

ANNUAL REPORT 1997

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



Gangadharam Appliances Limited





GANGADHARAM APPLIANCES LIMITED

Board of Directors

Mr. V. MURUGESA CHETTIAR (Chairman)

Mr. V.M. LAKSHMINARAYANAN (Managing Director)

Mr. V.M. BALASUBRAMANIAM

Mr. K. GANESAN

Mr. V.R. SIVARAMAN

Mr. S. THIAGARAJAN

Mr. R.M. KRANTHI (IFCI Nominee)

Auditors

M/s RUDHRAKUMAR ASSOCIATES

Chartered Accountants, Chennai - 17.

Bankers

INDIAN BANK, STATE BANK OF HYDERABAD
PUNJAB & SIND BANK

Corporate Office	Regd. Office & Factory
272, MOUNT ROAD	VANDALUR- KELAMBAKKAM ROAD
TEYNAMPET,	143, PUDUPAKKAM VILLAGE
CHENNAI - 600 018	KELAMBAKKAM - 603 103
	KANCHEEPURAM DISTRICT
	TAMIL NADU

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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 dependent on us. We are dependent on him. 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"



GANGADHARAM APPLIANCES LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held at its Registered Office at Vandalur - Kelambakkam Road, 143, Pudukkalam Village, Kelambakkam - 603 103, Kancheepuram District, Tamil Nadu on Wednesday, 24th September 1997 at 11a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 1997 together with the Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V.M. Balasubramaniam, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. V. Murugesu Chettiar, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Chennai - 600 018.
Date - 5.08.1997

By order of the Board
V.M.LAKSHMINARAYANAN
Managing Director

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 19th to 24th September, 1997 (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. 66, IV 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.

**GANGADHARAM APPLIANCES LIMITED**

DIRECTORS' REPORT

The Directors have pleasure in presenting their Ninth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 1997.

FINANCIAL RESULTS:

Because of severe market competition the turnover (annualised) excluding project exports was lower by approx. 8.5 % compared to the previous accounting year. This combined with higher cost of inputs and higher financial charges resulted in a net loss of Rs.439.62 lakhs during the year under review.

REVIEW OF OPERATIONS :

We are facing severe competition from well established manufacturers who have been tied up with foreign firms for their technical know-how and have been established in the field for more than two decades.

However, our 'Butterfly' brand enjoys consumer acceptance and is becoming household name for most of the products we manufacture. With the introduction of non-stick items, we hope to establish ourselves as one of the leaders in the near future in domestic appliances sector.

Although the non-stick cook/kitchen wares were launched during June 1996, the desired level of consumer awareness is yet to be achieved. However, in view of the superior quality of the products, the Company has recently secured a maiden export order to the tune of approx. Rs. 18.50 lakhs from Malaysia for these products.

Due to the go-slow process adopted by a section of the workmen, commencing from April 1997, the production level has come down. Recently some workmen have adopted unethical means and are trying to obstruct the normal functioning of the factory by preventing the entry of loyal workers. We are endeavouring to bring about normalcy and there is cause to believe that the situation is showing signs of improvement. And we are also vigilantly watching to minimise any adverse effect on performance this year.

Production level in the Company's Joint Venture, 'East Butterfly' could not pick up for lack of suitable key persons for running the factory. Although Uzbek Government has requested the Company to nominate keypersons for the Joint Venture, certain assurances from the Uzbek Government are sought before we could accede to the request.

**GANGADHARAM APPLIANCES LIMITED****DIRECTORS :**

Mr. V. Ramachandran, Director, resigned from the Board with effect from 30th November, 1996. Your Directors place on record their sincere appreciation of the valuable guidance and advice received by the Company from Mr. Ramachandran during the tenure of his office.

With effect from 28th September 1996 the Industrial Finance Corporation of India Limited appointed Mr. R.M. Kranthi as their Nominee Director in place of Mr. N.S. Swaminathan.

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

Messrs. V.M. Seshadri and V.M. Kumaresan, who were appointed as Wholetime Directors in the last Annual General Meeting of the Company, held on 28.9.1996 will assume the position as soon as the approval of the Financial Institutions in this regard is obtained.

INDUSTRIAL RELATIONS :

The current position in this regard has been stated elsewhere in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

In terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1986, the particulars in respect of Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo are set out in Annexure 'A' forming part of this report.

AUDITORS :

M/s. 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.

ACKNOWLEDGEMENTS :

Your Directors take this opportunity to thank Industrial Finance Corporation of India Ltd., Industrial Development Bank of India, Indian Bank, State Bank of Hyderabad and Punjab & Sind Bank 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
5th August, 1997

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


GANGADHARAM APPLIANCES LIMITED

ANNEXURE- 'A'

**ANNEXURE TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR
ENDED 31st MARCH 1997**

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	Rs. 12,50,023	14,02,290
	Total Amount	Rs. 40,69,925	Rs. 45,49,034
	Rate / Unit	Rs. 3.26	Rs. 3.24
(b)	Own Generation Through Diesel Generator		
	Units	Rs. 1,70,795	Rs. 1,70,227
	Cost / Unit	Rs. 3.44	Rs. 3.45

B. RESEARCH AND DEVELOPMENT :
1 Specific areas in which R & D carried out by the Company:

The Company continues to lay emphasis on Research and Development for improvement in existing process for better productivity, and development of new products. The thrust is towards standardisation and implementation of ISO.

2. Benefits derived as a result of the above R & D Production :

Processes have improved which has resulted in economizing the cost of production.

3 Future Plan of Action :

Development of new products in Domestic Appliances.

4 Expenditure on R & D :

A.	Capital	--	NIL
B.	Recurring	--	NIL
C.	Total	--	NIL
D.	Total R & D Expenditure as percentage of Total Turnover	--	NIL



GANGADHARAM APPLIANCES LIMITED

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Considerable progress has been made in updating the technology in the process area. With regard to imported technology the following information is furnished.

a.	Technology Imported	--	NIL
b.	Year of Import	--	NIL
c.	Has technology been fully absorbed	--	NOT APPLICABLE
d.	If not fully absorbed, areas where they have not taken place, reason and future plan of action.	--	NOT APPLICABLE

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) The Company is exploring further foreign markets for its products. Besides visits of the Company's Executives abroad, overseas buyers/agents are invited so as to establish direct contact with various export markets. Also efforts are made to appoint representatives in select foreign countries to arrange for advertisements of the Company's products and secure export orders. Contacts are also being made with Export Houses in India for exporting Company's products through their efforts.
- b)
- | | |
|---------------------------|-------------------|
| Foreign Exchange Earnings | Rs. 3,47,66,382/- |
| Foreign Exchange Outgo | Rs. 66,30,511/- |

Chennai : 600 018.

Date : 5.08.97

for and on behalf of the Board

V. MURUGESA CHETTIAR

Chairman

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GANGADHARAM APPLIANCES LIMITED



ANNEXURE - B

**Statement required under Section 217 (2A) of the Companies Act, 1956
annexed to and forming part of the Directors' Report for
the year ended 31st March 1997.**

S.No.	NAME	AGE	DESIGNATION	REMUNERATION RS.	QUALIFICATION	EXPERIENCE (Years)	DATE OF COMMENCE- MENT OF EMPLOYMENT	PREVIOUS EMPLOYMENT
01	V M Lakshminarayanan	49	Managing Director	5,76,000	Matric	30	24.07.1987	Industrialist

- Note 1. Remuneration means Salary, House Rent Allowance and (ommission, if any.
2. Mr. V. M. Lakshminarayanan is related to Messers V. Muri jesa Chettiar and V.M. Balasubramaniam.

Chennai - 600 018.
05.08.97

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