

Gestetner

Leading the Industry in Digital Conversion



Gestetner (India) Ltd.
79th Annual Report & Accounts 2002

Gestetner
***Communicating
Confidence***

Gestetner

KEY FINANCIALS

	<i>Rs. in Lacs</i>				
	1998	1999	2000	2001	2002
Net Sales	6144	6345	7594	7041	6837
PBIT	624	180	567	373	(59)
PBT	550	40	405	210	(182)
Tax	220	26	176	98	(193)
Extraordinary Income (Net of Tax)	—	45	—	—	—
PAT	329	59	229	112	11
Share Capital	358	358	358	358	358
Shareholders Fund	1673	1686	1874	1914	1923
Capital Employed	2470	2805	3088	3302	2514
PBIT to Sales	10%	3%	7%	5%	(1%)
ROCE	25%	6%	18%	11%	(2%)
Earning Per Share (Rs.)	9.2	1.6	6.4	3.1	0.3
Dividend	20%	10%	10%	10%	0

Our profound condolences



Jahar Lal Sengupta

1925-2002

Chairman

Gestetner India Limited

1994-2002

Annual General Meeting on Wednesday, the 16th April, 2003 at Kalakunj (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata-700017 at 10.00 A.M.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.

Shareholders are requested to kindly bring their copies to the meeting.

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Gestetner (India) Ltd.

Board of Directors

Mr. Masami Takeiri
(Chairman)
Mr. K. Swetharanyan
(Managing Director)
Mr. M.K. Kumar
Mr. Anil Kumar
Mr. Takafumi Hirakawa
Mr. Yasumasa Osada

Company Secretary

Mr. Arvind Joshi

Statutory Auditors

Lovelock & Lewes
Chartered Accountants

Internal Auditors

Deloitte Haskins & Sells
Chartered Accountants
New Delhi

Bankers

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

Registered Office

Block GP, Sector V
Salt Lake Electronic Complex
Kolkata - 700 091
Ph. No. : 033 - 23574821/23575312
Fax No. : 033 - 23570923

Head Office

6, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. No. : 011 - 23316623 / 25
Fax No. : 011 - 23353485

Works

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

E1-E4, MIDC Industrial Area
Satpur, Nasik - 422 007
Ph. No. : 0253 - 2350648
Fax No. : 0253 - 2350142

Investor Services

Secretarial Department
6, Bahadur Shah Zafar Marg
New Delhi - 110 002
Ph. No. : 011 - 23316623 / 25
Fax No. : 011 - 23353485
Block GP, Sector V
Salt Lake Electronic Complex
Kolkata - 700 091
Ph. No. : 033 - 23574821/23575312
Fax No. : 033 - 23570923
E-mail : gil.secretarial@gestetner-india.com
arvind.joshi@gestetner-india.com
Website : www.gestetner-india.com

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that THE SEVENTY-NINTH ANNUAL GENERAL MEETING OF GESTETNER (INDIA) LIMITED will be held at Kalakunj (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata-700 017 at 10.00 A.M. on Wednesday the 16th April, 2003, to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st December 2002 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. Anil Kumar, who retires by rotation and being eligible offers himself for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary resolution**:

"RESOLVED THAT Mr. Takafumi Hirakawa, who was appointed as an Additional Director by the Board of Directors on 26th July, 2002, in accordance with Article 95 of the Articles of Association of the Company and who holds office as a Director under section 260 of the Companies Act, 1956 upto this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director liable to retire by rotation."

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary resolution**:

"RESOLVED THAT Mr. Yasumasa Osada who was appointed as a Director of the Company on 31st January, 2003 to fill in the casual vacancy caused by the resignation of Mr. V.A. Ravindran and who vacates office at this Annual General Meeting under section 262 of the Companies Act, 1956 and who is eligible for re-appointment, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, 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, the following resolution as an **Ordinary resolution**:

"RESOLVED THAT Mr. Masami Takeiri who was appointed as a Director of the Company on 31st January, 2003 to fill in the casual vacancy caused by sudden demise of Mr. Jahar Sengupta and who vacates office at this Annual General Meeting under section 262 of the Companies Act, 1956, and who is eligible for re-appointment, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modifications, the following resolution relating to the appointment of the Auditors of the Company as an **Ordinary resolution**:

"RESOLVED THAT in conformity with the provisions of Section 224, 225 and other applicable provisions, if any, of the Indian Companies Act, 1956, M/s. Bharat S. Raut & Co., Chartered Accountants, Gurgaon be and are hereby appointed as the Statutory Auditors of the Company to hold office as such from the conclusion of the 79th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration as may mutually be decided by the Board of Directors in negotiation with the said M/s. Bharat S. Raut & Co., the Chartered Accountants and M/s. Lovelock & Lewes, Chartered Accountants not opting for re-appointment and as such will not be so re-appointed."

**By Order of the Board
For Gestetner (India) Ltd.**

**Place: New Delhi
Date: February 27th, 2003**

**(Arvind Joshi)
Company Secretary**

Registered Office:
Block GP, Sector-V,
Salt Lake Electronic Complex,
Kolkata-700 091

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NOTES:

- a) Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under item no. 3-6 above and relevant details in respect of item no. 3-5 above pursuant to Clause 49 of the Listing Agreements are annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing proxy in order to be effective should be duly completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- c) Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 1st April 2003 to Wednesday, the 16th April 2003 (both days inclusive).
- e) Members are requested to notify immediately any change in their addresses etc. to the Company's Share Department at 6, Bahadur Shah Zafar Marg, New Delhi-110 002 or to the Share Department at the Registered Office of the Company, quoting their Folio Number and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
- f) Members seeking any information with regard to Accounts are requested to write to the Company Secretary at 6, Bahadur Shah Zafar Marg, New Delhi-110 002 atleast a week in advance of the Annual General Meeting so as to enable the management to keep the information ready.
- g) Pursuant to Section 205(A) 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 notified and established by the Central Government of India in terms of their Notification No. GSR 750(E), dated 01.10.2001 issued by the Department of Company Affairs 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

As required by Section 173 of the Companies Act, 1956 (hereinafter referred to as "the Act"), the following Explanatory Statements set out all material facts relating to the business mentioned under item no. 3 to 6 of the accompanying notice dated 6th February, 2003.

Item No. 3 : The Board of Directors of the Company appointed Mr. Takafumi Hirakawa as an Additional Director on 26th July 2002. In terms of section 260 of the Act and Article 95 of the Articles of Association of the Company, Mr. Hirakawa holds office only upto the date of the forthcoming Annual General Meeting. A notice has been received from a member as required by Section 257 of the Act, proposing Mr. Hirakawa as a candidate for the office of Director. Mr. Hirakawa is to be appointed as a Director liable to retire by rotation.

Mr. Hirakawa is a graduate in Economics with vast experience in the field of finance, business administration etc. The Board considers it desirable that the Company should continue to avail itself of Mr. Hirakawa's services as a Director and accordingly commends the resolution for acceptance by the Members.

No Director or Manager, except Mr. Hirakawa himself, is in any way concerned or interested in the resolution.

Item No. 4: Mr. Yasumasa Osada was appointed as a Director of the Company by the Board of Directors in terms of Article 111 of the Articles of Association of the Company on 31st January, 2003 to fill in the casual vacancy caused by the resignation of Mr. V.A. Ravindran. Mr. V.A. Ravindran would have vacated office in the forthcoming Annual General Meeting had he not resigned from the Board due to his pre-occupation with other matters. In terms of Section 262 of the Act read with Article 111 of the Articles of Association of the Company, Mr. Osada holds office only upto the date upto which Mr. V.A. Ravindran would have held office if he had not resigned. A notice has been received from a member as required by Section 257 of the Act, proposing Mr. Yasumasa Osada as a candidate for the office of Director. Mr. Osada is to be appointed as a Director liable to retire by rotation.

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Mr. Osada is a management graduate from Musashi University, Japan and has over 27 years of rich experience in global environment. Prior to joining the Gestetner (India) Board, he was also a Director and Chief Financial Officer of Ricoh India Ltd. Considering his vast experience, the Board considers it desirable that the Company should continue to avail itself of Mr. Osada 's services as a Director and accordingly commends the resolution for acceptance by the Members.

No Director or Manager, except Mr. Osada himself, is in any way concerned or interested in the resolution.

Item No. 5: Mr. Masami Takeiri was appointed as a Director of the Company on 31st January, 2003 in accordance with Article 91, 111 of the Articles of Association of the Company to fill in the casual vacancy caused by sudden demise of Mr. Jahar Sengupta on 28th December, 2002. The Board of Directors of the Company also nominated Mr. Takeiri as Chairman of the Board in terms of Article 117 of the Articles of Association of the Company. In terms of Section 262 of the Act read with Article 111 of the Articles of Association of the Company, Mr. Takeiri holds office only upto the date upto which Mr. Jahar Sengupta would have held office. A notice has been received from a member as required by Section 257 of the Act, proposing Mr. Masami Takeiri as a candidate for the office of Director. Mr. Takeiri is to be appointed as a Director not liable to retire by rotation in terms of Article 91 of the Articles of Association of the Company.

Mr. Masami Takeiri is a Law graduate from Waseda University, Japan. He has over 4 decades of rich international experience. He joined Ricoh Company Ltd. Japan in 1962 and since then has rose in rank to become Executive Managing Director of Ricoh Company Ltd, Japan. Mr. Masami Takeiri is also the Chairman of Ricoh India Ltd. presently.

Considering the extensive knowledge, business skills and managerial experience of Mr. Masami Takeiri, it will be in the interest of the Company to continue to avail of his contribution to the overall progress of the Company. Accordingly, the resolution is commended for your approval.

No Director or Manager, except Mr. Takeiri himself, is in any way concerned or interested in the resolution.

Item No. 6: M/s. Lovelock & Lewes, Chartered Accountants, New Delhi the Statutory Auditors of the Company who are to retire at the ensuing Annual General Meeting have expressed their unwillingness to be considered for reappointment as Statutory Auditors of the Company. M/s. Bharat S. Raut & Co., Chartered Accountants, have given their consent to the Company to the effect that their appointment, if made, will be in accordance with the limit specified under Section 224(1B) of the Act. A special Notice of this resolution has been received by the Company for consideration of appointment of M/s. Bharat S. Raut & Co., Chartered Accountants as the Auditors of the Company in place of the retiring Auditors M/s. Lovelock & Lewes, Chartered Accountants, in terms of Section 225 of the Act read with other applicable provisions of the Act and this may be treated as intimation to the members under Section 190 of the companies Act, 1956.

By Order of the Board

(Arvind Joshi)
Company Secretary

Place: New Delhi
Date : February 27th, 2003

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GESTETNER (INDIA) LTD.

(Details of the Directors seeking appointment/reappointment in Annual General Meeting to be held on 16th April, 2003)

Name of Director	Mr. Anil Kumar	Mr. Takafumi Hirakawa	Mr. Yasumasa Osada	Mr. Masami Takeiri
Date of Birth	29-09-1953	21-12-1950	25-12-1953	03-05-1938
Date of Appointment	15-06-1994	26-07-2002	31-01-2003	31-01-2003
Qualification	Bachelor of Economics, Fellow Member of the Institute of Chartered Accountants of India	Bachelor of Economics, Sophiya University, Tokyo	Management Degree, Musashi University, Japan	Bachelor of Law, Waseda University, Japan
Expertise in specific functional area	General Management, Business Finance and Strategy	Accounting, Business Planning & Corporate Taxation	Business Planning & International Marketing	International Business Strategy
List of Companies (In India) in which outside Directorship held	Bry Air (Asia) Ltd.	Nil	Nil	Ricoh India Ltd.
Chairman/Member of the Committee(s) of the Board of Directors of the Company	1. Audit Committee 2. Remuneration Committee 3. Shareholders'/ Investors' Grievance Committee	Nil	1. Audit Committee 2. Remuneration Committee.	Nil
Chairman/Member of the Committee(s) of Directors of other companies in which he is a Director	1. Caleb Brett India Pvt. Ltd. 2. Intertek Testing Services India Pvt. Ltd. 3. J.A.Holdings & Services Pvt. Ltd	Nil	Nil	Nil
Audit Committee	Member	—	Member	—

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 79th Annual Report on the business and operations of the company together with the Audited Accounts for the accounting year ended 31st December 2002.

FINANCIAL HIGHLIGHTS

The table below gives the financial results of the Company:

(Rs. in Lacs)		
Particulars	For the year ended 31st December, 2002	For the year ended 31st December, 2001
Net Sales/Income from Operations	6836.81	7041.41
Other Income	21.23	15.44
Total Income	6858.04	7056.85
(Increase)/Decrease in Stock in Trade	322.90	(179.53)
Material Cost	2889.02	3604.00
Staff Cost	1738.35	1519.35
Other Expenditure	1702.25	1652.86
Profit Before Restructuring Cost, Interest & Depreciation	205.52	460.18
Restructuring Cost	159.00	0.00
Interest	123.18	162.90
Depreciation	105.20	87.35
Profit/(Loss) Before Tax	(181.86)	209.93
Provision for Tax:		
Current Tax	(98.12)	103.00
Deferred tax	(94.79)	(4.96)
Net Profit/(Loss) after Tax	11.06	111.89
Balance B/F from Previous year	1044.22	968.16
Appropriations:		
Proposed dividend	0.00	35.82
Balance Carried Forward	1055.28	1044.22

YEAR 2002 IN RETROSPECT

Overall performance for the year under review was not satisfactory in terms of revenue growth. Revenue registered a decline by 3% as compared to the previous year. Major setback came on the export front, where the company registered a decline in export revenue from a level of Rs.817.81 Lacs in the year 2001 to a level of Rs.568.95 Lacs in the current year, thereby showing a decline by almost 30%. Profit before tax suffered on account of provision of gratuity liability of Rs.176.79 Lacs based on actuarial valuation and also restructuring cost of Rs. 159 Lacs being one-time cost charged to Profit & Loss account for the year under review.

A more detailed discussion and analysis on the performance of your company in retrospect as well as the outlook and focus in the year 2003 is contained elsewhere under the chapter on Management discussion and Analysis.

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DIVIDEND

The aforesaid reasons of provision of gratuity liability of Rs.176.78 Lacs and restructuring cost of Rs.159 Lacs has resulted in profit after tax of only Rs.11.06 Lacs. With the objective of enhancing the shareholder's value on long-term basis, it is essential to conserve cash and not to allow any further erosion in the valuable resources of the Company. Therefore, your Directors regret to inform you that no dividend is recommended for the year 2002.

FINANCE

Though the operating performance was below expectations, it was a matter of satisfaction that some of the rigorous cost cutting measures initiated in the previous financial year and continued in the year under review helped in preventing substantial spill-over in the overhead costs. Besides, efficient working capital management process also helped in keeping the borrowings under control.

RESTRUCTURING OPERATIONS

The Company's manufacturing Unit at Nasik was engaged in the manufacture of Stencil Paper (Typewriter Cut), Duplicating Ink and Electronic Stencil Cutter. Due to advancement of technology, the above products have become obsolete and uncompetitive. Moreover, on account of severe competitive pressure from Small Scale Units in the Domestic market, as well as, competitive pressure in Export markets, the market share of the Company in these products was being eroded constantly. Though Management took every initiative to make this operation viable consistently in the past couple of years, the company's stencil consumables manufacturing operations had become totally uneconomical. Continuing with the Unit's operations would have caused an unnecessary drain on the valuable resources of the Company. In view of the above, the management took a decision to exit from the aforesaid manufacturing operation by closing the manufacturing activities at our Nasik Unit, effective 12th January 2003. Consequently, the services of its workmen and employees were terminated alongwith payment of all-legal dues and additional financial assistance to mitigate the hardship caused to them in view of closure of the Nasik Unit. A sum of Rs.159 Lacs has been provided for towards restructuring cost and charged to the Profit & Loss Account for the year under review even though the benefits of these actions shall follow in the years to come.

SALE/DISPOSAL OF NASIK UNIT

To curtail the losses and also to release the funds blocked in the assets of the Nasik Unit, which will be redeployed in furtherance of its business, the Company proposes to dispose off its Nasik Unit. Since such sale/disposal amounts to sale/disposal of an Undertaking of the Company in terms of Section 293(1)(a) of the Companies Act, 1956 your approval is being sought under the provisions of section 192A of the Act read with provisions of Companies (Passing of Resolution by Postal Ballot) Rules, 2001 through a resolution to be passed by Postal Ballot. Notice dated February 27th, 2003 has already been sent to you for your consideration and vote.

CREDIT RATING

During the year under review, CRISIL reaffirmed the "P1" rating assigned to its short-term borrowings/commercial paper instruments to the tune of Rs. 600 Lacs. However, the company did not raise any fresh funds by way of short-term borrowings/commercial paper, as it was not required.

QUALITY INITIATIVES

Your company continues to lay special emphasis on the quality initiatives undertaken to implement Total Quality Management practices in all its functions. The Gestetner India Limited Business Excellence Model (GILBEX) programme, now at the beginning of its third year since its launch in December 2000, has already started showing results and the growth in the services revenue is a case in point to substantiate the same.

The ORG-MARG survey conducted during the year reaffirmed the commitment of the company to enhance customer satisfaction by understanding the customer's requirement and focus on the areas of improvement.

The ISO-9002 certification for Marketing and Servicing of Duplicators, Copy Printers and Digital Multifunctional products was also recertified during the year under review.

DIRECTORS

The year under review marked a great loss to your company in terms of the sad demise of its Chairman and Non-Executive Director of the Company Mr. Jahar Sengupta, who left for his heavenly abode on December, 28th, 2002 after