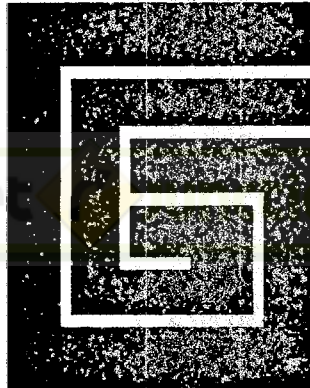


MD	L		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

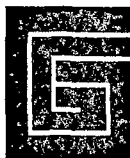
# GEE GEE GRANITES LIMITED



EIGHTH ANNUAL REPORT  
1997-98



GEE GEE GRANITES LIMITED



## GEE GEE GRANITES LIMITED

**REGISTERED OFFICE & FACTORY**

23, Nochimedu Village  
Nemam, Sriperumbudur Taluk  
Chengai - MGR District - 602 107

**ADMINISTRATIVE OFFICE**

'GEE GEE MINAR'  
23, College Road,  
Nungambakkam  
Chennai - 600 006.

**ANNUAL GENERAL MEETING**

Date : 25th September 1998  
Day : Friday  
Time : 4.30 P.M.  
Venue : 23, Nochimedu Village  
Nemam, Sriperumbudur Taluk  
Chengai - MGR District  
Pin code : 602 107.

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**DIRECTORS**

G. HARESH CHAND  
Managing Director

SHYAM G. DUSEJA

S.R. KUMAR

GOPICHAND IDANDAS

GORDHANDAS IDANDAS

T. SHANMUGAM

SUNIL G. DUSEJA  
Wholetime Director

**AUDITORS**

M/s. B.P. JAIN & CO.  
Chartered Accountants  
23, College Road  
Chennai - 600 006.

**BANKERS**

STATE BANK OF INDIA  
Overseas Branch  
Chennai - 600 001

**PROJECT FINANCE**

INDUSTRIAL DEVELOPMENT  
BANK OF INDIA  
115, Anna Salai,  
Saidapet,  
Chennai - 600 015.

**FOR THE ATTENTION OF MEMBERS**

Members are requested to quote Folio Number in all correspondence and also to bring with them the Attendance Slip which may be surrendered at the entrance duly signed.



## NOTICE TO MEMBERS

NOTICE is hereby given that the **EIGHTH ANNUAL GENERAL MEETING** of the Company will be held on Friday, the 25th September, 1998 at 4.30 p.m. at the Registered Office of the Company at 23, Nochimedu Village, Nemam, Sriperumbudur Taluk, Chengai M.G.R. District – 602 107, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors.
2. To appoint a director in place of Sri. Gopichand Idandas, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Sri. Shyam G. Duseja, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. B.P. Jain & Co., Chartered Accountants, Chennai are eligible for reappointment.



By order of the Board  
for GEE GEE GRANITES LIMITED

Place : Chennai  
Date : 30.07.1998

G. HARESH CHAND  
Managing Director

## 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 the proxy need not be a member. Proxies to be effective should be deposited at the Administrative office of the Company at 23, College Road, Nungambakkam, Chennai – 600 006 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 22nd September, 1998 to 25th September, 1998 both days inclusive.
3. Members desirous of obtaining any information on the Annual Accounts to be considered at the meeting are requested to write to the Company at an early date to facilitate compilation of information.
4. Members are requested to intimate change in their address, if any, immediately to the Company at its Administrative Office quoting their folio numbers.

## GEE GEE GRANITES LIMITED



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the **EIGHTH ANNUAL REPORT** together with the Audited Accounts for the year ended 31.03.1998.

## FINANCIAL RESULTS

	Year ended 31.03.1998	Year ended 31.03.1997
	(Rs. in Lakhs.)	
Sales - Export	267.91	307.78
Local	34.48	4.50
Other Income	<u>14.86</u>	<u>5.58</u>
Total Income	<u>317.25</u>	<u>317.86</u>
Profit/(Loss) before Depreciation & Tax	(53.64)	(69.98)
Less : Depreciation	<u>(32.50)</u>	<u>(32.43)</u>
Net Profit/(Loss)	<u>(86.14)</u>	<u>(102.41)</u>
Provision for taxation	Nil	Nil
Profit / (Loss)	<u>(86.14)</u>	<u>(102.41)</u>
Add : Carried forward Surplus/ (deficit) from previous year	<u>(219.11)</u>	<u>(116.70)</u>
Net Profit/(Loss) taken to Balance Sheet	<u>(305.25)</u>	<u>(219.11)</u>

Since your Company has ended up with a loss of Rs.86.14 lakhs, your Directors do not recommend any dividend for the current year.

The continuing general slow down in Industrial activity accompanied by the political uncertainty had its impact on several sectors of the economy. The GDP growth rate slipped to 5% from 7.5% in the previous year and fiscal deficit shot up to 6.1% from 5.2%. The Industrial production was down during the year 1997-98 to 4.2% and exports slipped to 2.6%. Further although export market was severely affected by the events in South East Asia which were a major destination of the company's products, we were still able to achieve turnover of Rs.302.39 lakhs almost matching that of last year. There has also been severe competitions from South East Asian suppliers arising out of their devalued currency which has aggravated the situation further.

The bulk of the loss is attributed mainly on account of Interest charges which is a whopping Rs.66.54 lakhs. Your Company has been paying the instalments of principal and interest under Deffered Payment guarantee for two Gang Saws and one Automatic Line Polisher. As on 31.03.98 only one instalment was outstanding which was due for payment in the month of April 1998.

We have identified new customers and also have been aggressively marketing different varieties of granites and achieving better price realisation. Capacity utilisation of your Company increased from 45.60% to 47.62% of the licensed capacity.

Inspite of having huge orders we were unable to fulfil them due to non-availability of required rough dimensional blocks. Non availability of the rough blocks is a major stumbling block which is affecting majority of the processing units. The Government of India is seriously reviewing this problem and if recent press reports are any indicators, the Government might restrict the export of rough blocks. If this decision is implemented more rough blocks will be made available to the factory and better capacity utilisation can be achieved. Although the country is going through a difficult period, one has to accept that economic fundamentals in India are still strong though psychological fundamentals and sentiments appear to be eroded. The slow down in the exports and GDP however calls for strong, direct and uncompromised economic policies by the Government, oriented towards a growth economy and call for strong political will on the part of the Government and also a sense of confidence in the future of India from all segments of population.

The granite industry's export figures for the year 1997-98 was Rs.1,050 crores i.e.

Rough Blocks	Rs. 380 Crores
Polished Granite Products	<u>Rs. 670 Crores</u>
	<u>Rs.1050 Crores</u>



## INFORMATION UNDER SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

Your directors regret to inform you that the accumulated loss of your Company as on 31.03.98 was more than 50% of its peak networth during the immediate preceding four financial years making the Company as potentially sick as per Sick Industrial Companies (Special Provisions) Act, 1985. The following are the main reasons causing such accumulated losses.

### 1. Huge interest burden

The total amount debited by the Bank/Financial institution on account of interest was a sum of Rs.384.74 lakhs from the date of commencement of commercial production until 31st March 1998.

### 2. Non-availability of Rough Blocks

The Policies of Government of Tamilnadu in respect of mining leases kept varying from time to time. Eventhough we have taken granite quarries in auction from the Government of Tamilnadu as early as on 22nd October, 1990 after paying huge sums, the Government of Tamilnadu executed the Lease Deed only on 10th April, 1995.

The various changes in the Govt. policies with regard to mining lease lead to non-availability of sufficient quantities of raw materials. Hence with great difficulty we were able to procure raw materials from the neighbouring States like Andhra Pradesh and Karnataka besides Tamilnadu.

We had taken huge export orders in respect of a variety called Red Multi Colour for which rough blocks supply was arranged from Karnataka. But most of the quarry leases were struck down by the order of the Supreme Court which rendered 203 quarries inoperative in Karnataka and also our suppliers were severely affected. Thus we were unable to process the goods inspite of having confirmed orders for Red Multi Colour granites.

### 3. Natural product

Granite being a natural product, it is very difficult even for an experienced person to confirm whether the rough block is defect free or not, since it is not visible before processing, and it can be visible only after the blocks are cut and polished. We have accumulated stocks of polished slabs which cannot be exported and hence are fit for DTA Sales only. We have made substantial sales in the Domestic Tariff area for Rs.34.48 lakhs and expect to make further progress in the coming year to clear the backlog.

### 4. Credit restrictions

The State Bank of India had unilaterally reduced the foreign documentary Bill limit. Due to severe competitions in the international markets many Indian EOU.s are offering at very low prices on D.A. or D.P. terms to the buyers. Due to want of Non-L/C limits we could not discount the non-L/C bills which forced us to lose considerable export orders and refuse further orders on such terms. The bank also was extracting 30% to 40% from each and every export bill thereby making performance of our factory very difficult and further straining our already depleted fund flow and working capital.

## FUTURE PROSPECTS:

The Company is already on the aggressive path and on the threshold of introducing new varieties and exploring new export markets. The company will also be participating in different fairs and exhibitions abroad. One major thrust is to achieve higher capacity utilisation by installing wiresaw for the rough blocks.

The Government of India has reduced drastically the interest on working capital thereby making Indian Exports more competitive in international markets. We hope to substantially reduce on the interest cost in the coming years. Besides the Ministry of Commerce and Capexil members are taking serious efforts to work out modalities for providing adequate rough blocks for the processing units. Besides, the Ministry of Commerce has also been interacting with the granite industry to identify and solve other problems which are creating stumbling blocks for increasing the exports. Other specific issues which the Ministry is very seriously discussing with the industry are the Modernisation/mechanisation of the quarries, grant and renewal of quarry leases and giving 100% EOU status for quarries.

With the implementation of above points your company can look for a bright future. Barring unforeseen circumstances your Company will strive for a higher turnover and also to reduce the losses in the coming financial year 1998-99.

## PROMOTERS' SUPPORT

The promoters have pumped in fresh funds to a tune of Rs.170.01 lakhs to meet the financial liabilities to the banks and other commitments. The Promoter Directors have also not drawn their salary for the past 28 months.

## GEE GEE GRANITES LIMITED

**DEPOSITS**

Your Company has not accepted any deposits from the public.

**DIRECTORS**

With deep sorrow we record the sad demise of our beloved Director Sri. K.R. Ramamani on 6th March 1998. He was associated with the company since inception and had rendered valuable services to the company. Directors wish to place on record their appreciation of the significant and valuable contributions made by Sri. K.R. Ramamani during his tenure as Director of the company.

The Directors Sri. Gopichand Idandas and Sri. Shyam G. Duseja retire by rotation and being eligible offer themselves for reappointment.

**AUDITORS**

M/s. B.P. Jain & Co., Chartered Accountants, Chennai retire at the forthcoming Annual General meeting and being eligible offer themselves for reappointment.

The Company has received a Certificate from the Auditors stating that if reappointed, it will be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

There is no employee during the year under review whose particulars are required to be given as per the provisions of section 217(2A) of the Companies Act 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT**

Information required under 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:

**A. Conservation of Energy**

Through strict control and by monitoring and restricting the usage of energy substantial saving has been achieved.

We have also installed an additional 55 KVA generator for lighting purposes; this could be used instead of the present 640 KVA generator, used for lighting purpose, thereby making substantial saving in energy consumption.

**B. Technology absorption**

Not applicable since the Company has adopted the latest state of the art plant and machinery and these machineries are currently available all over the world.

**C. Foreign Exchange earnings and outgo**

1. Your Company being a 100% Export Oriented Unit, the production has been exported to highly quality conscious countries such as Hong Kong, Singapore, Australia, U.S.A.. Your Company is also exploring new markets for its products in developed countries like Germany and Holland and in other West European countries.

2. The total foreign exchange used and earned ;

Earnings in foreign Currency : Rs. 267.91 lakhs

Outgo in foreign currency : Rs. 97.95 lakhs

**ACKNOWLEDGEMENTS**

Your directors take this opportunity to thank our collaborators M/S. Gem Granites for extending their whole - hearted support and for their valuable guidance given from time to time relating to all matters of our Company. We also take this opportunity to thank the Industrial Development Bank of India, Chennai and our Bankers State Bank of India, Overseas Branch, Chennai for extending their support. Your directors also wish to place on record their appreciation for the co-operation received from Central and State Government organisations and also from the dedicated management team and the employees of the Company.

FOR AND ON BEHALF OF THE BOARD

CHENNAI  
30.07.1998

G. HARESH CHAND  
Chairman.

GEE GEE GRANITES LIMITED




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**AUDITOR'S REPORT**

To the Members of Gee Gee Granites Limited

We have examined the annexed Balance Sheet of GEE GEE GRANITES LIMITED as at 31st March, 1998 and report that:

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of Audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of account of the Company.
3. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts of the Company.
4. In our opinion and to the best of our information and according to the explanation given to us and with reference to note 2 (b) and (c) of II of Schedule XV, the Balance Sheet and the Profit and Loss Account read with notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view:
  - i. So far it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1998 and
  - ii. In so far as it relates to the Profit and Loss Account, of the loss of the Company for the year ended on that date.
5. As required by the Manufacturing and other Companies (Auditors' report) Order, 1988 and on the basis of such checks of the books and records of the Company as we consider appropriate and the information and explanations given to us, we state that:
  - i. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - ii. None of the fixed assets has been revalued during the year.
  - iii. The management has conducted physical verification at reasonable interval in respect of stores, spare parts and raw materials.
  - iv. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - v. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
  - vi. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in previous year.
  - vii. As explained to us, some items of rough blocks of granite though slow moving, are in nature of the utility or quality of such stock does not deteriorate with the passage of time and in view of the type of business and nature of its operations, it becomes necessary to keep such inventory, as at times the company get offers as the above type of product along with fast moving and lead time for procurement of above slabs is very high.
  - viii. The Company has taken interest free unsecured loans from parties listed in the registers maintained under section 301 of the Companies Act, 1956. The Company has not taken any loan secured or unsecured from Companies under the same management as defined in Section 370 (1B) of the Companies Act, 1956.