
26th

Annual

Report

2007-2008

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G. P. Electronics Limited

G. P. ELECTRONICS LIMITED

26TH ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

Mr. Jaydev Mody Chairman

Mr. Javed Tapia

Ms. Urvi Piramal

REGISTERED OFFICE

Peninsula Spenta
Mathuradas Mills Compound
Senapati Bapat Marg
Lower Parel
Mumbai – 400 013

AUDITORS

M/s. Haribhakti & Co.,
Chartered Accountants, Mumbai

BANKERS

HDFC Bank Ltd.

SHARE TRANSFER AGENTS

Amtrac Management Services Ltd.
Plot No. 101 / 102, 19th Street,
MIDC Industrial Area, Satpur,
Nasik - 422 007.

Phone : 0253) 2354032
Facsimile : (0253) 2351126
E- mail : amtrac_nsk@sancharnet.in

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NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the members of the G. P. Electronics Limited will be held at 2.00 p.m. on Monday, the 29th September 2008 at Ping Pong Hall, Club Peninsula, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai - 400 013 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2008, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Ms. Urvi Piramal who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s. Amit Desai & Co., Chartered Accountants, Mumbai as Auditors of the Company, in place of M/s Haribhakti & Co., Chartered Accountants, Mumbai who have indicated their unwillingness for re-appointment, and to fix their remuneration.

Special Business:

4. 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 257 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, Mr. Jaydev Mody be and is hereby appointed as a Director of the Company liable to retire by rotation.

5. 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 257 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, Mr. Javed Tapia be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED THAT in accordance with the provisions of Section 21 and other applicable provisions, if any,

of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from "G. P. ELECTRONICS LIMITED" to "DELTA MAGNETS LIMITED"

RESOLVED FURTHER THAT upon fresh Certificate of Incorporation consequent to change of name of the Company being issued by the Registrar of Companies, the name "Delta Magnets Limited" be inserted in place of present name of the Company wherever appearing.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be expedient and necessary for the purpose.

By order of the Board of Directors

Jaydev Mody
Chairman

Date: 18th June, 2008

Regd. Office:

Peninsula Spenta
Mathuradas Mills Compound
Senapati Bapat Marg
Lower Parel
Mumbai – 400 013

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** The proxy in order to be effective should be deposited with the company not later than 48 hours before the commencement of the meeting. Proxy shall not vote except on a poll.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 setting out all the material facts relating to item Nos. 4 to 6 of the notice is enclosed.
3. Pursuant to the provisions of section 154 of the Companies Act, 1956, the register of members and share transfer books of the company will remain closed from Tuesday, the 23rd day of September 2008 to Monday the 29th day of September 2008 (both days inclusive).
4. Shareholders are requested to promptly notify change in their address/bank account details to the Company / Depository participant.

ANNEXURE TO NOTICE

Explanatory Statement

(Pursuant to section 173(2) of the Companies Act, 1956)

Item No. 4:

Mr. Jaydev Mody was appointed as an Additional Director by the Board of Directors at its Meeting held on 14th March 2008 and holds office till the date of ensuing Annual General Meeting as per section 260 of the Companies Act, 1956. Pursuant to the provisions of Section 257 of the Companies Act, 1956 a notice has been received by the Company proposing the candidature of Mr. Jaydev Mody for office of the Director of the Company.

Mr. Jaydev Mody, aged about 53 years and has rich experience in the field of real estate development and has been instrumental in the development of several large residential complexes, office complexes and retail destination in and around Mumbai. He is also on the board of various companies. The Board is of the opinion that considering the experience and background of Mr. Jaydev Mody, it will be in the interest of the Company to appoint Mr. Jaydev Mody as director of the Company. The Board therefore recommends his appointment, as Director of the Company.

None of the Directors except Mr. Jaydev Mody is concerned or interested in the resolution.

Item No. 5:

Mr. Javed Tapia was appointed as an Additional Director by the Board of Directors at its Meeting held on 14th March 2008 and holds office till the date of ensuing Annual General Meeting as per section 260 of the Companies Act, 1956. Pursuant to the provisions of Section 257 of the Companies Act, 1956 a notice has been received by the Company proposing the candidature of Mr. Javed Tapia for office of the Director of the Company.

Javed Tapia is a graduate from Sydenham College, Mumbai and completed his post graduation in Business Administration from Duke University, USA. He is the founder of Duke University's Fuqua Alumni Club in India and also serves on the interview panel for prospective applicants to Fuqua School of Business. With a strong background in corporate finance and management, Javed has over 15 years of experience in building and growing a varied range of companies.

Javed started his career with the family business and was involved with real estate for Clover Constructions. He then went on to be the founder, and set up an end-to-end IT solutions company, Clover Technologies - that provided enterprise level Unix and Oracle solutions and support to corporate. Javed took an early lead in understanding the Linux market when he founded a group under Clover Technologies to focus on Linux early in 1999.

With his passion for Linux and seeing the growth opportunity for this in India, Javed brought Red Hat Inc., into India by starting the subsidiary under the flagship brand name of Red Hat India Pvt. Ltd. Red Hat, with a market share of 65 percent worldwide, is a leader in development, deployment and management of Linux and open source solutions for enterprises - ranging from embedded devices to secure Web servers.

Javed led Red Hat's India operations since its inception in December 2000. In five short years, Red Hat became a part of the mainstream, of the Indian IT industry with large deployments in the government, education and industry segments. As President of Red Hat Indian Subcontinent, his responsibilities included Red Hat's operations in Sri Lanka, Pakistan, Nepal, Bangladesh, Bhutan and the Middle East. Javed ran Red Hat for 5 years before transferring his stake to Red Hat Inc. and moving to other projects and initiatives that he is now focusing on.

He is currently the Managing Director at Clover Infotech Pvt. Ltd., based in Mumbai. Clover Infotech is a leading technology services and solutions provider. Our expertise lies in supporting technology products related to Application, Database, Middleware and Infrastructure. We enable our clients to optimize their business through a combination of best industry practices, standard processes and customized client engagement models. Our core services include Technology consulting, Managed Services and Application Development services. In addition Javed is also running the real estate division of Clover Realty and Infrastructure Pvt. Ltd.

He is also on the board of various companies. The Board is of the opinion that considering the experience and background of Mr. Javed Tapia, it will be in the interest of the Company to appoint Mr. Javed Tapia as Director

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of the Company. The Board therefore recommends his appointment, as Director of the Company.

None of the Directors except Mr. Javed Tapia is concerned or interested in the resolution.

Item No. 6:

"Delta" is the fourth letter of Greek Language and is being adopted as a common name for the various companies under the management/group to have a distinct identity as a Delta group of companies.

The Company is engaged in production of Electronics Magnets and has created niche in the market. The Board of Directors of your company believes that the name of the Company should reflect the core competencies of the Company. Hence the change of name to "Delta Magnets Limited" is envisaged. The Registrar of Companies, Maharashtra, Mumbai has stated that the proposed name "Delta Magnets Limited" is available. The change of name requires the approval of the shareholders by means of special resolution and the approval of the Central Government. The resolution set out hereinabove is therefore recommended for your approval.

None of the Directors is concerned or interested in this resolution.

By order of the Board of Directors

Jaydev Mody
Chairman

Date : 18th June, 2008

Regd. Office:

Peninsula Spenta, Mathuradas Mills Compound
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013

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DIRECTORS' REPORT

Your Directors present their 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2008.

Financial Highlights

(Rupees in '000)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Income for the year	82769.95	76568.32
Profit before Interest, Depreciation and Tax	4490.45	1957.07
Finance Charges	(28.22)	(137.75)
Profit before Depreciation and Taxes	4462.23	1819.32
Depreciation	(15669.69)	(25137.79)
Provisions for Taxation/ Deferred Tax	12850.00	(3237.00)
Net Profit for the Current Year	1642.54	(26555.47)
Earlier Years Balance Brought forward	(78056.94)	(51501.45)
Net profit available for appropriation	(76414.39)	(78056.94)
Dividend Tax on the above dividends	NIL	NIL
Transfer to General Reserves	NIL	NIL
Balance carried to Balance Sheet	(76414.39)	(78056.94)

Dividend

In view of losses suffered by the Company during the year under review, the Directors have not recommended any dividend.

Operations

Income from operations is reduced due to the

discontinuance of speaker ring production. The Company focused on the production of the magnets used in the automobile industry and the production volume for the same has increased by 43% as compared to previous financial year.

Group for inter se transfer of shares

As required under clause 3(1)(e) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations), persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the aforesaid Takeover Regulations are given in Annexure A which forms part of this Annual Report.

Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion & Analysis, the Corporate Governance Report together with the certificate on compliance with the conditions of corporate governance as laid down form part of this report.

Particulars of Employees

There was no employee drawing remuneration in excess of the ceilings prescribed under the provisions of section 217(2A) of the Companies Act, 1956 and the rules made there under.

Particulars regarding conservation of Energy and Technology absorption

During the year, Company has focused on both the components of energy i.e., Power and fuel. Energy (power) Audit and Fuel Audit were conducted during the year. Recommendations of the Energy Auditors were implemented and the cost of power and fuel has gone down.

Foreign Exchange Earnings and Outgo :

1. Export activities No export activities
2. Foreign Exchange earned and used
 - a. Foreign Exchange Earned Nil
 - b. Foreign Exchange used Rs. 77.87 lacs

Directors

Ms. Urvi Piramal, Director of the Company, retires by rotation at the issuing Annual General Meeting, and being eligible offers herself for reappointment.

Mr. Jaydev Mody and Mr. Javed Tapia were appointed as additional Directors on the Board of the Company with effect from 14th March 2008. They hold office up to the date of ensuing Annual General Meeting of the Company. The Company has received a notice from a member under section 257 of the Companies Act, 1956 proposing their candidature as Directors of the Company, along with requisite deposit as required under the said act.

Necessary resolutions for the appointment / re-appointment of the aforesaid Directors are proposed to be passed at the ensuing Annual General Meeting. None of the Directors of the company are disqualified from being appointed as Directors as specified under section 274(1)(g) of the Companies Act, 1956.

Auditors

The retiring auditors, M/s. Haribhakti & Co., Chartered Accountants, have shown their unwillingness to continue as the auditors of the Company. The Company has received a notice from a member proposing the name of M/s. Amit Desai & Co., Chartered Accountants, as the auditor of the Company along with a confirmation from M/s. Amit Desai & Co. that their appointment if made, will be within the limit prescribed under section 227 of the Companies Act, 1956. You are requested to approve the same.

Directors' responsibility statement

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected

and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs at the end of the financial year and profit of the company for the financial year ended 31st March, 2008.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on the going concern basis.

Listing Details

The Equity shares of the Company are listed on the National Stock Exchange Limited and the Bombay Stock Exchange Limited at Mumbai.

The company has paid the annual listing fees to these exchanges till 31.03.2009.

Acknowledgements

The Directors wish to place on record their appreciation for continued support and co-operation by the Banks, Government Authorities, Suppliers, Customers, Employees and other stakeholders.

For and on behalf of the Board of Directors

Jaydev M. Mody
Chairman

Dated: 18th June, 2008

Regd. Office:
Peninsula Spenta,
Mathuradas Mills Compound
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013

Annexure A

The following are the persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Aarti Jaydev Mody

Aditi Jaydev Mody

Anjali Jaydev Mody

AAA Aviation Private Limited

AAA Real Land Developers Private Limited

AAA Township Private Limited

Aarti Management Consultancy Private Limited

Aditi Management Consultancy Private Limited

Aero Ports & Infrastructure Projects Private Limited

Alibagh Farming and Agriculturist Company Private Limited

Anjoss Trading Private Limited

Anjali J. Mody Trust

Aarti J. Mody Trust

Aditi J. Mody Trust

Arrow Textiles Limited

Coastal Sports Ventures Private Limited

Delta Hospitality Private Limited (Formerly Known as Fasttrack Impex Private Limited)

Delta Realities Limited

Delta Township Private Limited

Highland Resorts Private Limited

Highstreet Cruises & Entertainment Private Limited

Intertrade Mercantile Co. Private Limited.

J M Livestock Private Limited

J M Real Estates Private Limited

J M Mega Properties Private Limited

J M Property Management Private Limited

J M Realty Management Private Limited

J M Township & Real Estate Private Limited

Jayem Properties Private Limited

Jayem Real Estate Private Limited

Jayem Realty Management Private Limited

Jayem Realty Solutions Private Limited

Lakeview Mercantile Company Private Limited

Newplaza Multitrade Private Limited.

Outreach Mercantile Company Private Limited

Pavurotti Finance and Investment Private Limited

Richtime Realty Private Limited

Riteline Exports Private Limited.

Seastar Trading Private Limited

Victor Hotels and Motels Limited

Annexure B

Statement pursuant o Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1998.

FORM - B

1.	Specific area in which R & D is carried out by company	Development of different grades of material for high power products.
2.	Benefits derived as a result of above.	Development of new products and new customers.
3.	Future plan of action	Focus on high value non-commoditized products.
4.	Expenditure on R & D	
	a. Capital	Nil
	b. Recurring	Rs. 3.30 Lac
	c. Total	Rs. 3.30 Lac
	d. R & D expenditure as % to total turnover	0.36%

Technology absorption, adoption and innovation.

1.	Efforts made to enhance output of high value products through productivity and efficiency improvement resulted in enhanced business	
2.	As a result of above activities share of high value products increased from 39% to 81% in value terms.	
3.	Others	
	a) Technology imported	Manufacture of hard ferrites through Wet process.
	b) Year of import	1998-99.
	c) Has technology been fully absorbed?	Yes
If not full absorbed, areas where this has not taken place, reasons thereof and future plans.		Not Applicable.

For and on behalf of the Board of Directors

Jaydev Mody
Chairman

Dated: 18th June, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Industry

The hard ferrite industry has gone through a sea change over the last couple of years due to extreme indulgence of China. By assigning high priority and thrust to this industry, China has captured the world market specially the loudspeaker ring magnet sector. In the field of high power segment magnets, the Chinese penetration is moderate, all the same posing a big threat to other manufacturers in the world. Today no company in India is manufacturing ring magnets for the domestic consumer electronics industry though the demand is huge.

G. P. Electronics Ltd is engaged primarily in the business of sector magnet used in the auto industry. High growth rate of this industry has ensured enough demand on the company. Despite rise in steel prices and other input costs, the demand for two wheelers and four wheelers shall continue to be there as the Indian middle class in villages would like to switch over from bicycles to motor cycles and the urbanites from motor cycles to cars.

Opportunities & Threats

As mentioned in the preceding paragraph, there exists excellent growth potential for the segment magnet industry due to continuous demand on the auto sector. With rise in car sales, entry of high end models in the Indian market and setting up of manufacturing facilities by world auto biggies in India, the demand for motor magnets is likely to go up drastically. These will an excellent opportunity for the domestic magnet manufacturers.

The threat from China can never be over looked. With their low cost and improving quality, the Chinese ferrite industry will continue to keep their Indian counter parts on their toes, on this there is no doubt.

Product Performance

Income from operations has drastically gone down almost by half, because of complete discontinuance of speaker ring production.

Now GP is producing only magnets for auto industry. Production volume has increased by 43% in FY 08 compared to FY 07. Company is on its way to implement long term strategies. Company is to double the production of segment magnets in FY09.

Outlook

The outlook of the Company three years from now looks better as it aims to capture 50% of the market as against current share of 30%.

Company has reduced its fixed cost substantially and started earning cash profits. To make bottom line even stronger company is taking more initiatives to capture market and for enhancing production. We are expecting drop of price realization in FY 08 due to tough price competition from Chinese imports. Company will make efforts to reduce the variable and fixed costs to face this competition.

Risks and Concerns

Increase in imports of magnet from China will lead to further reduction in price realization. Increasing cost of metal and fuel is giving a direct threat to margins. Increase in volumes and reduction in costs are the two strategies company will follow to face this situation.

Internal controls

An integrated oracle based system is in place to check proper flow of documents and adherence to laid down procedures. Company is ISO 9001-2000 certified.

Financial and operational performance

The sale of segment magnets registered a growth of 36% in the Financial Year ended 31st March 2008.

The interest cost further reduced to Rs.0.28 Lacs against Rs.1.38 Lacs in last year.

Your company has managed to bring down the working capital level by converting the non-moving stock to moving, optimum utilization of spares and consumables and bringing down the debtors level.

Rigorous collections follow up taken during the year helped to bring down the level of debtors by Rs.149.33 Lacs. Strict adherence to the laid down credit policy has helped us to achieve this.

The company invested Rs. 69 Lacs in plant & machinery for enhancing segment production. During the year FY 09, an amount of Rs. 116 Lacs is earmarked for enhancing production capacity further.