

18th
Annual
Report
1999-2000

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G. P. Electronics Ltd.



G. P. ELECTRONICS LIMITED

18TH ANNUAL REPORT 1999-2000

Board of Directors

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

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

Works

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

Share Transfer Agent

Amtrac Management Services Limited

Annual General Meeting will be held on
Wednesday, 9th August, 2000 at 12.00
noon at Yashwantrao Chavan Pratishthan,
Gen. Jagannath Bhosale Marg, Next to
Sachivalaya Gymkhana, Mumbai - 400 021.

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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 Eighteenth Annual General Meeting of the members of G.P. Electronics Limited will be held on Wednesday, the 9th August, 2000 at 12.00 noon at Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai 400 021 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Smt. Urvi A. Piramal, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri Gautam Doshi, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Shri M.J. Tibrewala, who retires by rotation and is eligible for reappointment.
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.

SPECIAL BUSINESS:

7. Shri S. M. Kulkarni – Director

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

“RESOLVED THAT Shri S. M. Kulkarni, who was appointed as an Additional Director of the Company with effect from 1st July, 1999 under Article 132 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

8. Conversion of unissued Equity & Preference shares into unclassified shares

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

“RESOLVED THAT 25,000 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each

forming part of the Authorised Share Capital of the Company and remaining unissued be and are hereby converted as 25,000 Unclassified Shares of Rs.100/- each and immediately thereupon each of the said 25,000 Unclassified Shares of Rs. 100/- each be and they are hereby sub-divided into 10 Unclassified Shares of Rs.10/- each ;

RESOLVED FURTHER THAT 47,50,000 Equity Shares of Rs.10/- each forming part of the Authorised Share Capital of the Company and remaining unissued be and are hereby also converted as 47,50,000 Unclassified Shares of Rs. 10/- each;

RESOLVED FURTHER THAT consequent upon the conversion and sub division as aforesaid the Authorised Share Capital of the Company of Rs. 10,00,00,000/- (Rupees Ten Crores Only) shall be comprising of:

50,00,000 Equity Shares of Rs. 10/- each	Rs. 5,00,00,00,000
50,00,000 Unclassified shares of Rs.10/- each	Rs. 5,00,00,00,000
Total	Rs. 10,00,00,00,000

RESOLVED FURTHER THAT the Clause V (being Capital Clause) of the Memorandum of Association of the Company shall be substituted by the following Clause

‘Clause V :

The Authorised Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 50,00,000 equity shares of Rs.10/- each and 50,00,000 unclassified shares of Rs.10/- each. The Company shall have power to increase or reduce the authorised share capital, to classify the unclassified shares and to divide the same in shares of several classes permissible under the Act and to attach thereto respectively such preferential, deferred, qualified and other special rights, privileges, restrictions and conditions as may be determined under the provisions of the law in force for the time being and the regulations of the Company and to vary, modify, abrogate or deal with any such rights, privileges, restrictions and



conditions in the manner prescribed by the regulations of the Company and under the provisions of the law in force.'

RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by substituting the following Article in place and in lieu of the existing Article 6;

'ARTICLE 6

The Authorised Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 50,00,000 equity shares of Rs.10/- each and 50,00,000 unclassified shares of Rs.10/- each. Subject to the provisions of the Companies Act, 1956 ('the Act') the Board shall have power to classify the unclassified shares and to divide the same in shares of several classes permissible under the Act and to attach thereto respectively such preferential, deferred, qualified and other special rights, privileges, restrictions and conditions as may be determined under the provisions of the law in force for the time being and the regulations of the Company and to vary, modify, abrogate or deal with any such rights, privileges, restrictions and conditions in the manner prescribed by the regulations of the Company and under the provisions of the law in force."

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 **25th July, 2000** to Wednesday, the **9th August, 2000**, (both days inclusive).
3. Dividend, if declared at the Annual General Meeting will be paid on or after **18th August, 2000** to those members whose names will stand on the Register of Member as on **9th August, 2000**.
4. The Company has recently entered into an arrangement for admission of equity shares of the Company with National Securities Depository Limited (NSDL). Members can avail of the facilities. Members

must be aware that the shares are already admitted on the Central Depository Services Limited (CDSL). Securities and Exchange Board of India, has made trading in the shares of the Company **compulsory** in dematerialised form for all investors with effect from **24th July, 2000**.

5. With a view to provide protection against fraudulent encashment of dividend warrants, shareholders 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 warrants. Although several shareholders 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 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 introduction of Section 205C by Companies (Amendment) Act, 1999 on the respective dates mentioned thereagainst.

Financial Year ended	Due date of transfer
31.03.1996	01.09.2003
31.03.1997	15.12.2004
31.03.1998	02.09.2005
31.03.1999	15.09.2006

7. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend 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, C/o. Fancy Corporation, Hakoba Mills Compound, Kala Chowkie, Mumbai 400 013.



8. The introduction of Section 109A by the Companies (Amendment) Act, 1999 provides for Nomination by the shareholders of the Company in the prescribed Form No. 2B. The shareholders 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 : 13th June, 2000

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EXPLANATORY STATEMENT

Explanatory Statement under Section 173 of the Companies Act, 1956

ITEM NO. 7

In accordance with Article 132 of the Company's Articles of Association, Shri S.M. Kulkarni was appointed as Additional Director of the Company with effect from 1st July, 1999. Accordingly Shri S.M. Kulkarni holds office upto the date of this Annual General Meeting. Notice is received from some members under Section 257 of the Companies Act, 1956 proposing him as Director at this meeting.

The Directors therefore, recommend adoption of the resolution set out at item No. 7 of the Notice.

None of the Directors, except Shri.S. M. Kulkarni is deemed to be concerned or interested in this resolution

ITEM NO. 8

The present Authorised Share Capital of the Company is Rs. 10,00,00,000/- divided into 97,50,000 Equity Shares of Rs. 10/- each and 25,000 13.5% Cumulative Redeemable Preference Shares of Rs. 100/- each. The issued subscribed and paid up share capital of the Company is Rs. 4,86,08,630 comprising of 48,60,863 equity shares of Rs.10/- each.

Your Directors propose to convert the said 25,000 Preference Shares (which are not issued) as unclassified shares and also to sub-divide each of the said unclassified shares (arising out of conversion of Preference Shares) into 10 unclassified shares of Rs. 10/- each. Your Directors also propose to convert 47,50,000 equity shares of Rs.10/- each in the Authorised Share Capital and which are not issued, as 47,50,000 unclassified shares of Rs.10/- each so that upon conversion and sub division of shares as aforesaid, the authorised share capital of the

Company would be as under:

50,00,000 Equity Shares of Rs. 10/- each	Rs. 5,00,00,00,000
50,00,000 Unclassified shares of Rs.10/- each	Rs. 5,00,00,00,000
Total	<u>Rs. 10,00,00,00,000</u>

The aforesaid proposal of converting the shares as unclassified shares in the authorised share capital of the Company is with a view to facilitate, whenever desired in future classifying the said unclassified shares as equity shares and/or preference shares and/or of any other class as may be permissible under the law as the need may arise while considering issue of fresh share capital.

It is also proposed to make consequential alterations in Capital Clause V of the Memorandum of Association of the Company and the Articles of Association of the Company as set out in the Special resolution at item No. 8 of the accompanying Notice.

Copy of the Memorandum and Articles of Association of the Company as at present existing as also another copy thereof showing therein the proposed alterations are available for inspection by the Members at the registered office of the Company during normal business hours on any working day of the Company until the day of the meeting.

By Order of the Board

Rupa Rele

Company Secretary

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

Dated : 13th June, 2000



DIRECTORS' REPORT

To the Members,

Your Directors present their Eighteenth Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31st March 2000.

FINANCIAL HIGHLIGHTS

	Rs. in Lakhs	
	Year ended 31-03-2000	Year ended 31-03-1999
Income from Operations (net of Excise)	1575.33	1069.17
Profit Before Depreciation and Tax	303.92	159.44
Depreciation	237.59	118.50
Profit Before Tax	66.33	40.94
Provision for Taxation	8.00	5.00
Profit After Tax	58.33	35.94
Add : Profit brought forward	51.44	69.70
Less: Extra ordinary and prior year items	0.85	0.73
Profits available for appropriation	108.92	104.91
APPROPRIATIONS		
Proposed Dividend	48.61	48.61
Tax on Proposed Dividend	10.69	4.86
Balance carried forward	49.62	51.44
	108.92	104.91

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% i.e. Re. 1 per share (previous year 10%). The dividend, including tax thereon will absorb Rs. 59.30 lakhs.

OPERATIONS

Operations for the year have reflected growth of 90.62% in PBDT and of 62.30% in PAT over the previous year.

Income from operations for the year under review shows an increase of 47% over prior year, which is mainly due to increased sales of high-value added products.

The objective of increasing the capacity with induction of state-of-the-art TDK manufacturing technology has been achieved. The TDK technology has helped us improve the

quality and cut down the cost of production. During the year under review, the profits suffered a setback due to volatility in the prices of gas. However, better logistics and planning have enabled us to keep the cost at minimum and procure the material at competitive rates. We have been able to withstand the price war despite increase in the cost elements like diesel and transportation.

Despite the levy of anti-dumping duty on the ring magnets of Chinese origin, the imports continue to pour in. Although this affected the realization of the products in the dealer market, we have been able to withstand the stiff price competition. This was possible only due to the better technology

FUTURE OUTLOOK

The future of ferrite industry – and with that of your Company – is bright with the increasing number of automobile industry setting-up their base in India. Multinational companies like Honda, Ford, Daewoo and Hyundai have set-up large- scale manufacturing facilities. This opens up the avenues for our high-value-added products. The recent enhancement in the capacity and technological tie-up with TDK Corporation, who are the world leaders in the ferrite industry, will enable to increase production of high-value added products. The exports are showing an increasing trend and we hope to see a remarkable growth in the ensuing year.

YEAR 2000 (Y2K) RELATED ISSUES

The Company has spent approximately Rs. 15 lakhs on financial and other information technology to make it Y2K compliant. The Company had a smooth transformation into the new millennium.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Energy conservation continues to be thrust area of the company, as it constitutes a major item of the cost. All out efforts are made to optimize the energy cost. Ways and means suggested by the experts after carrying out the energy audit have been implemented. Benefits of the same will be reaped in the years to come. 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".