrati, Vice Admiral S. Jain and Shri Ranjan Sanghi retire by rotation and are eligible for re-appointment which the Board recommends.

PARTICULARS OF EMPLOYEES

In compliance of the provisions of 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 & Company, retire and are eligible for re-appointment. Their appointment is recommended for your approval.

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 under section 212 of the Companies Act, 1956 is also annexed to this report.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record their sincere gratitude for the Company's bankers, financial institutions, customers, dealers, vendors, M/s. TDK Corporation, our employees and shareholders for their continued support and assistance.

By order of the Board

Place : Mumbai
Date : 14th May 1999

Ajay G. Piramal
Chairman



**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.1,25,000/- per month (Approx)
 - c) Total : Rs. 15 lacs (approx)
 - d) Total R&D expenditure as percentage of total turnover : 1.64%

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 391.69 lacs
 - b) Foreign Exchange earned : Rs. 175.43 lacs

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, 1999.

Employed throughout the financial year under review and were in receipt of remuneration for financial year in aggregate of not less than Rs. 6,00,000/-

| Name of the Employee | Designation | Remuneration (Rs Lacs) | Qualification | Experience (Years) | Date of Commencement of Employment | Age (Years) | Last Employment and Position held |
|----------------------|--------------------|------------------------|------------------------------|--------------------|------------------------------------|-------------|-----------------------------------|
| S.N. Somani | Executive Director | 13.72 | B.Tech (IIT) PGDM (IIM-A) | 19 | 11.07.1994 | 45 | Insilco Ltd. G.M.Operations |

For and on behalf of the Board

Ajay G. PIRAMAL
Chairman

Mumbai, 14th May, 1999