

13th ANNUAL REPORT 1996-97

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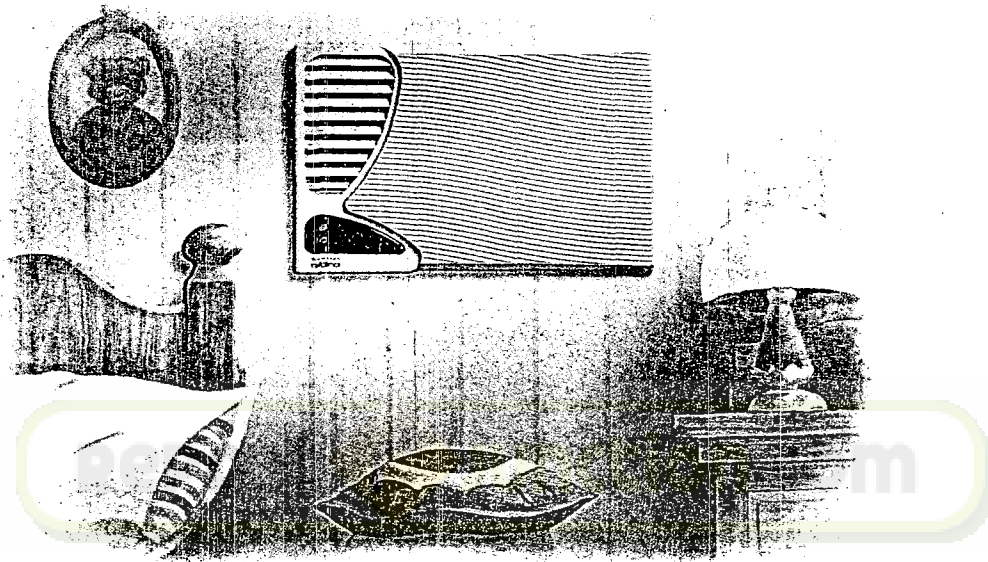
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AMTrex APPLIANCES LIMITED

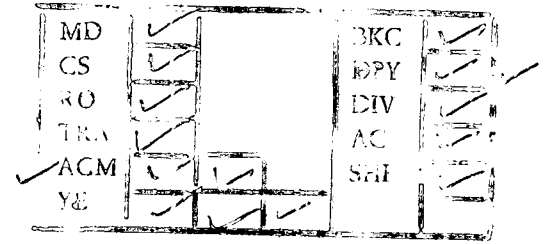
A MEMBER OF THE LALBHAI GROUP

OR



The result? Temperature that's always just right for uninterrupted sleep. And a power saving of up to 20%.

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The characters on the cover mean 'Innovate'.

A word that best sums up Amtrex and its philosophy so far.

Over the years, Amtrex has introduced product after product to cater to needs previously ignored.

Take for example the Amtrex Nidra, the first home airconditioner in India.

Or the Amtrex Spacemaker, an airconditioner designed specifically for telecom shelters.

Or last year the Amtrex Quadra, a ceiling airconditioner that literally is the ceiling for airconditioners.

Every year has seen something new, an extension of our expertise.

It's this attitude that has made Amtrex one of the best in the airconditioning industry.

'Innovate', another word for Amtrex.

AMTrex APPLIANCES LIMITED

Board of Directors

- Sanjay S Lalbhai** - Chairman
Naishadh I Parikh - Managing Director
Indrakant T Parikh - Director
Deepak Navnitlal - Director
Shreyas C Sheth - Director
Dr. Vasant L Mote - Director

Chief Executive Officer

Arvind Nair

Company Secretary

Mahesh D Agrawal

Auditors

M/s. Kunte & Associates
Chartered Accountants
Ahmedabad

Bankers

State Bank of India
Corporation Bank
Export-Import Bank of India

Registered Office

9th Floor, "Abhijeet",
Mithakhali Six Roads,
Ahmedabad - 380 006
Gujarat

Works

Ashima Complex,
Village Karannagar,
Ta : Kadi, Dist : Mehsana - 382 727
Gujarat

Plot No.119,
Industrial Estate,
Piparia, Silvassa - 206 230
Dadra & Nagar Haveli

Registrars and Share Transfer Agent

Pinnacle Finance Limited
Arvind Ashoka Aruna Hospital Premises,
Near Ashok Mills, Naroda Road,
Ahmedabad : 380 025
Gujarat



NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of the Company will be held on Tuesday, the 30th day of September, 1997 at 9.30 a.m. at Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006 to transact the following Ordinary Businesses :

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1997.
2. To declare dividend.
3. To appoint a Director in place of Shri Indrakant T Parikh who retires by rotation in terms of Article 110 of the Articles of Association of the Company. He, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Deepak Navnitlal who retires by rotation in terms of Article 110 of the Articles of Association of the Company. He, being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company in place of the retiring Auditors to hold office from conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

- (a) 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. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
- (b) Printed copies of the Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report and every other documents required by law to be annexed or attached to the Balance Sheet for the financial year ended 31st March, 1997, as prescribed by Section 219 of the Companies Act, 1956, are enclosed.
- (c) The Register of Members and Share transfer books of the Company will be closed from 5th September, 1997 to 20th September, 1997 (both days inclusive).
- (d) If the dividend on shares as recommended by the Directors is declared at the meeting, payment of such dividend will be made on or before 11th November, 1997 to those members whose names are on the Company's register of members on 5th September, 1997.
- (e) Members desirous of obtaining information in respect of accounts of the Company are requested to send queries in writing to the Company at the Registered Office at least seven days before the date of the meeting.
- (f) Members are requested to notify promptly any change in their address to the Company's Registrars and Share Transfer Agent, M/s. Pinnacle Finance Ltd., Arvind Ashoka Aruna Hospital Premises, Near Ashoka Mills, Naroda Road, Ahmedabad - 380 025. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the said Registrars and not to the Company.
- (g) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- (h) The Company has transferred unpaid/unclaimed dividend declared for the financial year 1992-93 to the General Revenue Account of the Central Government. The concerned members may, therefore, submit the claims to the Registrar of Companies, Gujarat, Ahmedabad.

Registered Office :
9th Floor, "Abhijeet"
Mithakhali Six Roads, Ahmedabad - 380 006, Gujarat.

By order of the Board,

Mahesh D Agrawal
Company Secretary

Date : 20th August, 1997

AMTRES APPLIANCES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report, together with the Audited Financial Accounts of the Company, for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

The financial results of the Company for the year under review are summarised for your consideration :

FINANCIAL HIGHLIGHTS

| | Year ended 31st March, 1997 (Rs. in '000) | Year ended 31st March, 1996 (Rs. in '000) |
|---|---|---|
| Income from Operations | 1061891 | 877416 |
| Other Income | 7048 | 3875 |
| Profit before interest, depreciation and taxes | 84804 | 71740 |
| Interest | 38440 | 24030 |
| Profit before depreciation and taxes | 46364 | 47710 |
| Depreciation | 9275 | 6881 |
| Provision for Taxation | Nil | Nil |
| Net Profit | 37089 | 40829 |
| Add : Prior period adjustments | 960 | 324 |
| Add : Surplus brought forward from previous year | 36836 | 25261 |
| Amount available for appropriation | 74885 | 66414 |
| APPROPRIATIONS | | |
| Transfer to General Reserve | 10000 | 15000 |
| Proposed Dividend | 17106 | 14578 |
| Corporate Dividend Tax | 1711 | Nil |
| Balance carried forward to Balance Sheet | 46068 | 36836 |

2. DIVIDEND

It is a matter of pleasure for your Directors to recommend a dividend of Rs.1.80 per Equity Share of Rs.10/- on the Paid-up Equity Capital.

3. OPERATIONS

In spite of sluggish demand for most of the Consumer Durables including Airconditioners, your Company has achieved Income from Operations of Rs. 10619 Lacs against Rs. 8774 Lacs during previous year and has also maintained its market share. The growth of the higher tonnage packaged airconditioning business was healthy and indicated greater acceptance of your Company as a total Airconditioning Company.

Continuing with its innovative launches, your Company successfully established the early entrant advantage in ceiling mounted airconditioners with QUADRA. Also, key niches were covered with multisplits, lower cost ductable splits and sub 1 Tr. room airconditioners.

At the high technology end, intelligent airconditioner for round the clock precision airconditioning for the sunrise industry of telecom was pioneered by your company with SPACEMAKER.



The Business Process Reengineering which the Company had embarked upon during 95-96 helped in taking the SPACEMAKER from concept to launch in a record short time. Also, the experience gained in electronics and control helped the launch of NIDRA, INDIA'S first airconditioner for exclusive Home use.

During the year under review, your Company, successfully launched and marketed imported soft drink fountains, a Commercial Refrigeration product and sold around 600 units to multinational corporations with a turnover of Rs. 627 Lacs.

4. FUTURE PROSPECTS

Airconditioners :

During the beginning of the current year also, the Consumer Durables Industry continued to show sluggish growth in demand. However, your Company is expected to maintain its market share. Liberal credit policy is expected to improve liquidity position. Favourable Union Budget for 1997-98 reducing excise duty from 40% to 30% and general reduction in custom duty is expected to boost the demand for the organised sector & will also have favourable impact on cost. In view of the above, the financial performance of the Company is expected to be better.

Commercial Refrigeration :

Growth of Fountains business depends upon soft drink market which is expected to grow at 10% to 15% during current year as well as coming years. Your Company is also expected to fare better in this segment.

5. DIVERSIFICATION & EXPANSION PLAN

To consolidate & strengthen its position, Amtrex has taken various steps during the year under review. It has acquired a running undertaking from Insat Heat Exchangers Pvt. Ltd., an existing ancillary, for manufacturing of Heat Exchangers Coils which are very crucial components for Airconditioners. This is an important step towards vertical integration which will provide your Company higher flexibility, cost advantage and further scope for technical improvement & upgradation. It has also acquired the Trademark of AMTrex which was strongly promoted by your Company. This will help the Company to build a strong brand and to get full benefit out of it. In addition to these, as a strategic move, your Company has also opened marketing offices at 10 cities including 4 metros for direct marketing of its products.

Your Company has also successfully entered into manufacturing & marketing of Air Cooled Liquid Chillers which are substitutes of site assembled Central Airconditioning & Process Cooling Plants. Initial response has been encouraging and the Company is expected to achieve healthy turnover in these products range.

Amtrex has entered into a Technical Collaboration with ORFORD REFRIGERATION of Australia for manufacturing Visi-Coolers, a Commercial Refrigeration product. This will help your Company to reap synergistic benefits with fountains business. The Manufacturing facilities are being set up at Changodar, near Ahmedabad, which is expected to commence Commercial Production by January, 1998.

6. QUALITY AND CUSTOMER ORIENTATION

With an object to improve Amtrex Manufacturing System, your Company has launched Just In Time (JIT) Programme. It has been designed to integrate various initiatives taken during the past few months and has yielded considerable improvement in Manpower Productivity, Quality and reduction in Inventories.

Due to acquiring of running undertaking of Insat Heat Exchangers Pvt. Ltd., ISO 9001 certification has got delayed and is expected to be received by end of this financial year covering manufacturing activities of heat exchangers.

Considering the benefits derived, KAIZEN movement launched during last year in manufacturing operation has been extended to the whole organisation. More than 1100 KAIZENS in areas of Quality, Productivity, Safety, House Keeping and Work Practices were implemented during the year under review.

7. FIXED DEPOSIT

Rating of 'FA+' assigned by CRISIL to the Fixed Deposit Scheme of your company has been retained. This indicates adequate safety of timely payment of interest & principal.

AMTRES APPLIANCES LIMITED

8. SUBSIDIARY COMPANY

A statement relating to Avikal Investments Ltd., a subsidiary of your Company, to be furnished in pursuance of Clauses (e), (f) and (g) of sub-section (1) of Section 212 of the Companies Act, 1956 and the Annual Accounts of that Company are attached to the Balance Sheet.

9. DIRECTORS

During the current financial year GIC had withdrawn its Nominee Director Mr. R. Balakrishnan from the Board of the Company. Your Directors wish to place on record their appreciation of the services rendered by him during his tenure as Director.

In accordance with the provisions of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company, Shri Indrakant T Parikh and Shri Deepak Navnitlal retire by rotation and being eligible for re-appointment, offer themselves for the same.

10. AUDITORS

M/s Kunte & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

11. HUMAN RESOURCES

Your Company is committed to building a pool of human talent that will enable the achievement of Organisation vision & performance goals. In this respect, great emphasis has been laid on people development, reward & recognition and internal feedback mechanisms such as Rewards for Excellence in Customer Orientation (RECO) and feedback on Leadership styles of Senior Management. The relationship with employees continues to be excellent.

A statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure - A.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to those matters are given in Annexure-B.

13. ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the co-operation and support received from Gujarat Industrial Investments Corporation Ltd., State Bank of India, Corporation Bank and Export-Import Bank of India. The Board wishes to place on record its sincere appreciation for the excellent work put in by the employees at all levels during the year under review.

For and on behalf of
the Board of Directors

NAISHADH I PARIKH
Managing Director
INDRAKANT T PARIKH
Director

Place : Ahmedabad
Date : 20th August, 1997



ANNEXURE - A

Employees who were employed throughout the financial year and were in receipt of remuneration of not less than Rs. 3,00,000/- during the year :

| Name | Designation | Qualification | Age (yrs) | Experience | Gross Remuneration | Date of Joining | Last Employment held |
|-------------------|------------------------------------|------------------------------|-----------|------------|--------------------|-----------------|---------------------------------|
| Naishadh I Parikh | Managing Director | B.Sc. M.B.A. | 43 | 19 | Rs. 575101/- | 08.11.1990 | Amtrex Ambience Ltd. |
| Arvind Nair | Chief Executive Officer | P.G.D.M. (IIM-A) | 41 | 18 | Rs. 1010508/- | 01.02.1991 | Bundy Tubing of India Ltd. |
| A N Chandra-mouli | Head - Commercial Refrigeration | B.Tech. M.B.A. | 40 | 14 | Rs. 459931/- | 31.01.1996 | Ponds (India) Ltd. |
| S K Belur | Head-Global Sourcing | B.E.(Mech.) | 44 | 19 | Rs. 421988/- | 15.04.1992 | Indus Airconditioning Pvt. Ltd. |
| Harshal Jayvant | Head-Supply Chain | B.E.(Mech.) M.M.S. | 39 | 18 | Rs. 410275/- | 10.07.1995 | Eicher Tractors Ltd. |
| V Suri | Head - Share Holders Service Chain | C.A. I.C.W.A. | 37 | 13 | Rs. 343718/- | 19.07.1993 | EID Parry (India) Ltd. |
| Vinay Chauhan | Head-Innovation Chain | B.E.(Mech.) P.G.D.I.E. | 38 | 14 | Rs. 331391/- | 06.12.1993 | Dynatron Pvt. Ltd. |
| S K Das | Head-Operational Planning | B.Com. D.B.M. D.M.S.M. | 39 | 17 | Rs. 307948/- | 01.04.1995 | Amtrex Ambience Ltd. |

Notes :

1. The nature of employment : All the above appointments are contractual.
2. Other terms and conditions : Gross remuneration as shown above includes Salary, Consolidated Salary, House Rent Allowance / Rent Free Accommodation, Gratuity, Company's contribution to Provident Fund, Bonus and other perquisites.

AMTRES APPLIANCES LIMITED

ANNEXURE - B

CONSERVATION OF ENERGY

1. Thermic Boiler was shifted near the utility. This has resulted into reduction of heat losses.
2. Modifications in the Shopfloor has further enhanced natural lighting.

RESEARCH & DEVELOPMENT

1. The thrust area of core competency development continue to be
 - (i) Tropicalisation of A/C
 - (ii) Controlling and reducing noise in A/C
 - (iii) Developing electronics to provide comfort.

During the year progress was made in all the areas. "Nidra" & "Spacemaker" Range of models excel in "Comfortronics" competency and "Tropicalisation" competency.

2. The TAI (Team for Accelerated Innovation) process for rapid new product development has resulted in providing unique products which competition did not offer in the PAC range which resulted in 70% growth in sales in this category.
3. The research team is working to use alternate Refrigerant to R22 & plan to launch airconditioners with CFC free gases much before the Montreal Protocol time limit.

TECHNOLOGY ABSORPTION & DEVELOPMENT

During the year under review, the Company has launched Modular Factory Assembled Air Cooled Liquid Chillers of capacity upto 30 Tr. using Hermatic Scroll Compressor & Compact Brazed Plate Heat Exchanger along with Micro Processor based Programmable Logic Controller.

This has resulted into light weight, compact, power efficient, safe & highly reliable product which is a substitute to Site Assembled Central Airconditioning & Process Cooling Plants currently being offered by other manufacturers.

On the Commercial Refrigeration front, the Company has tied up with ORFORD REFRIGERATION of Australia for designing & manufacturing of Visi-Coolers. As a result of this, Amtrex has developed tropical models of Glassdoor Merchandiser for soft drink retailing which were hitherto being imported from various parts of the world. Commercial production will be started after approval of models developed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The required information in respect of Foreign Exchange Earnings and Outgo has been given in the notes forming part of the Annual Report.