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Gestetner (India) Ltd.
80th Annual Report & Accounts 2003-04

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EIGHTIETH ANNUAL REPORT 2003-04

KEY FINANCIALS

| | <i>Rs. in Lacs</i> | | | | |
|-----------------------------------|--------------------|------|------|-------|---------|
| | 1999 | 2000 | 2001 | 2002 | 2003-04 |
| Net Sales | 6345 | 7594 | 7041 | 6853 | 9298 |
| PBIT | 180 | 567 | 373 | (59) | 17 |
| PBT | 40 | 405 | 210 | (182) | (42) |
| Tax | 26 | 176 | 98 | (193) | (132) |
| Extraordinary Income (Net of Tax) | 45 | — | — | — | — |
| PAT | 59 | 229 | 112 | 11 | (174) |
| Share Capital | 358 | 358 | 358 | 358 | 358 |
| Shareholders Fund | 1686 | 1874 | 1914 | 1923 | 1747 |
| Capital Employed | 2805 | 3088 | 3302 | 2672 | 2185 |
| PBIT to Sales | 3% | 7% | 5% | (1%) | 0.2 |
| ROCE | 6% | 18% | 11% | (2%) | 1% |
| Earning Per Share (Rs.) | 1.6 | 6.4 | 3.1 | 0.3 | (4.9) |
| Dividend | 10% | 10% | 10% | 0 | 0 |

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Annual General Meeting on Thursday, the 29th July, 2004 at Birla Academy of Art and Culture, 108 & 109, Southern Avenue, Kolkata - 700029 at 10.30 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. Hisashi Takata | (Chairman) |
| | Mr. K. Swetharanyan | (Managing Director) |
| | Mr. Takafumi Hirakawa | Non Executive |
| | Mr. Anil Kumar | Non Executive (Independent) |
| | Mr. U.P. Mathur | Non Executive (Independent) |
| | Mr. Masayoshi Yoshino | Non Executive |
| | Mr. Norifumi Fukuda | Alternate Director to Mr. Takafumi Hirakawa |
| Company Secretary | Mr. Arvind Joshi | |
| Statutory Auditors | Bharat S. Raut & Co. Chartered Accountants | |
| Internal Auditors | Deloitte Haskins & Sells Chartered Accountants New Delhi | |
| Bankers | State Bank of India | |
| | Mizuho Corporate Bank Ltd. | |
| | Citi Bank N.A. | |
| | H.D.F.C. Bank Ltd. | |
| Registered Office | Block-GP, Sector V Salt Lake Electronic Complex Kolkata- 700 091 | |
| Head Office | 6, Bahadur Shah Zafar Marg New Delhi-110 002 Ph. No. 011-23316623 / 25 Fax No. 011-51509432 | |
| Works | Block-GP, Sector V Salt Lake Electronic Complex Kolkata- 700 091 | |
| Investor Services | The Secretarial Department Gestetner (India) Ltd. 6, Bahadur Shah Zafar Marg New Delhi-110 002 Ph. No. 011-23316623 / 25 Fax No. 011-51509432 | |
| | The Secretarial Department Gestetner (India) Ltd. 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

EIGHTIETH ANNUAL REPORT 2003-04**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that THE EIGHTIETH ANNUAL GENERAL MEETING OF GESTETNER (INDIA) LIMITED will be held at Birla Academy of Art and Culture, 108 & 109, Southern Avenue, Kolkata – 700 029 at 10.30 A.M. on Thursday the 29th July, 2004, to transact the following business:

Ordinary Business

1. To consider and adopt the Balance Sheet as at 31st March, 2004, Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anil Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Bharat S. Raut & Co., Chartered Accountants, Gurgaon, the retiring Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business

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

“RESOLVED THAT Mr. U.P.Mathur who was appointed as a Director of the Company on 29th January, 2004 to fill in the casual vacancy caused by the resignation of Mr. M.K.Kumar 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. Hisashi Takata who was appointed as a Director of the Company on 23rd June, 2004 to fill in the casual vacancy caused by the resignation of Mr. Masami Takeiri 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.”

By Order of the Board of Directors

(Arvind Joshi)

**Company Secretary &
General Manager (Finance)**

Date: June 23, 2004

Place: New Delhi

Registered Office:

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

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NOTES:

- a) **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 instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- b) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to Special Business to be transacted at the meeting is annexed hereto.
- c) Shareholders are requested to bring their copy of Annual Report to the Meeting.
- d) Members/Proxies should fill the Attendance slip for attending the meeting.
- e) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- f) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- g) The Company has already notified closure of Register of Members and the Transfer Books from **Thursday, the 15th July 2004 to Thursday, the 29th July 2004** (both days inclusive).
- h) The Company has already transferred all unclaimed dividends declared upto Financial year ended 31st December 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Kolkata.
- i) Pursuant to Section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31st December 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEP Fund) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:-

| Financial year ended | Date of Declaration of Dividend | Due date for transfer to IEP Fund |
|----------------------|---------------------------------|-----------------------------------|
| 31.12.1996 | 19.06.1997 | 06.08.2004 |
| 31.12.1997 | 30.06.1998 | 17.08.2005 |
| 31.12.1998 | 08.04.1999 | 26.05.2006 |
| 31.12.1999 | 30.06.2000 | 17.08.2007 |
| 31.12.2000 | 30.06.2001 | 05.08.2008 |
| 31.12.2001 | 11.04.2002 | 17.05.2009 |
| 31.12.2002 | NA | |

Shareholders who have not so far encashed the dividend warrant(s) are requested to make their claim/(s) to the Company's Secretarial Department immediately. **Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

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- j) Non-resident Indian Shareholders are requested to inform the Company immediately:
 - a) The change in the residential status on return to India for permanent settlement.
 - b) The particulars of NRE Bank account maintained in India with complete name and address of the Bank, if not furnished earlier.
- k. Corporate members are requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
- l. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form, to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Intime Spectrum Registry Ltd.
- m. The Company has obtained the approval under sub section (1) of Section 166 of the Companies Act, 1956, from the Registrar of Companies, Kolkata, for extension of time for holding the Annual General Meeting of the Company upto 15 August 2004.

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. 4 & 5 of the accompanying notice dated 23rd June, 2004.

Item No. 4: Mr. U. P. Mathur was appointed as a Non-Executive Independent Director of the Company by the Board of Directors in terms of Article 111 of the Articles of Association of the Company on 29th January, 2004 to fill in the casual vacancy caused by the resignation of Mr. M. K. Kumar. Mr. M.K.Kumar 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.U.P.Mathur holds office only upto the date upto which Mr. M. K. Kumar 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. U. P. Mathur as a candidate for the office of Director. Mr. Mathur is to be appointed as a Director liable to retire by rotation.

Mr. Mathur is a renowned Member of the Institute of the Company Secretaries of India and also a graduate of Law. He is practicing as an Advocate & Corporate Law Consultants. He has vast knowledge and experience of Corporate Laws. He has served over 34 years in the Central Government in various capacities after joining the Department of Company Affairs, Ministry of Law, Justice and Company Affairs as Registrar of Companies, Official Liquidator, Company Prosecutor, Joint Director (Legal) and Director of Inspection and Investigation. Considering his vast experience, the Board considers it desirable that the Company should continue to avail itself of Mr. Mathur's services as a Director and accordingly commends the resolution for acceptance by the Members.

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

Item No. 5: Mr. Hisashi Takata was appointed as a Director of the Company on 23rd June 2004 in accordance with Article 91 and 111 of the Articles of Association of the company to fill in the casual vacancy caused consequent upon the retirement of Mr. Masami Takeiri from the services of Ricoh Company Ltd., Japan. The Board of Directors also nominated Mr. Takata as Chairman of the Board in terms of Article 117 of the Articles of Association of the Company. A notice has been received from a member as required by Section 257 of the Act, proposing Mr. Takata as a candidate for the office of Director. Mr. Takata 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. Being a director not liable to retire by rotation, Mr. Takata's appointment requires approval from shareholders in the General Meeting.

Mr. Takata is an MBA from City University of New York (USA) and his career spans over three decades working for RICOH Group around the world. Presently designated as General Manager, Marketing and Strategic Planning,

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International Marketing Group in RICOH Company Ltd. Japan. It is certain that with his rich experience in international marketing and strategy planning, your Company would be able to fulfill the aspirations of all the stakeholders and enhance the shareholder's value.

Considering the extensive knowledge, business skills and managerial experience of Mr. Hisashi Takata, 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. Takata himself, is in any way concerned or interested in the resolution.

By Order of the Board of Directors

(Arvind Joshi)

**Company Secretary &
General Manager (Finance)**

Date: June 23, 2004

Place: New Delhi

Registered Office:

Block - GP, Sector V

Salt Lake Electronic Complex

Kolkata - 700 091

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GESTETNER (INDIA) LTD.

(Details of the Directors seeking appointment/reappointment in
Annual General Meeting to be held on 29th July, 2004)

| | | | |
|---|--|---|---|
| Name of Director | Mr. Anil Kumar | Mr. U. P. Mathur | Mr. Hisashi Takata |
| Date of Birth | 29-09-1953 | 29-03-1937 | 20-05-1951 |
| Date of Appointment | 15-06-1994 | 29-01-2004 | 23-06-2004 |
| Qualification | Bachelor of Economics, Fellow Member of the Institute of Chartered Accountants of India | M. Com, Bachelor of Law, Associate Member of the Institute of Company Secretaries of India | B.A., Kyoto University of Foreign Studies, M.B.A, City University of New York. |
| Expertise in specific functional area | General Management, Business Finance and Strategy | Corporate Laws | International Marketing and Strategic Planning |
| List of Companies (in India) in which outside Directorship held | 1. Bry Air (Asia) Ltd | Nil | Nil |
| Chairman/Member of the Committee(s) of the Board of Directors of the Company | 1. Audit Committee. 2. Remuneration Committee. 3. Shareholders'/ Investor's Grievance Committee 4. Finance Committee | 1. Audit Committee 2. Remuneration Committee. 3. Shareholders'/ Investor's Grievance 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 |
| Audit Committee | Member | Member | Nil |

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DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 80th Annual Report on the business and operations of the company together with the Audited Accounts for the fifteen-month period ended 31st March 2004 consequent upon change in financial year from January-December to that of April-March.

FINANCIAL HIGHLIGHTS

The Performance of the Company for the financial year ended 31st March 2004 is summarised below:

| Particulars | (Rs. Lacs) | |
|--|---|--|
| | For the year ended 31st March, 2004 (15 months) | For the year ended 31st December, 2002 (12 Months) |
| Net Sales/Income from Operations | 9297.86 | 6852.88 |
| Other Income | 62.16 | 21.23 |
| Total Income | 9360.02 | 6874.11 |
| (Increase)/Decrease in Stock in Trade | 623.09 | 338.97 |
| Material Cost | 4241.23 | 2889.02 |
| Staff Cost | 1971.59 | 1738.35 |
| Other Expenditure | 1951.08 | 1702.25 |
| Profit Before Restructuring Cost, Interest & Depreciation | 573.03 | 205.52 |
| Restructuring Cost | 408.75 | 159.00 |
| Interest | 58.92 | 123.18 |
| Depreciation | 147.37 | 105.20 |
| Profit/(Loss) Before Tax | (42.01) | (181.86) |
| Provision for Tax: | | |
| Current Tax | (97.75) | 98.12 |
| Deferred tax | (34.33) | 94.79 |
| Net Profit/(Loss) after Tax | (174.09) | 11.06 |
| Balance B/F from Previous year | 1055.28 | 1044.22 |
| Appropriations: | | |
| Proposed dividend | 0.00 | 0.00 |
| Balance Carried Forward | 881.19 | 1055.28 |

Business Overview

The period under review was characterised by a slow economic growth in the country in the first three quarters leading upto over 7% growth by the end of the fiscal year. In spite of a good monsoon and strong growth in services and manufacturing sector, the office automation industry failed to pick up. Despite more and more private and government sectors' migration into the digital era, most of the office automation companies returned a flat growth in revenue. With more and more competition, margins also continued to erode due to severe competitive price pressure.