

Gestetner

Leading the Digital Revolution



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For Gestetner (India) Ltd.

Company Secretary

Gestetner

Communicating
Confidence

Gestetner (India) Ltd.
Annual Report & Accounts 2000



KEY FINANCIALS

	<i>Rs. in Lacs</i>				
	1996	1997	1998	1999	2000
Net Sales	4095	5211	6144	6345	7594
PBIT	498	677	624	180	567
PBT	412	596	550	40	405
Tax	183	270	220	26	176
Extraordinary Income (Net of Tax)	—	—	—	45	—
PAT	229	326	329	59	229
Share Capital	347	358	358	358	358
Shareholders Fund	1100	1424	1673	1686	1874
Capital Employed	1703	1926	2470	2805	3088
PBIT to Sales	12%	13%	10%	3%	7%
ROCE	29%	35%	25%	6%	18%
Earning Per Share (Rs.)	6.6	9.1	9.2	1.6	6.4
Dividend	20%	20%	20%	10%	10%

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Gestetner (India) Ltd.**Board of Directors**

Mr. Jahar Sengupta
(Chairman)
Mr. K. Swetharanyan
(Managing Director)
Mr. Steve King
Mr. M.K. Kumar
Mr. Anil Kumar
Mr. V. A. Ravindran

Company Secretary**Mr. Arvind Joshi****Auditors**

Lovelock & Lewes
Chartered Accountants

Bankers

State Bank of India
Bank of India
The Fuji Bank Ltd.

Registered Office

Block GP, Sector V
Salt Lake Electronic Complex
Calcutta - 700 091
Ph. No. : 033 - 3574841
Fax No. : 033 - 3570923

Head Office

6, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. No. : 011 - 3316623 / 25
Fax No. : 011 - 3353485

Works

Block GP, Sector V
Salt Lake Electronic Complex
Calcutta - 700 091

E1-E4, MIDC Industrial Area
Satpur, Nasik - 422 007
Ph. No. : 0253 - 350648
Fax No. : 0253 - 350142

Investor Services

6, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. No. : 011 - 3316623 / 25
Fax No. : 011 - 3353485
E-mail : ajoshi@gest.sril.in

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GESTETNER (INDIA) LTD.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Seventy-seventh Annual General Meeting of Gestetner (India) Ltd. will be held at Kalakunj (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Calcutta-700 017 at 11.00 A.M. on Saturday the 30th June, 2001, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance sheet as at 31st December 2000, Profit & loss account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity shares for the year ended 31st December 2000.
3. To appoint a Director in place of Mr. Jahar Sengupta, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. V.A. Ravindran, who retires by rotation and is eligible for re-appointment.
5. To re-appoint M/s. Lovelock & Lewes, Chartered Accountants, New Delhi who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary resolution:
"RESOLVED THAT, the approval of Central Government vide their Letter no.1/202/2000-CL.VII dated 15.11.2000, under section 269, 198(4)/309(3) and 637AA of the Companies Act, 1956 for appointment of Mr. K. Swetharanyan as Managing Director of the Company, for a period of two years and fixation of remuneration at a total monthly remuneration of Rs.4,00,000/- p.m.(all inclusive) be and hereby approved by the shareholders."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT, pursuant to section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the company be and are hereby altered in the manner and to the extent following:

Insert the following Heading and Article as Article 16A after Article No.16:

"DEMATERIALISATION OF SECURITIES

Definitions/Article	For the purpose of this Article: "Beneficial Owner" means a person or persons whose name is recorded as such with a Depository; "SEBI" means the Securities and Exchange Board of India; "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and "Security" means such security as may be specified by SEBI from time to time.
Dematerialisation of Securities	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
Options for investors	Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

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Securities in Depositories to be in fungible form	All securities held by a depository shall be dematerialised and be in Fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners
Rights of Depositories	<p>(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits subject to all the liabilities in respect of his securities which are held by a depository.</p>
Service of Documents	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Transfer of Securities	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Allotment of Securities dealt with by a Depository	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Distinctive number of Securities held in a Depository	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.
Register and Index of Beneficial Owners	The Register and index of Beneficial Owners, maintained by a depository under the Depositories Act 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

Notes:

- The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in item No.6 & 7 above, are annexed hereto.
- 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.** Proxy forms should be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
- Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- The Register of Members and the Transfer Books of the Company will remain closed from Monday, 2nd April, 2001 to Thursday, the 12th April, 2001 both days inclusive.
- Dividend declared would be paid to those Members whose names appear on the Company's Register of Members on 31st March, 2001. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Ltd. for this purpose. Dividend will be paid on or after Wednesday, 4th July, 2001.
- Members are requested to notify immediately any change in their addresses and/or the bank mandate details to the Company's Share Department at 6, Bahadur Shah Zafar Marg, New Delhi-110 002.

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- g) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.
- h) Members who have not opted for nomination facility so far, may opt for the same by returning the enclosed form duly filled in all respect.
- i) Pursuant to Section 205A of the Companies Act, 1956 the following information are furnished:
- The unclaimed Dividend for financial year 1995 onwards is held in separate accounts for each year. Such unclaimed dividend will be transferred to the Investor Education and Protection Fund as and when the Fund is notified by the Central Government under section 205C as amended by the Companies (Amendment) Act, 1999, when the same becomes due. Members who have not yet encashed the dividend warrants so far for the year/(s) 1995 or any subsequent years are requested to make their claim/(s) to the Company's share department immediately.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 6

Mr. K. Swetharanyan was appointed as the Managing Director of the Company for a period of five years with effect from 1st April, 2000, not liable to retire by rotation, on the following terms and conditions which were approved by the Directors at their meeting held on 22nd March, 2000 which was approved by the Company in its 76th Annual General Meeting held on 30th June, 2000, subject to approval of the Central Government.

TERMS & CONDITIONS OF APPOINTMENT OF MANAGING DIRECTOR:

Salary	:	Rs. 8 40 000/-	per annum
Special Pay	:	Rs. 4 00 000/-	per annum
Guaranteed Bonus (Fixed)	:	Rs. 8 25 000/-	per annum
Bonus for performance on target	:	Rs. 6 00 000/-	per annum
Bonus on extra-ordinary performance, if any	:	Rs. 3 00 000/-	per annum
Benefits	:	Rs. 17 60 000/-	per annum to cover:

- The expenditure by the Company on hiring furnished Company Leased accommodation;
- Fully maintained Car with Driver for official and limited personal use;
- The expenditure incurred by the Company on water, electricity, gas, telephone & maintenance expenses of the house;
- Leave Travel Assistance as per the Company's Rules;
- Telephone at Residence for official use;
- Gardener and security provision at residence;
- Medical re-imbursement for self, spouse and dependent children;
- Office Attire;
- Newspapers, business magazines and books etc.
- Furniture and fixture at residence.

Other Benefits : Provident Fund, Superannuation & Gratuity will be as per Company's rules.

Business Expenses : Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company.

Termination of Service : On three months notice by either side or salary in lieu thereof.

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Annual Increments : The remuneration will be reviewed in January each year. The increments would be within a limit of upto 10% of the total cost to the Company.

In the event of loss/inadequacy of profits in any year, Mr. K. Swetharanyan will be entitled to the above remuneration as the minimum remuneration.

The Central Government has now been pleased to approve the terms of appointment and remuneration on reduced terms. It has granted approval under section 269 of the Companies Act, 1956, to the appointment of Mr. K. Swetharanyan as Managing Director of the Company for a period not exceeding 2 (two) years with effect from 1st April, 2000 on a total remuneration of a sum not exceeding of Rs.4, 00,000/- per month (all inclusive). Earned/privileged leave has been allowed as per Rules of the Company. Leave accumulated and not availed of during his tenure as Managing Director has been allowed to be encashed at the time of his retirement as per Rules of the Company. Since the said remuneration has been approved subject to the approval of the company in the General Meeting and subject further to such reduction as the Company in General Meeting may like to make, your Directors commend the resolution for approval by the shareholders.

Memorandum of Interest

None of your Directors except Mr. K. Swetharanyan is interested in the resolution.

Item No. 7

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company. It is therefore, proposed that the company's Article of Association be suitably altered, as set out in the resolution at Item No 7 to reflect the provisions introduced by the Depositories Act, 1996 for enabling the Company to join the Depository system at a future date and to spell out the rights of the beneficial owners of the securities in such a system. The Directors recommend the resolution for acceptance by the members.

None of your directors are interested in the resolution.

By Order of the Board

Arvind Joshi
Company Secretary

New Delhi, March 23rd, 2001

Registered office:

Block GP, Sector-V,
Salt Lake Electronic Complex,
Calcutta-700 091

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DIRECTORS REPORT

To the Members,

The Directors hereby present their 77th Annual Report on the business and operations of the company and the financial accounts for the year ended 31st December 2000.

1. FINANCIAL OVERVIEW:

Particulars	(Rs. Lacs)	
	For the year ended 31st December, 2000	For the year ended 31st December, 1999
Profit before tax and Extra-ordinary Income/(Expenses)	405.07	39.63
Less: Provision for Taxation	(176.00)	(26.00)
Adjustment: Extra-Ordinary Income (Net of Tax)	—	45.12
Profit After Tax	229.07	58.75
Add: Transfer from Export Reserve	—	1.60
Distributable Profit	229.07	60.35
Distributable Profit appropriated to:		
(a) Proposed Dividend	35.82	35.81
(b) Tax on Dividend	3.65	7.88
(c) General Reserve	—	—
Balance carried forward	189.60	16.66

2. DIVIDEND

With the continued growth in the Company's business, the existing working capital is under tremendous pressure, putting a heavy demand on the company's cashflows. Your Directors have therefore, recommended dividend of Re.1/- per share for the year ended 31st December 2000.

3. BUSINESS REVIEW & OUTLOOK

It was a satisfactory year for your company's operations, its key business demonstrated significant improvement benefiting from a turnaround in the economy, aggressive marketing, brand promotion efforts and the positive impact of the restructuring initiatives undertaken during the year under review.

The revenue started on a slow growth with Q1 results registering a marginal growth of just 4% over the corresponding period last year, but emphatically started picking up in Q2, culminating into an annual growth of around 19%. The revenue growth was contributed to a great extent by an astounding growth in exports of Duplicators, which registered a turnover of Rs. 706.17 Lacs as against a turnover of Rs. 187.18 Lacs only in the previous accounting year. The Digital Printers/Copiers business registered a growth of around 11% over the last year. This is inspite of the fact that the Digital Printer/Copiers market growth was flat and registered a single digit growth. Your company also launched new multi-functional digital products such as Aficio, Mojito and Russian which have enhanced performance, creative editing and image manipulation features at high speed and quality. The response to these products have been quite enthusiastic and encouraging.

The positive impact of the above is aptly reflected in the current year which resulted in the increase in the profit before tax to Rs. 405.07 Lacs as against Rs. 39.62 Lacs in the year 1999.

Outlook & Future Focus

Year 2001 is a year of tremendous strategic importance to your Company as it hinges on the company being able to meet the challenges on the market place and seek new ways to maximise customer satisfaction. The trend toward digital networking is making office work more efficient and productive. Your company will respond by reinforcing its line-up of digital, particularly colour machines, to provide more documents solutions. Your company is proposing to launch a series of multifunctional printers/copiers based on new concepts that will facilitate both paper-based as well as electronic document management with networking capabilities. As in the last accounting year, this year too, your Company is

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moving ahead with increased focus towards non-governmental sector to avoid dependence on Government sales and hopes to achieve a much better result than what has been so far.

4. DIRECTORS

During the year under review, Mr. K. Swetharanyan took over as the Managing Director of the Company consequent upon the resignation of Mr. Paul Wilkinson from the Board and the company. Your Directors deem it their privilege to have had a long association with Mr. Paul Wilkinson and express their great appreciation for the valuable services rendered by him during his tenure in the office.

Mr. K. Swetharanyan's appointment for a term of five years was approved by the shareholders in the last Annual General Meeting subject to approval of the Central Government on the terms and conditions as set out in the Notice to the 76th Annual General Meeting read with the Explanatory Statement thereon. The Central Government has since granted approval to the appointment of Mr. K. Swetharanyan as Managing Director of the company for a period of two years on reduced terms with a maximum Gross remuneration of Rs.4 Lacs per month (all inclusive) aggregating to Rs.48,00,000/- instead of Rs.50,00,000/- as approved by the shareholders in the 76th Annual General Meeting. Your Directors therefore, seek your approval for the revised terms of appointment.

Mr. Jahar Sengupta and Mr. V.A. Ravindran, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and cash flows for that period. Pursuant to the newly inserted section 217 (2AA) of the Companies Act, 1956 the Directors consider and confirm:

- a) that in preparation of the annual accounts for the year ended on 31st December 2000, all applicable accounting standards have been followed subject to Note 8 on Schedule 14 regarding non-provision of Gratuity amounting to Rs.75.30 Lacs (net of taxes), which explains in detail the nature of departure and therefore does not warrant any further explanation. Towards this, the Company has already taken corrective action by contributing to the Gratuity Fund since 1999 itself;
- b) that in preparation of the annual accounts for the year ended 31st December 2000, appropriate accounting policies have been selected which have been applied consistently and made reasonable and prudent judgments so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year ended on 31st December 2000;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts for the year ended 31st December 2000 have been prepared on the going concern basis.

6. COMMENTS ON AUDITORS' REPORT

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comment.

7. CORPORATE GOVERNANCE

The basic philosophy of corporate governance in the Company is to have fidelity and transparency, keeping in view the needs and interest of other shareholders. The Company believes that good corporate practices enable the Board to direct and control the affairs of the Company in an efficient manner and to achieve the ultimate goal of maximizing shareholder value. The company has commenced compliance with Corporate Governance even though the full scope of the reporting system would become mandatory in financial year 2002-2003 but not later than 31st March, 2003.

8. ISO CERTIFICATION AND GILBEX MODEL

In order to enhance the level of service to our customers and improve the overall organisational performance, the Company has pledged to implement the Total Quality Management practices in all its functions. Accordingly, it has

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formulated Gestetner India Limited Business Excellence Model (GILBEX) in December 2000 and hopes to achieve the total quality management practice by end of the year 2002.

The ISO 9002 certification awarded in 1999, to your Company's factory at Salt Lake as well as the Sales & Service Division at New Delhi Regional Office network has been re-affirmed and the Company has started getting the benefits out of it.

9. YEAR 2000 (Y2K) COMPLIANCE

The proactive steps taken by the Company ensured that there was no disruption to its computer systems at the time of roll over to the year 2000.

10. DEPOSITORY SYSTEM

In line with the Company's constant endeavour to provide best possible services to the shareholders, the equity shares of the Company effective 4th November, 2000 are now also available for dematerialisation under the depository system operated by Central Depository Services (India) Ltd. in addition to National Securities Depository Ltd.

11. FIXED DEPOSITS

During the year under review, the Company did not raise funds by way of fixed deposits.

12. TRAINING AND HUMAN RESOURCE DEVELOPMENT

The training and human resource development functions have been re-aligned to the organisation's overall business plans, in order to meet the current and future challenges facing the organization. Training programmes have been restructured with a renewed focus to orient employees to the changing environment and growing competition.

People have always been the Company's greatest asset and the industrial harmony amidst the management and the Company's Union has enabled the Company to face and overcome challenges several times. A long-term agreement was signed with the Company's major Union during the year.

13. COMMUNITY INITIATIVES

The devastating earthquake in Gujarat brought about large-scale destructions and sufferance to thousands of people and rendered them homeless. Owing to the social responsibility bestowed on the Corporates and inspired by the overall support provided to the Gujarat earthquake victims from all and sundry, including the contribution of \$60,000 by RICOH, Japan, your Directors and employees responded by contributing a sum of Rs. 5 Lacs to The Prime Minister's National Relief Fund for this noble cause.

14. DISCLOSURE OF PARTICULARS

Particulars required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format as Annexure A to the Directors' Report.

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure B to the Directors' Report.

15. AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, New Delhi, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and it is proposed to re-appoint them as Auditors for the ensuing year. The Statutory Auditors have confirmed that the disqualification specified in section 226(3)(e) is not applicable in their case.

16. ACKNOWLEDGMENT

Your Directors wish to place on record their deep appreciation of the dedication and commitment of employees to the growth of your company during a challenging year.

Industrial relations in both the factories of your Company continued to be cordial.

Your Directors also express their gratitude to the Central and State Governments, Banks and shareholders for their continued co-operation and patronage.

On Behalf of the Directors

Place : Calcutta
Dated: March 23, 2001

Jahar Sengupta
Chairman