

ANNUAL REPORT 2000



Gangadharam Appliances Limited



GANGADHARAM APPLIANCES LIMITED

BOARD OF DIRECTORS

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| Mr. V. MURUGESA CHETTIAR (Chairman) |
| Mr. V. M. LAKSHMINARAYANAN (Managing Director) |
| Mr. V. M. BALASUBRAMANIAM |
| Mr. V. R. SIVARAMAN |
| Mr. M. PADMANABHAN |
| Mr. N.U. NAMPOOTHIRI (IFCI NOMINEE) |
| Mr. P. SUBRAMANIAM (BANKS' NOMINEE) |

SECRETARY :

Mrs. S. KALA

AUDITORS :

M/s. RUDHRAKUMAR ASSOCIATES
Chartered Accountants, No. 11, Mangesh Street,
T. Nagar, Chennai - 600 017.

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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.

Bankers

Indian Bank
State Bank of Hyderabad
Punjab & Sind Bank

City Office:

JVL Plaza (IV Floor)
501, Anna Salai
Teynampet
CHENNAI - 600 018.

Regd Office & Factory :

Vandalur-Kelambakkam Road,
143, Pudupakkam Village,
Kelambakkam - 603 103
Kancheepuram District
TAMIL NADU

Share Registrars :

M/s. GNSA Investor Services (P) Ltd.,
No.1 (II Floor), 52nd Street, 7th Avenue,
Ashok Nagar, Chennai - 600 083.

A customer is the most important visitor on our premises.
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 SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held at its Registered Office at Vandalur-Kelambakkam Road, 143, Pudupakkam Village, Kelambakkam - 603 103, Kancheepuram District, Tamil Nadu on Friday, 29th September, 2000 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2000, the Profit and Loss Account for the year ended 31st March 2000 and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
2. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.V.R.Sivaraman, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.V.M. Balasubramaniam, a Director of the Company, who retires by rotation at this meeting, being eligible for reappointment be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT the retiring Auditors M/s.Rudhrakumar Associates, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company in addition to travelling and other out of pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time."

CHENNAI - 600 018
8th August, 2000

By order of the Board
S. KALA
Secretary



GANGADHARAM APPLIANCES LIMITED

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 21st to 29th September 2000 (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.1 (II Floor), 52nd Street, 7th 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.
7. The Company's equity shares are listed with Madras, Mumbai and Ahmedabad Stock Exchanges. The Company has since paid the Annual Listing Fees to each of these Exchanges.




GANGADHARAM APPLIANCES LIMITED
DIRECTORS' REPORT

The Directors wish to present their Twelfth Annual Report together with the Audited Accounts of the Company for the financial year ended on 31st March, 2000.

ECONOMIC TREND :

Although the macro economic environment in the country in general has started showing an upward trend in the first quarter of the current year, for the domestic appliances industry the trend has not shown an increase. With continued buoyancy in industry, services and exports we look forward to better results during the next nine months of the current year.

FINANCIAL RESULTS :

The results for the period under review are given below:

(Rs. in lakhs)

| | FOR THE YEAR ENDED 31ST MARCH, 2000 | FOR THE YEAR ENDED 31ST MARCH, 1999 |
|---|---|---|
| Sales and other income | 1016.54 | 1176.49 |
| Profit / (Loss) before interest and financial charges and depreciation | 13.86 | (57.54) |
| Interest and financial charges | 820.58 | 756.78 |
| Depreciation | 87.09 | 86.85 |
| Net Loss for the year | (893.81) | (901.17) |
| Bad Debts, Loans & Advances written off | 305.33 | — |
| Loss carried forward | (4223.36) | (3024.22) |

PRODUCTION AND SALES :

As mentioned in the previous Directors' Report, the BIFR, vide their order dated 29.7.1999, had viewed that it is practicable for the Company to make its networth exceed the accumulated losses within a reasonable time. Accordingly, they took on record the rehabilitation package agreed to by the Institutions and Consortium Banks.

In terms of the rehabilitation package, although additional working capital from the Consortium Banks ought to have been disbursed during April 1999, actual disbursement by the Consortium Banks commenced only during second week of October 1999. Therefore, regular production could be taken up only from the first week of November 1999. Further, the disbursement of funds by the banks was also in piece meal with long breaks in between. Due to this, the projections for production and sales reflected in the rehabilitation package were adversely affected.



GANGADHARAM APPLIANCES LIMITED

OPERATIONS :

In view of the circumstances stated above, turnover for the year under review was much lower resulting in a net loss of Rs.1199.14 lakhs for the year against a net profit of Rs.231.90 lakhs projected in the profitability statement of the rehabilitation package. Thus the accumulated loss upto the year under review is Rs.4223.36 lakhs.

EAST BUTTERFLY :

Your Managing Director visited Tashkent, Uzbekistan during June 2000 in connection with the revival of the Joint Venture activities at the request of "UZAUTOSANOAT", who are the Promoters of "UZDAEWOO", a Joint Venture Company manufacturing a wide range of passenger cars in collaboration with Daewoo Motors Ltd., South Korea. Uzautosanoat and one of their subsidiary companies, viz. Tashkent Bearing Plant are the new prospective partners, who will be taking over the shares of Vostok and Agroplus. The entering into Joint Venture agreement amongst Gangadharam Appliances Limited, Uzautosanoat and Tashkent Bearing Plant would be considered enabling revival of the manufacturing activities.

PROSPECTS FOR 2000 - 2001 :

The absence of Company's products in the market for long time coupled with cut throat competition from other Pressure Cooker manufacturers on the one hand and the staggered piece-meal disbursement of working capital by the consortium banks on the other have put the Company in a tight corner. Your Company is not in a position to incur need based market development expenditure, which has become a sine quanon in the present competitive market.

Despite best efforts, sales turnover during the first quarter of the current financial year was much below break-even levels. Your Directors are leaving no stone unturned to activate the production of Pressure Cookers and Vacuum Flasks. However, there is an unprecedented slump in the Non-Stick appliances market and, therefore, production of Non-Stick items has been kept in abeyance until there is some improvement in the market.

DIRECTORS :

IFCI Limited has nominated Mr. N.U. Nampoothiri as their Nominee Director on our Board with effect from 30.9.1999, in place of Mr.A.Sarat Chandran Menon.

Your Directors place on record their sincere appreciation of the valuable guidance rendered by Mr.Sarat Chandran Menon during his tenure on the Board as Director.

Mr. S. Thiagarajan, Director resigned from the Board with effect from 29.4.2000. The Board places on record its sincere appreciation of the valuable guidance rendered by Mr. Thiagarajan during his tenure on the Board as a Director.

Mr.P.Subramaniam, a Practising Chartered Accountant, has been nominated by Indian Bank Consortium as their Nominee Director on our Board, with effect from 29.4.2000.

**GANGADHARAM APPLIANCES LIMITED**

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

INDUSTRIAL RELATIONS :

In view of acute liquidity crunch, the Company is not in a position to disburse timely payment of salary and wages. However, the industrial relations continue to be cordial. Your Directors appreciate the good gesture and co-operation shown by the employees at all levels, which testifies to their deep-rooted relations with the Company.

AUDITORS :

Messrs.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.

AUDITORS' REPORT :

Regarding Auditors' reservation in their report with regard to the compliance of accounting standards, Note 1(vi) of Schedule 20 to the Accounts is self-explanatory with regard to the exclusion of Excise Duty on non-cleared finished goods.

Regarding the Auditors' comments in respect of arrears of Provident Fund and E.S.I., the Company, in view of difficult financial position, is discharging its liability by paying the dues in instalments as and when fund position permits.

The comments in the Auditors' Report vide clause 2e (ii) read with notes on accounts in Schedule 20 are self-explanatory.

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, 1988 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.

PARTICULARS OF EMPLOYEES :

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is given in Annexure "B" forming part of this Report.

GANGADHARAM APPLIANCES LIMITED



ACKNOWLEDGEMENTS :

Your Directors acknowledge with gratitude the co-operation and assistance given by the IFCI Ltd., Industrial Development Bank of India, Indian Bank, Punjab & Sind Bank and State Bank of Hyderabad. They are also indebted to the shareholders, State and Central Governments, Business Associates and others for the continuing support, when the Company is passing through a rough weather. They also wish to place on record their sincere appreciation for the valuable services rendered by the employees of the Company at all levels.

CHENNAI - 600 018
8th August, 2000

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 ON 31st MARCH 2000

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 | 6,82,488 | 6,35,048 |
| Total amount | Rs.35,31,365 | Rs.28,79,000 |
| Rate / Unit | Rs.5.17 | Rs.4.53 |
| (b) Own Generation | | |
| Through Diesel Generator | | |
| Unit | 47,789 | 16,223 |
| Cost/Unit | Rs.5.12 | Rs. 4.05 |

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 :

Processes developed in the past have contributed in economising the cost of production.

3. Future plan of Action:

Development of new products in Domestic Appliances.

4. Expenditure on R & D.

| | (Rs.) |
|---|-------|
| (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. 2,57,08,043 |
| | Foreign Exchange outgo | : | Rs. 8,29,396 |

CHENNAI - 600 018
8th August, 2000

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